

1997

**SENATE
APPROPRIATIONS
COMMITTEE**

MINUTES

**SENATE COMMITTEE ON APPROPRIATIONS
1997-98 MEMBERSHIP LIST**

**Senator Aaron W. Plyler, Co-Chair
627 Legislative Office Building
733-5739**

**Senator Beverly M. Perdue
629 Legislative Office Building
733-2055**

**Senator T. L. "Fountain" Odom, Base Budget Chair
300-B Legislative Office Building
733-5707**

**Senator Austin M. Allran, Vice Chair
516 Legislative Office Building
733-5876**

**Senator Betsy L. Cochrane, Vice Chair
1127 Legislative Building
715-2525**

**Senator J. Richard Conder, Vice Chair
2010 Legislative Building
715-0853
(resigned from Senate 7-17-97)**

**Senator James Forrester, Vice Chair
1121 Legislative Building
733-5708**

**Senator Donald R. Kincaid, Vice Chair
1119 Legislative Building
733-5745
(resigned from Senate 7-26-97)**

**Senator Tony E. Rand, Vice Chair
300-C Legislative Office Building
733-9892**

**Senator Charles W. Albertson
525 Legislative Office Building
733-5705**

**Senator Frank W. Ballance, Jr.
523 Legislative Office Building
715-3032**

**Senator John Blust
1117 Legislative Building
733-7850**

Senator Robert C. Carpenter
517 Legislative Office Building
733-5875

Senator R. L. Clark
1118 Legislative Building
733-5742

Senator Walter Dalton
2113 Legislative Building
733-5880

Senator Charlie Smith Dannelly
2106 Legislative Office Building
733-5955

Senator Don W. East
521 Legislative Office Building
733-5655

Senator John A. Garwood
1419 Legislative Building
715-0706

Senator Wib Gulley
408 Legislative Office Building
715-3036

Senator Fletcher L. Hartsell, Jr.
518 Legislative Office Building
733-7223

Senator Hamilton C. Horton, Jr.
1406 Legislative Building
733-3272

Senator Thomas Jenkins
622 Legislative Office Building
733-6275

Senator Luther H. Jordan, Jr.
407 Legislative Office Building
715-3034

Senator Ellie Kinnaird
1117 Legislative Building
733-7850

Senator Jesse I. Ledbetter
520 Legislative Office Building
733-5748

Senator Howard N. Lee
406 Legislative Office Building
715-3030

Senator Jeanne H. Lucas
628 Legislative Office Building
733-5870

Senator R. L. Martin
410 Legislative Office Building
715-3040

Senator William N. Martin
411 Legislative Office Building
715-3042

Senator Brad Miller
621 Legislative Office Building
733-9349

Senator Kenneth R. Moore
1119 Legislative Building
733-5745
(appointed 8-5-97 replacing Kincaid)

Senator Daniel E. Page
1414 Legislative Building
733-7659

Senator Jim Phillips, Sr.
628 Legislative Office Building
733-5870

Senator William R. Purcell
2117 Legislative Building
715-0690
(appointed 7-23-97 replacing Conder)

Senator Eric M. Reeves
2111 Legislative Building
733-3460

Senator Robert A. Rucho
1113 Legislative Building
733-5650

Senator Larry Shaw
625 Legislative Office Building
733-4809

Senator Ed N. Warren
623 Legislative Office Building
733-5953

Senator David Weinstein
2108 Legislative Building
733-5651

Senator Allen H. Wellons
1026 Legislative Building
733-5850

Senator Leslie Winner
409 Legislative Office Building
715-3038

Appropriations - Senate

Chairman & Vice Chairman



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Senate Appropriations Transportation



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Natural and Economic Resources

SENATE



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JOINT MEETINGS:

**Joint House and Senate Appropriations Meetings were held on February 12, 1997,
February 19, 1997 and March 19, 1997.**

NORTH CAROLINA GENERAL ASSEMBLY
PENDING SENATE COMMITTEE ON
APPROPRIATIONS

Date: 12/10/97
Time: 9:14 a.m.
Page: 1
Leg. day: H-123/S-123

1997-98 Biennium

BILL	SHORT TITLE		DATE	LATEST ACTION
H 27=	INCREASE PENALTY/PYRAMID SCHEMES	*S	6-25-97	RE-REF COM ON APPROPR
H 66=	TRESPASS/THEFT OF PINE STRAW	*S	4- 7-97	RE-REF COM ON APPROPR
H 137=	AGGRAVATING FACTOR/INJURE OFFICIA	S	6-25-97	RE-REF COM ON APPROPR
H 141=	EMBEZZLEMENT/INCREASE PENALTY	*S	6-25-97	RE-REF COM ON APPROPR
H 142=	ACCESORY AFTER THE FACT/PENALTY	S	4- 3-97	RE-REF COM ON APPROPR
H 144=	VOL MANSLAUGHTER/CLASS D FELONY	S	4- 3-97	RE-REF COM ON APPROPR
H 158	PRISON OFFENSES/INCREASE PENALTY	S	4- 7-97	RE-REF COM ON APPROPR
H 159	PRISON ESCAPE PENALTIES	S	4- 7-97	RE-REF COM ON APPROPR
H 240=	REMOVE ODOR CONTROL STUDY MATCH	*S	3-25-97	REF TO COM ON APPROPR
H 584	ATTEMPTING TO ELUDE ARREST	*S	8-12-97	RE-REF COM ON APPROPR
H 672	FORESTRY BLDG PRIVATIZATION PROJE	*S	7-10-97	RE-REF COM ON APPROPR
H 770=	AMEND MARIJUANA TRAFFICKING AMTS.	*S	7- 8-97	RE-REF COM ON APPROPR
H 998=	SOUTHERN DAIRY COMPACT	S	6-26-97	RE-REF COM ON APPROPR
H1114	BAD CHECK COLLECTIONS PILOT	*S	8-11-97	RE-REF COM ON APPROPR
S 4	SAFE SCHOOLS ACT OF 1997	*S	4- 9-97	RE-REF COM ON APPROPR
S 6	REVISE SCHOOL CALENDAR	*S	4- 3-97	RE-REF COM ON APPROPR
S 7=	INCREASE DRUG PENALTIES	S	4- 3-97	RE-REF COM ON APPROPR
S 9=	EMBEZZLEMENT/INCREASE PENALTY	*S	4- 7-97	RE-REF COM ON APPROPR
S 10=	ACCESSORY AFTER THE FACT/PENALTY	S	4- 3-97	RE-REF COM ON APPROPR
S 11=	VOL MANSLAUGHTER/CLASS D FELONY	S	4- 3-97	RE-REF COM ON APPROPR
S 12	HABITUAL DWI/ACTIVE TIME	S	2-11-97	RE-REF COM ON APPROPR
S 14	RECLASSIFY PRISON OFFENSES	*S	4- 7-97	RE-REF COM ON APPROPR
S 15=	AGGRAVATING FACTOR/INJURE OFFICIA	*S	2-11-97	RE-REF COM ON APPROPR
S 20	WOMEN'S MEMORIAL FUNDS	S	2- 3-97	REF TO COM ON APPROPR
S 22=	DRY HYDRANT FUNDS	S	2- 3-97	REF TO COM ON APPROPR
S 26	FOOD BANK FUNDS	S	2- 3-97	REF TO COM ON APPROPR
S 29=	INCREASE PENALTY/PYRAMID SCHEMES	S	4- 3-97	RE-REF COM ON APPROPR
S 37=	DHR REORG. OVERSIGHT COM.	*S	4-29-97	RE-REF COM ON APPROPR
S 42	HOME/COMM. CARE AGING FUNDS	S	2- 4-97	REF TO COM ON APPROPR
S 45	TRANSFER PORTS AUTHORITY TO DOT	S	2- 5-97	REF TO COM ON APPROPR
S 49=	IN-HOME FUNDS	S	2- 6-97	REF TO COM ON APPROPR
S 50=	ALZHEIMER'S ASSOCIATION FUNDS	S	2- 6-97	REF TO COM ON APPROPR
S 51=	ADULT DAY CARE FUNDS	S	2- 6-97	REF TO COM ON APPROPR
S 74=	AG/FORESTRY STUDY FUNDS	S	2-10-97	REF TO COM ON APPROPR
S 75=	TRESPASS/THEFT OF PINE STRAW	*S	4- 7-97	RE-REF COM ON APPROPR
S 76=	FOREST FIRE AIRCRAFT FUNDS	S	2-10-97	REF TO COM ON APPROPR
S 80=	UNC ALCOHOL STUDIES FUND	S	2-10-97	REF TO COM ON APPROPR
S 81	NC HOUSING TRUST FUNDS	S	2-10-97	REF TO COM ON APPROPR
S 93=	MODIFY/EXTEND PORTS TAX CREDIT	*S	4-22-97	RE-REF COM ON APPROPR
S 94	EARMARK CORP. TAX FOR PORTS	S	2-12-97	REF TO COM ON APPROPR
S 97=	INTERSTATE AUDITORS/REGULATORY FU	S	3- 5-97	RE-REF COM ON APPROPR
S 99	NC BOTANICAL GARDEN FUNDS	S	2-12-97	REF TO COM ON APPROPR
S 100	CIAA BASKETBALL FUNDS	S	2-12-97	REF TO COM ON APPROPR
S 101=	FOLKMOOT USA FUNDS	S	2-12-97	REF TO COM ON APPROPR
S 102	BOMB THREAT/FELONY	*S	4- 7-97	RE-REF COM ON APPROPR
S 108=	STRIKE OUT STROKE FUNDS	S	2-13-97	REF TO COM ON APPROPR
S 109=	PHYSICAL FITNESS ACT FUNDS	S	2-13-97	REF TO COM ON APPROPR
S 111	CITIZEN WATER QUALITY MONITORING	S	2-13-97	REF TO COM ON APPROPR
S 112=	TEXTILE CENTER CAPITAL FUNDS	S	2-17-97	REF TO COM ON APPROPR

Bolded line indicates bill is an appropriation bill.

* indicates that text of original bill was changed by some action.

= sign indicates that the original bill is identical to another bill.

NORTH CAROLINA GENERAL ASSEMBLY
PENDING SENATE COMMITTEE ON
APPROPRIATIONS

Date: 12/10/97
Time: 9:14 a.m.
Page: 2
Leg. day: H-123/S-123

1997-98 Biennium

BILL	SHORT TITLE		DATE	LATEST ACTION
S 113=	WETLANDS RESTORATION FUNDS	S	2-17-97	REF TO COM ON APPROPR
S 118	ACCIDENT PREVEN. COURSE REDUCTION	*S	4-29-97	RE-REF COM ON APPROPR
S 119=	PORTS CAPITAL FUNDS	S	2-17-97	REF TO COM ON APPROPR
S 123=	EXEMPT AUDIOVISUAL MASTERS	S	4- 1-97	RE-REF COM ON APPROPR
S 129=	PROBATION/PAROLE PERFORMANCE AUDI	S	2-17-97	REF TO COM ON APPROPR
S 131	WESTERN CAROLINA CENTER FUNDS	S	2-17-97	REF TO COM ON APPROPR
S 134	FIRE PROTECTION GRANT FUNDS	S	2-17-97	REF TO COM ON APPROPR
S 136=	NATURAL RESOURCES LEADERSHIP FUND	S	2-17-97	REF TO COM ON APPROPR
S 137=	STATE REVOLVING WATER FUND ACCOUN	S	2-17-97	REF TO COM ON APPROPR
S 139=	ENVIRONMENTAL EDUCATION TRUST FUN	S	2-17-97	REF TO COM ON APPROPR
S 144=	COMM.COLLEGE SCHOLARSHIP PROGRAM	S	2-17-97	REF TO COM ON APPROPR
S 145	IV-D UIFSA CASES	S	2-17-97	REF TO COM ON APPROPR
S 154=	DAM SAFETY FUNDS	S	2-17-97	REF TO COM ON APPROPR
S 158=	ADMINISTRATIVE DISSOLUTION/REPORT	*S	4-14-97	RE-REF COM ON APPROPR
S 171	NC LEAF FUNDS	S	2-18-97	REF TO COM ON APPROPR
S 174	MATCH FOR FED. WATER FUNDS	S	2-18-97	REF TO COM ON APPROPR
S 175=	CONSERVATION EASEMENTS FUNDS	S	2-18-97	REF TO COM ON APPROPR
S 183=	CAPE FEAR RIVER FUNDS	S	2-19-97	REF TO COM ON APPROPR
S 184=	AUTISM FOUNDATION CAPITAL FUNDS	S	2-19-97	REF TO COM ON APPROPR
S 188	ECU SCIENCE AND TECH. BLDG. FUNDS	S	2-19-97	REF TO COM ON APPROPR
S 189	ECU STADIUM EXPANSION FUNDS	S	2-19-97	REF TO COM ON APPROPR
S 190	INCREASE PENSION BENEFITS-2	S	4-10-97	RE-REF COM ON APPROPR
S 193	ON-SITE WASTEWATER SYS.	*S	4-28-97	RE-REF COM ON APPROPR
S 202	GANG CRIME/ENHANCED PENALTIES	*S	4- 7-97	RE-REF COM ON APPROPR
S 206=	MUSEUM OF NATURAL SCIENCES FUNDS	S	2-20-97	REF TO COM ON APPROPR
S 209	AGRONOMIC ADVISORY FUNDS	S	2-20-97	REF TO COM ON APPROPR
S 215	ST.BD.OF EDUC. EXPANSION FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 217	MOTOR FUEL LAB FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 218	ROLLINS LAB FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 219=	SMALL FARM ASSISTANCE FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 220	ANIMAL WASTE ANALYSIS FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 222=	LOW-WEALTH SCHOOL SUPP. FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 223	STATE FAIR EVENTS BLDG. FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 224	FARMERS MARKET CAPITAL FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 225=	NC BIOTECHNOLOGY CENTER FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 226	NC TECHNOLOGICAL DEV. AUTH. FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 230	UPTOWN GREENVILLE DESIGN FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 231	WASHINGTON OLD CITY HALL FUNDS	S	2-24-97	REF TO COM ON APPROPR
S 235=	INCREASE PENSION BENEFITS-3	*S	4- 3-97	RE-REF COM ON APPROPR
S 238	CITY WATER SYSTEM RELOCATION COST	S	3-12-97	RE-REF COM ON APPROPR
S 239=	MOSQUITO CONTROL FUNDS	S	2-25-97	REF TO COM ON APPROPR
S 244=	S.E. FARMERS' MARKET FUNDS	S	2-26-97	REF TO COM ON APPROPR
S 252=	SE COMMUNITY COLLEGE FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 255=	CANCER CONTROL FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 256	GRASSROOTS SCIENCE MUSEUMS FUNDS-	S	2-27-97	REF TO COM ON APPROPR
S 257=	GATLING DETENTION CENTER FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 258=	DOMESTIC VIOLENCE FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 268	WAYNE FORESTRY BUILDING FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 269	TURNAGE THEATERS FUNDS	S	2-27-97	REF TO COM ON APPROPR

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NORTH CAROLINA GENERAL ASSEMBLY
PENDING SENATE COMMITTEE ON
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Date: 12/10/97
Time: 9:14 a.m.
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BILL	SHORT TITLE		DATE	LATEST ACTION
S 270	WASHINGTON FESTIVAL FUNDS	S	2-27-97	REF TO COM ON APPROPR
S 271	SMALL BUSINESS CAPITAL/GROWTH ACT	*S	6- 4-97	RE-REF COM ON APPROPR
S 274=	CHARTER SCHOOL START-UP FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 275	MOUNTAIN STATE FAIR FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 276=	INSTITUTE OF GOVERNMENT FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 277=	MUSEUM OF LIFE & SCIENCE FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 278=	HOME OWNERSHIP FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 284=	HEART DISEASE DATA FUNDS	S	3- 3-97	REF TO COM ON APPROPR
S 285	AMEND SHOPLIFTING LAW	*S	4-14-97	RE-REF COM ON APPROPR
S 287	MONITOR COASTAL WATER QUALITY	S	3-24-97	RE-REF COM ON APPROPR
S 292=	AUTISM OPERATING FUNDS	S	3- 4-97	REF TO COM ON APPROPR
S 294	LINCOLN/GASTON HELICOPTER FUNDS	S	3- 4-97	REF TO COM ON APPROPR
S 298=	ENGLISH AS A SECOND LANGUAGE FUND	S	3- 5-97	REF TO COM ON APPROPR
S 302	COORDINATE SPECIAL AUDITS/FUNDS	S	3-19-97	RE-REF COM ON APPROPR
S 303	SET INDUSTRIAL COMMISSIONER PAY	S	3- 5-97	REF TO COM ON APPROPR
S 306=	NC HIGH SCHOOL AA CAPITAL FUNDS	S	3- 5-97	REF TO COM ON APPROPR
S 310=	MATERNAL OUTREACH FUNDS	S	3- 5-97	REF TO COM ON APPROPR
S 311=	SMOKE DETECTOR PENALTIES	*S	8-13-97	RE-REF COM ON APPROPR
S 335	ENVIRONMENTAL FARMING CAP. FUNDS-	S	3-10-97	REF TO COM ON APPROPR
S 336	ENV. FARMING RESEARCH FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 337=	SALMONELLA TESTING FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 338	FIRE TOWER FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 341=	PITT CC INDUSTRIAL BLDG. FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 342	BEAUFORT CC BUILDING FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 344	SCHOOL VIOLENCE FUNDS	S	3-10-97	REF TO COM ON APPROPR
S 354	FAYETTEVILLE FORESTRY CAP. FUNDS	S	3-11-97	REF TO COM ON APPROPR
S 355	ART FOR PUBLIC PLACES	S	3-11-97	REF TO COM ON APPROPR
S 357	AYDEN FARMERS MARKET FUNDS	S	3-11-97	REF TO COM ON APPROPR
S 358=	1898 WILMINGTON HISTORIC FUNDS	S	3-11-97	REF TO COM ON APPROPR
S 362=	CRANIOFACIAL ANOMALIES FUNDS	S	3-11-97	REF TO COM ON APPROPR
S 367=	ELIMINATE MEDICAID RX LIMIT	S	4-30-97	RE-REF COM ON APPROPR
S 369	DARE/DART PROGRAM EXPANSION	S	3-31-97	RE-REF COM ON APPROPR
S 375	ADDITIONAL FRANKLIN MAGISTRATE	S	3-12-97	REF TO COM ON APPROPR
S 380	ALBEMARLE FOOD BANK FUNDS	S	3-12-97	REF TO COM ON APPROPR
S 381	N.C. CLEAN ELECTION ACT	*S	6- 4-97	RE-REF COM ON APPROPR
S 385	WOMEN'S MEMORIAL FUNDS-3	S	3-13-97	REF TO COM ON APPROPR
S 387=	ADVP FUNDS	S	3-13-97	REF TO COM ON APPROPR
S 391	ST. MARK'S CAPITAL FUNDS	S	3-13-97	REF TO COM ON APPROPR
S 392	GAL FUNDS	S	3-13-97	REF TO COM ON APPROPR
S 397=	PINE FOREST CEMETERY FUNDS	S	3-17-97	REF TO COM ON APPROPR
S 398	EASTERN 4-H ENVIRON. CTR. FUNDS	S	3-17-97	REF TO COM ON APPROPR
S 399=	NC BIOTECHNOLOGY CENTER FUNDS-2	S	3-17-97	REF TO COM ON APPROPR
S 405	LAW ENF. MANAGEMENT PROGRAM FUNDS	S	3-17-97	REF TO COM ON APPROPR
S 412	MACON DEPT. OF AGING FUNDS	S	3-18-97	REF TO COM ON APPROPR
S 415	INCENTIVES/COLLEGE WORK IN H.S.	S	3-31-97	RE-REF COM ON APPROPR
S 419=	COALITION 2001 FUNDS	S	3-18-97	REF TO COM ON APPROPR
S 423	SENIOR CENTER FUNDS	S	3-19-97	REF TO COM ON APPROPR
S 443	ADULT DAY CARE FUNDS-2	S	3-20-97	REF TO COM ON APPROPR
S 448	FOREST RESOURCES PERSONNEL FUNDS	S	3-20-97	REF TO COM ON APPROPR

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NORTH CAROLINA GENERAL ASSEMBLY
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Date: 12/10/97
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BILL	SHORT TITLE		DATE	LATEST ACTION
S 449	ARTIFACT STORAGE/LAB FUNDS	S	3-20-97	REF TO COM ON APPROPR
S 454=	SOUTH MOUNTAIN'S GAMESLANDS FUNDS	S	3-24-97	REF TO COM ON APPROPR
S 467	PARENTAL SAVINGS TRUST FUNDS	S	3-24-97	REF TO COM ON APPROPR
S 491	APPROPRIATIONS BLANK BILL-4	S	3-25-97	REF TO COM ON APPROPR
S 492	REGIONAL WASTEWATER MNGT. FUNDS	S	3-25-97	REF TO COM ON APPROPR
S 493	STATE BAR FUNDS	S	3-25-97	REF TO COM ON APPROPR
S 494=	PUB. DEF./APP. DEF. RETIREMENT	S	3-25-97	REF TO COM ON APPROPR
S 496	APPROPRIATIONS BLANK BILL-5	S	3-25-97	REF TO COM ON APPROPR
S 497	APPROPRIATIONS BLANK BILL-6	S	3-25-97	REF TO COM ON APPROPR
S 519=	NORTH CAROLINA AQUARIUMS FUNDS	S	3-26-97	REF TO COM ON APPROPR
S 520=	WCU ARTS CENTER FUNDS	S	3-26-97	REF TO COM ON APPROPR
S 523=	COCHLEAR IMPLANT FUNDS	S	3-26-97	REF TO COM ON APPROPR
S 526=	ON SLOW EMERGENCY CTR. FUNDS	S	3-26-97	REF TO COM ON APPROPR
S 528	DRAINAGE WAYS/DEBRIS REMOVAL FUND	S	3-26-97	REF TO COM ON APPROPR
S 532	COOPERATIVE FISHERIES FUNDS	S	3-27-97	REF TO COM ON APPROPR
S 533	FISH HATCHERY RESEARCH FUNDS	S	3-27-97	REF TO COM ON APPROPR
S 538	PROF. FIREFIGHTERS' RETIREMENT	*S	4-28-97	RE-REF COM ON APPROPR
S 543	APPROPRIATIONS SUNSHINE	S	3-27-97	REF TO COM ON APPROPR
S 544	CRISIS SERVICES EXPANSION FUNDS	S	3-27-97	REF TO COM ON APPROPR
S 547	CUED SPEECH FUNDS	S	3-27-97	REF TO COM ON APPROPR
S 549=	AGRICULTURAL LOAN FUNDS	S	3-27-97	REF TO COM ON APPROPR
S 557	AOC EXPANSION FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 558	ADA/VICTIM WITNESS ASSIST. FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 560=	EXPAND TECHNOLOGY IN SCHOOLS	S	4- 7-97	REF TO COM ON APPROPR
S 566	APPRENTICESHIP EXPANSION FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 567	NONPROFIT HOUSING FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 569	BROUGHTON HOSPITAL CT SCAN FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 576=	NC COUNCIL FOR WOMEN FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 592	RELOCATE ABANDONED CEMETERIES	*S	7-17-97	RE-REF COM ON APPROPR
S 596	ECONOMIC DEVELOPMENT FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 598	SPECIAL NEEDS CHILDREN FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 607	SHAW SPEAKS CENTER FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 608	EXTRADITION COSTS	S	4- 1-97	REF TO COM ON APPROPR
S 609	INSURANCE AUDIT RECOMMENDATIONS	S	4-14-97	RE-REF COM ON APPROPR
S 620	AID TO PUBLIC LIBRARY FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 621	HAMLET OPERA RESTORATION FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 622	RICHMOND CAPITAL FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 623	GUILFORD JUVENILE DETENTION FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 634=	AIDS PREVENTION FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 638	AVID PROGRAM PILOT FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 641=	MUSEUM OF FORESTRY FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 642=	COLUMBUS ECONOMIC DEV. FUNDS	S	4- 1-97	REF TO COM ON APPROPR
S 651	FOOD-RELATED FACILITIES FUNDS	S	4- 2-97	REF TO COM ON APPROPR
S 652=	WORKERS' COMP. TECH. ASSIST./FUND	S	4- 2-97	REF TO COM ON APPROPR
S 653	TOBACCO FARM MUSEUM FUNDS	S	4- 2-97	REF TO COM ON APPROPR
S 655	CUMBERLAND CHILD CARE CTR. FUNDS	S	4- 2-97	REF TO COM ON APPROPR
S 657	CIVIL WAR SITES FUNDS	S	4- 2-97	REF TO COM ON APPROPR
S 659	GRAPE GROWERS EARMARKING CHANGE	S	4- 2-97	REF TO COM ON APPROPR
S 661	BROUGHTON HOSPITAL FUNDS	S	4- 2-97	REF TO COM ON APPROPR

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NORTH CAROLINA GENERAL ASSEMBLY
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BILL	SHORT TITLE	DATE	LATEST ACTION
S 662	CLASSROOM MANAGEMENT PROGRAM FUND	S 4- 2-97	REF TO COM ON APPROPR
S 670	AGRI-COMMUNITY CTR. FUNDS	S 4- 2-97	REF TO COM ON APPROPR
S 680	POLYMERS EXTENSION PROGRAM FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 681=	CHILD CARING INST. FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 685	BIRCHWOOD CEMETRY FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 686	NC ARTS COUNCIL FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 688	SCHOOL ATTUNED PROGRAM FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 692=	NC'S SOUTHEAST FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 693	MID-STATE VISITORS CENTER FUNDS	S 4- 3-97	REF TO COM ON APPROPR
S 694	CABARRUS FAMILY MED TRAINING FUND	S 4- 3-97	REF TO COM ON APPROPR
S 700	POISON CONTROL CENTER FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 702=	VOC. REHAB/INDEP. LIVING FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 703=	MENTAL HEALTH DRUG FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 704	DRUG TESTING COSTS	S 4- 7-97	REF TO COM ON APPROPR
S 705=	WAKE DOTF FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 706=	HAYWOOD AGRICULTURE CTR. FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 709	RECOVERY OF DISCRETIONARY FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 720	NC MUSEUM OF FORESTRY	S 4- 7-97	REF TO COM ON APPROPR
S 728=	HEALTHY CAROLINIANS FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 729=	BATTERERS' PROGRAM FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 742	PAMLICO-TAR RIVER FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 743	ADMINISTRATIVE LAW JUDGE SALARIES	S 4- 7-97	REF TO COM ON APPROPR
S 746	GUILFORD TEEN COURT FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 747	1997 RETIREMENT BENEFITS ACT	S 4-10-97	RE-REF COM ON APPROPR
S 748	AFRICAN-AMERICAN STORYTELLER FUND	S 4- 7-97	REF TO COM ON APPROPR
S 749	INTEGRATED PEST CONTROL FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 750	SUSTAINABLE AGRICULTURE FUNDS	S 4- 7-97	REF TO COM ON APPROPR
S 751	BROUGHTON HOSPITAL FUNDS-2	S 4- 7-97	REF TO COM ON APPROPR
S 752	YADKIN/PEE DEE LAKES PROJECT FUND	S 4- 7-97	REF TO COM ON APPROPR
S 754	UNEMPL. BENEFITS SPOUSAL CHANGES	S 4-29-97	RE-REF COM ON APPROPR
S 756	NCSU ARBORETUM PLANNING FUNDS	S 4- 8-97	REF TO COM ON APPROPR
S 758=	HICKORY LIBRARY FUNDS	S 4- 8-97	REF TO COM ON APPROPR
S 760=	FOSTER CARE/ADOPTION FUNDS	S 4- 8-97	REF TO COM ON APPROPR
S 761	YOUNGSVILLE BRANCH LIBRARY FUNDS	S 4- 8-97	REF TO COM ON APPROPR
S 766=	FOUNTAIN LIBRARY FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 767	CHB STATE HISTORIC SITE FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 768	PT CAM FUNDS-3	S 4- 9-97	REF TO COM ON APPROPR
S 769	NC A&T FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 770	CHILD CARE REIMBURSEMENT FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 772	BUSINESS INCUBATOR FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 773=	CARRBORO MUSIC FESTIVAL FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 775=	CENTRAL CHILDREN'S HOME FUNDS	S 4- 9-97	REF TO COM ON APPROPR
S 776	COMM. COLL OCCUPATIONAL EXT. FUND	S 4- 9-97	REF TO COM ON APPROPR
S 778	FIRE MARSHALL RETIREMENT	*S 7- 1-97	RE-REF COM ON APPROPR
S 779	RURAL FIRE PROTECTION FUNDS	S 4-10-97	REF TO COM ON APPROPR
S 783=	JONES CO. CIVIC CTR. FUNDS	S 4-10-97	REF TO COM ON APPROPR
S 788	RURAL ECONOMIC DEV. FUNDS	S 4-10-97	REF TO COM ON APPROPR
S 789	BLUE RIDGE CC FUNDS	S 4-10-97	REF TO COM ON APPROPR
S 790	FOOD/LODGING SANITATION FUNDS	S 4-10-97	REF TO COM ON APPROPR

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NORTH CAROLINA GENERAL ASSEMBLY
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Date: 12/10/97
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BILL	SHORT TITLE		DATE	LATEST ACTION
S 792	STATE PARK STAFF FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 794=	CHILD MEDICAL EVALUATION FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 798=	CMASST CAPITAL FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 802	ECU'S WALKER CTR FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 803=	MAIN STREET INCENTITIVE FUND	S	4-10-97	REF TO COM ON APPROPR
S 804=	AT-RISK CHILDREN FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 807	SOIL AND WATER DIST. FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 813=	FSU FINE ARTS CTR. FUNDS	S	4-10-97	REF TO COM ON APPROPR
S 822=	BUILDING CODE TRAINING FUNDS	S	4-14-97	REF TO COM ON APPROPR
S 832	MODIFY ST. EMPLOYEE REIMBURSEMENT	S	4-14-97	REF TO COM ON APPROPR
S 836	TWIN CO. RURAL HEALTH CTR. FUNDS	S	4-14-97	REF TO COM ON APPROPR
S 839	DMV MEDICAL EVALUATION FUNDS-2	S	4-14-97	REF TO COM ON APPROPR
S 849=	UP STATE EMPLOYEE TRAVEL RATES	S	4-15-97	REF TO COM ON APPROPR
S 852	COMMUNITIES IN SCHOOLS FUNDS	S	4-15-97	REF TO COM ON APPROPR
S 854	NATIVE AMERICAN PARK STUDY FUNDS	S	4-15-97	REF TO COM ON APPROPR
S 856=	CHATHAM FUNDS FOR SITING COSTS	S	4-15-97	REF TO COM ON APPROPR
S 868	NC HOUSING TRUST FUND	S	4-15-97	REF TO COM ON APPROPR
S 878	N.C. HUMANITIES COUNCIL FUNDS	S	4-15-97	REF TO COM ON APPROPR
S 888	UNC-G FUNDS	S	4-16-97	REF TO COM ON APPROPR
S 890	WAKE TEEN COURT FUNDS	S	4-16-97	REF TO COM ON APPROPR
S 895=	U.S.S. NC BATTLESHIP FUNDS	S	4-16-97	REF TO COM ON APPROPR
S 898	VFD WORKERS' COMPENSATION/FUNDS	S	4-16-97	REF TO COM ON APPROPR
S 899=	ADDITION RESEARCH AUTHORITY	S	4-16-97	REF TO COM ON APPROPR
S 908	ASU CENTENNIAL FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 911	MAINTAIN OUTSTANDING COMM COLLEGE	S	4-17-97	REF TO COM ON APPROPR
S 917=	NC TRANSPORTATION MUSEUM FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 928	EXPAND COMMUNITY LINK FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 939	EASTERN AHEC FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 949=	OSHA ERGONOMIC STANDARDS FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 960	ADULT-STUDENT RATIO REDUCTION FUN	S	4-17-97	REF TO COM ON APPROPR
S 963	SUBSTANCE ABUSE PILOT FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 968	RABIES TESTING LAB FUNDS	S	4-17-97	REF TO COM ON APPROPR
S 976	TARHEEL ACADEMY FUNDS	S	4-21-97	REF TO COM ON APPROPR
S 978=	FARM ENVIRONMENTAL COMPLIANCE FUN	S	4-21-97	REF TO COM ON APPROPR
S 980	CUNNINGHAM RESEARCH CENTER FUNDS	S	4-21-97	REF TO COM ON APPROPR
S 981	YEAR OF THE MOUNTAINS FUNDS	S	4-21-97	REF TO COM ON APPROPR
S 988=	OSHA ERGONOMIC STANDARDS FUNDS	S	4-21-97	REF TO COM ON APPROPR
S 989	COMMUNITY ECONOMIC DEVELOP. FUNDS	S	4-21-97	REF TO COM ON APPROPR
S1020	EARNED INCOME DISREGARD FUNDS	S	4-21-97	REF TO COM ON APPROPR
S1031	ESTABLISH IDA ACCOUNTS/FUNDS	S	4-21-97	REF TO COM ON APPROPR
S1032	AMEND LEO RETIREMENT DEF'N/FUNDS	S	4-21-97	REF TO COM ON APPROPR
S1035	MODIFY FOOD TAX/MERCHANT'S DISCT.	*S	5-22-97	RE-REF COM ON APPROPR
S1038	OFFENDER AFTERCARE FUNDS	S	4-21-97	REF TO COM ON APPROPR
S1069=	FSU/PEMBROKE TEACHER ED. CONSORTI	S	4-21-97	REF TO COM ON APPROPR
S1071	UNC-A CAPITAL FUNDS	S	4-21-97	REF TO COM ON APPROPR

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BILLS CONSIDERED IN SENATE
APPROPRIATIONS

1997 SESSION

SB 286 - New & Expanding Industry Funds
Favorable - March 18, 1997

SB 352 - Current Operations Appropriations
Unfavorable to Bill but Favorable to CS Bill - April 22, 1997

HB 55 - Purple Heart/Silver Star Plates
Favorable - June 4, 1997

HB 945 - Nursing Scholars Program
Favorable - June 4, 1997

HB 1099 - Kindergarten/Gifted Students
Favorable - June 4, 1997

SB 299 - Long-Term Care Benefits
Favorable - June 4, 1997

SB 451 - Compensate Erroneously Convicted
Favorable - June 4, 1997

SB 668 - CPA Education Requirements/AB
Favorable - June 4, 1997

SB 476 Osteoporosis Task Force
Unfavorable to Bill but Favorable to CS Bill - June 4, 1997

SB 521 - DOC Sexual Assault
Unfavorable to Bill but Favorable to CS Bill - June 4, 1997

HB 374- Modify victims Compensation Act/AB
Unfavorable to Bill but Favorable to Senate CS Bill - June 4, 1997

SB 232 - Clean Water Bonds
Unfavorable CS #1 but Favorable to CS #2 Bill - June 4, 1997

HB 210 - Ag Dept. Name Change
Favorable - June 18, 1997

SB 938 - Construction Worker Training Credit
Favorable - June 18, 1997

SB 473 - Appropriations Blank Bill-2
Unfavorable to Bill but Favorable to CS Bill - June 26, 1997

SB 853 - Revenue Officers' Police Powers
Unfavorable to Bill but Favorable to CS Bill - July 3, 1997

HB 524 - UNC Alcohol Ed. Endowment Fund
Favorable - July 24, 1997

HB 1157 - Various Corporate Tax Law Changes
Favorable - July 24, 1997

HB 35 - Conform Sales & Fuel Tax Refund Period
Unfavorable to SCS Bill #1, but Favorable to Senate CS Bill #2 - July 24, 1997

SB 463 - Appropriations Blank Bill -1
Unfavorable to Bill but Favorable as to CS Bill - July 29, 1997

HB 1135 - State Employee Incentive Bonus
Favorable As Amended - August 12, 1997

HB 1097 - Fisheries reform Act - 2
Unfavorable as to Senate CS #2 but Favorable to Senate CS #3 - August 6, 1997

SB 347 - Capital Improvements Approp. Act
Unfavorable as to Bill but Favorable as to CS Bill - August 14, 1997

SB 490 - Appropriations Blank Bill
Unfavorable to Bill but Favorable to CS Bill - August 20, 1997

HB 537 - Relief for Federal Retirees
Favorable - August 26, 1997

HB 652 - Audits
Favorable - August 26, 1997

HB 1132 - Date Rape Drugs
Favorable - August 26, 1997

SB 977 - Southern Dairy Compact
Favorable - August 26, 1997

SB 1001 - Expand Amusement Tax Exemption
Favorable - August 26, 1997

HB 1142 - Tuition Waivers/Emergency Workers
Unfavorable to Senate CS Bill #1, but Favorable to Senate CS # 2 - August 26, 1997

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
February 5, 1997

The Senate Committee on Appropriations met on February 5, 1997, at 8:30 a.m. in Room 643 of the Legislative Office Building. Senator Aaron Plyler, Chair, called the meeting to order. He welcomed members of the Finance Committee to hear presentations by Dave Crotts, Fiscal Analyst, and Robert Powell from the State Budget Office.

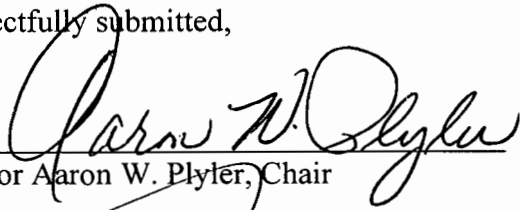
Robert Powell explained the attached 1997-2001 Budget Estimates and stated that the Governor hoped to have his budget ready within a few days and his State of State Address would be made on February 11. Mr. Powell answered members questions concerning availability of funds, welfare reform, the power of the executive branch in routing funds. Questions were asked concerning salaries and whether the Legislative and Executive Branches agreed on the availability.

David Crotts explained the Selected Economic, Revenue and Budget Data (attached) and answered members' questions concerning parts of his handout. Mr. Crotts explained that Mr. Tony Goldman would be prepared the following week to show models to the committee.

The Appropriations Chairs announced that a schedule would be forthcoming within a week, as it was the Senate's initiative to write the budget this year. Senator Plyler stated that the budget was to be completed by the Senate around April 18 and that the bill would then go to the House. He hoped that the House would have their work completed by the second week in May. Hopefully with a lot of hard work, the General Assembly could be adjourned by June 13.

The meeting adjourned.

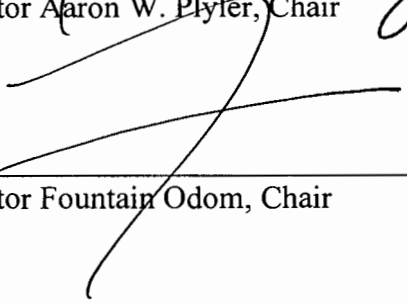
Respectfully submitted,



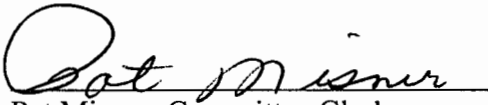
Senator Aaron W. Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair

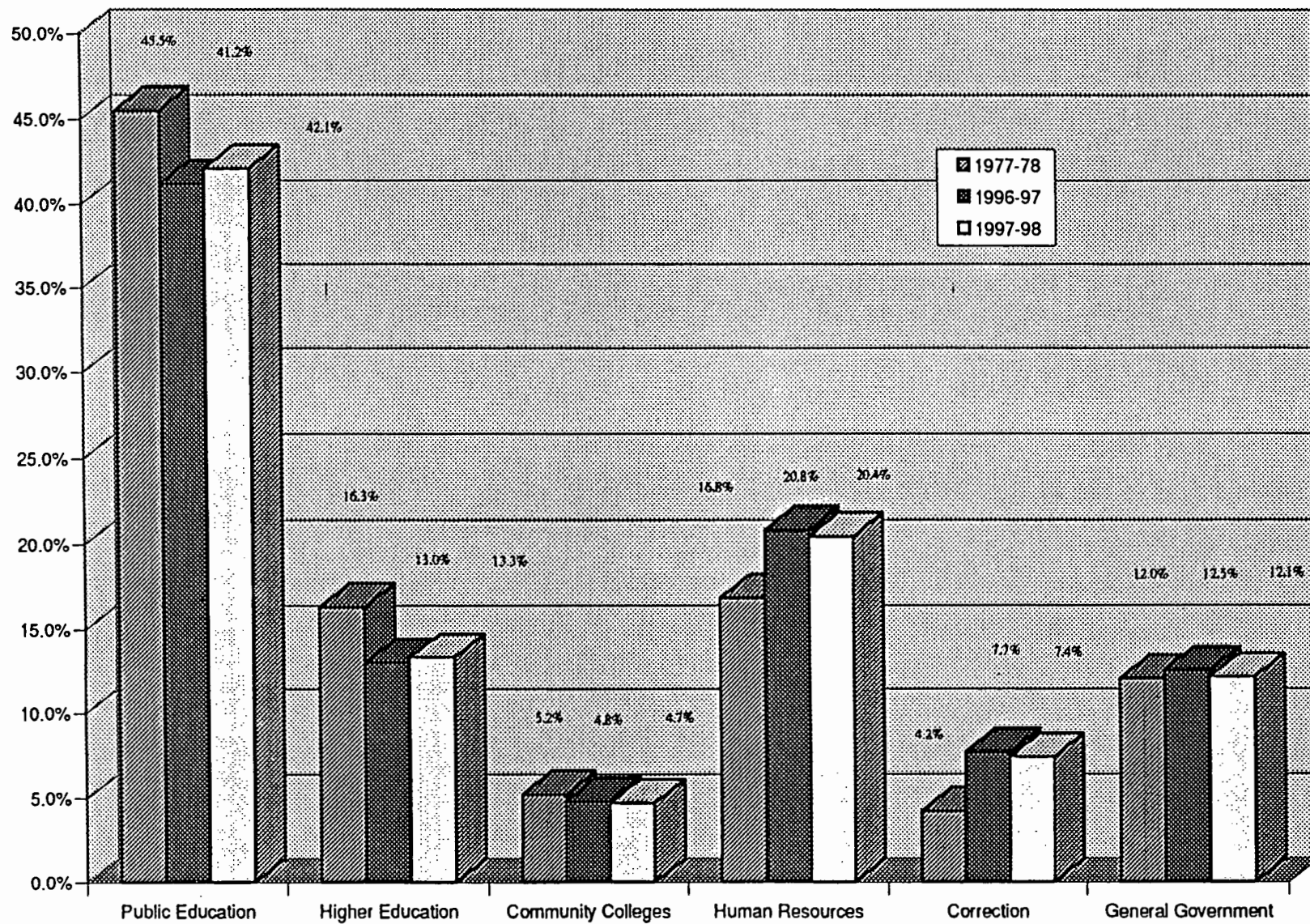


Pat Misner, Committee Clerk

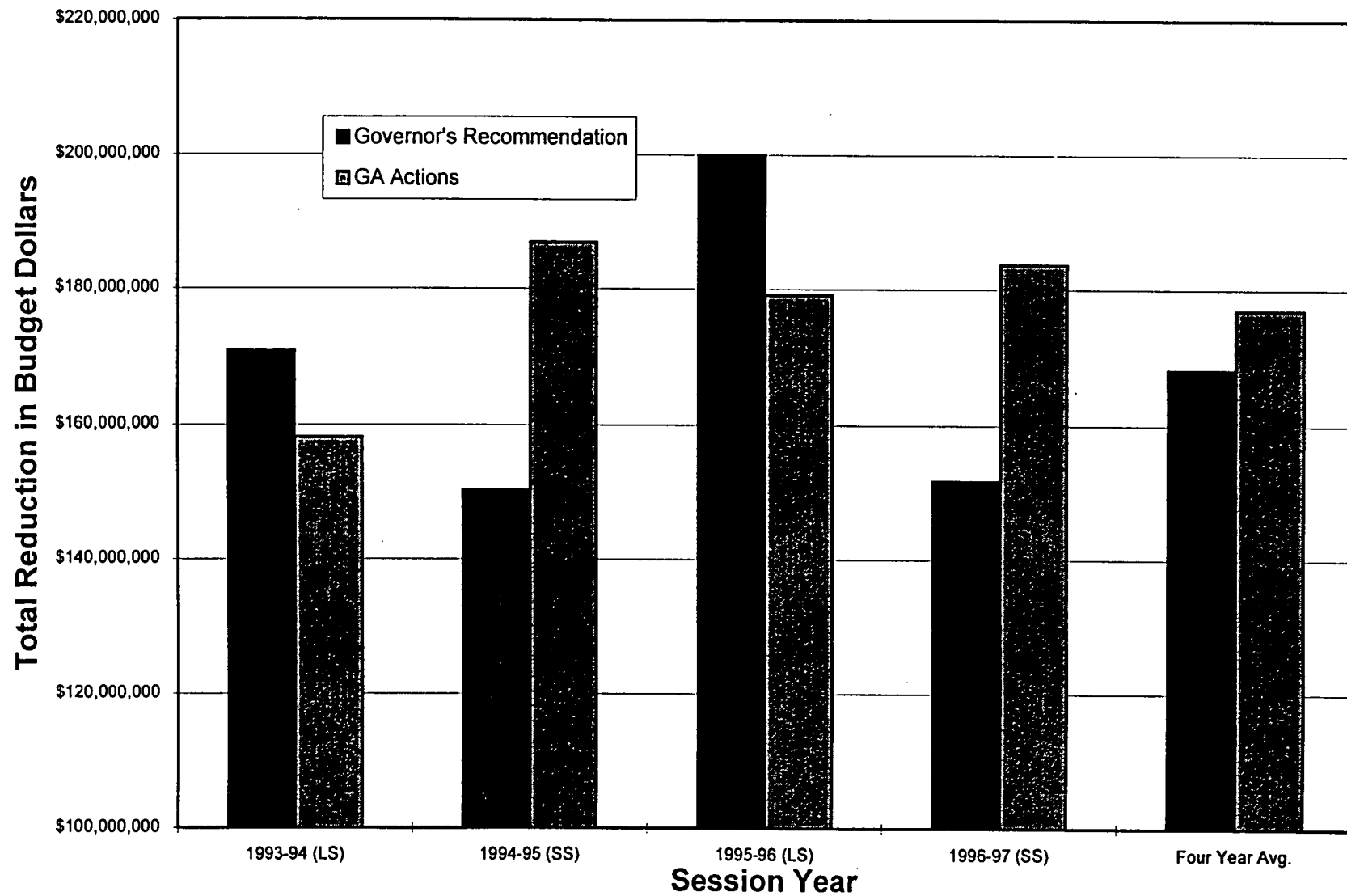
Revised 2/5/97
 Rah. [redacted]

	1997-98	1998-99	1999-00	2000-01
1. Total Revenue Forecast (Base Line)	11,622.2	12,353.1	13,149.4	13,988.7
2. Adjustments for Tax Issues				
3. 1995 Package	(391.1)	(398.7)	(407.6)	(415.7)
4. 1996 Package	(189.7)	(252.1)	(307.0)	(340.4)
5. Subtotal Tax Reductions	(580.8)	(650.8)	(714.6)	(756.1)
6. Adjustments nontax revenue				
7. 1996 Enhancements	6.0	6.4	6.8	7.2
8. Penalties, Fines, Forfeitures	(3.7)	(3.7)	(3.7)	(3.7)
9. Adjusted Revenue	11,043.7	11,705.0	12,437.9	13,236.1
10. Original Continuation Requirements	10,832.9	11,202.7	11,548.9	11,911.6
11. Continuation Budget Adjustments	(116.2)	(110.6)	(111.4)	(112.2)
12. Revised Continuation	10,716.7	11,092.1	11,437.5	11,799.4
13. Beginning Availability	327.0	612.9	1,000.4	1,436.7
14. Additional Adjustments	131.1	290.1	440.1	590.1
15. subtotal availability	458.1	903.0	1,440.5	2,026.8

Trends in General Fund Operating Budget



Total Budget Reductions by Session



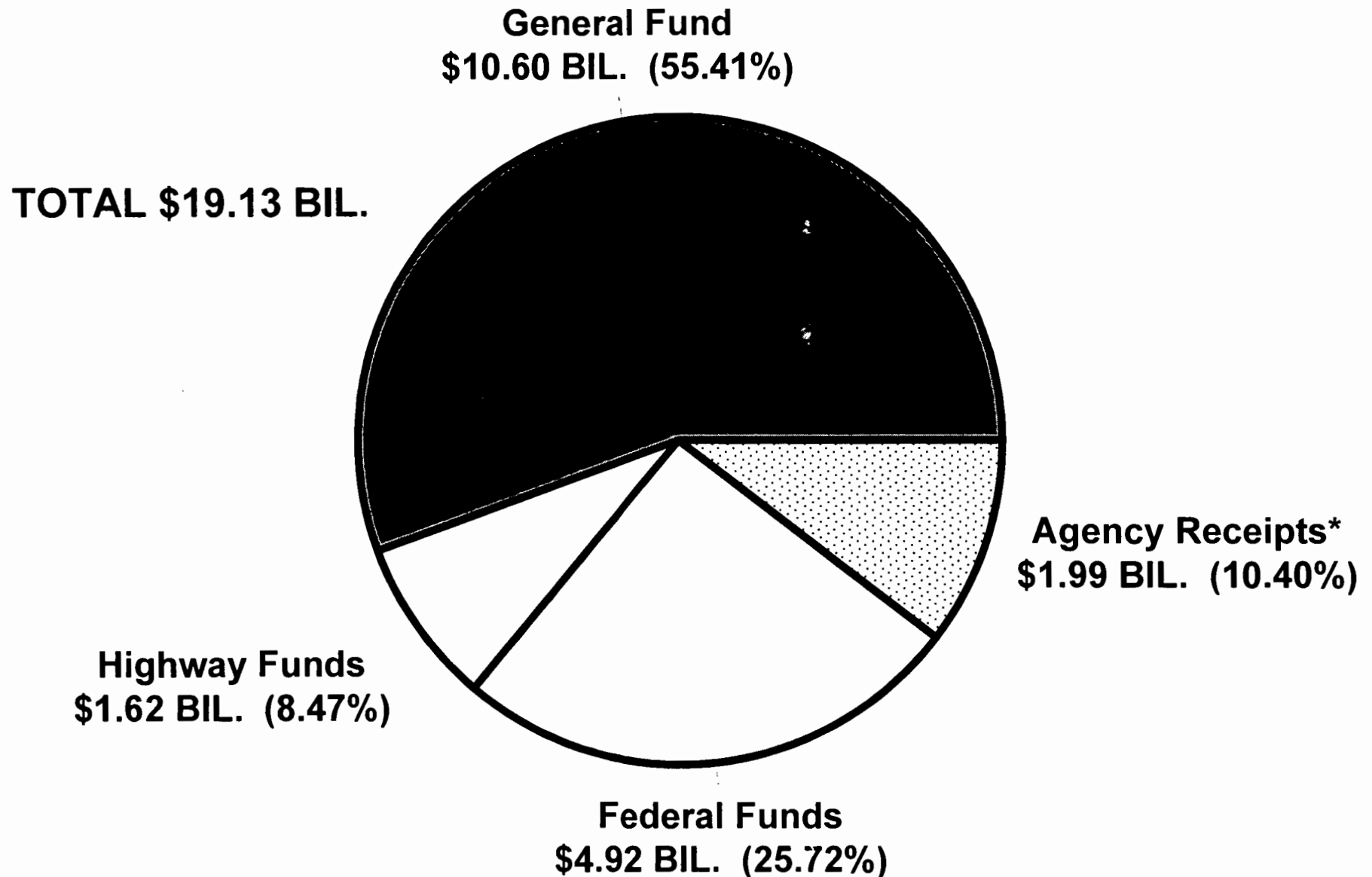
2/5/97
San Antonio

SELECTED ECONOMIC, REVENUE, AND BUDGET DATA



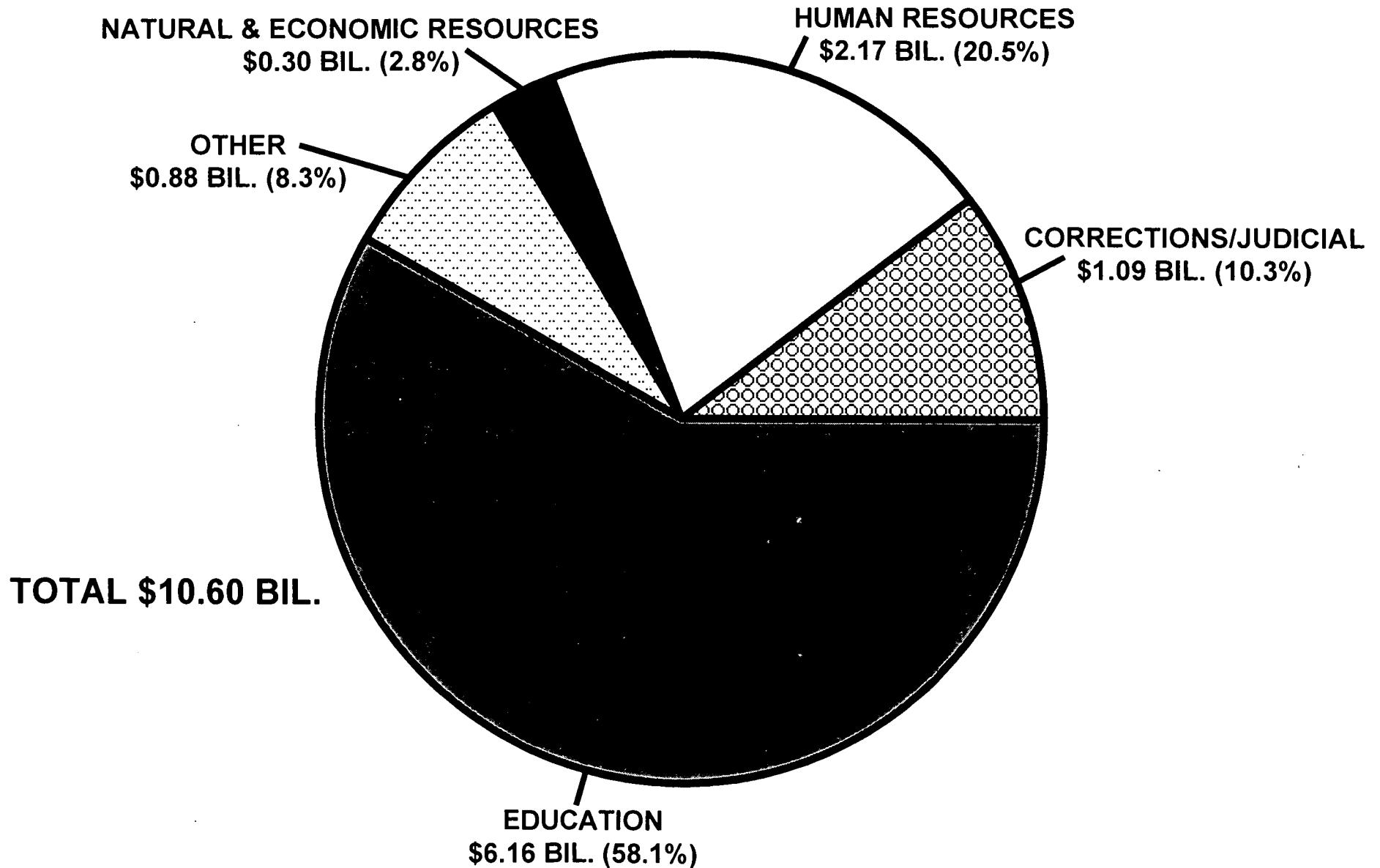
FISCAL RESEARCH DIVISION
JANUARY 16, 1997

THE TOTAL STATE BUDGET (1996-97)



* AGENCIES FEES (INCLUDING UNIVERSITY TUITION) THAT AGENCIES MAY USE IN LIEU OF GENERAL FUND APPROPRIATION

EDUCATION FUNDING COMPRISES ABOUT 58% OF THE GENERAL FUND BUDGET(1996-97)



FEDERAL MANDATES AND OTHER MANDATORY ITEMS HAVE CROWDED OUT EDUCATION SPENDING

GENERAL FUND BUDGET

(\$ MILLION)

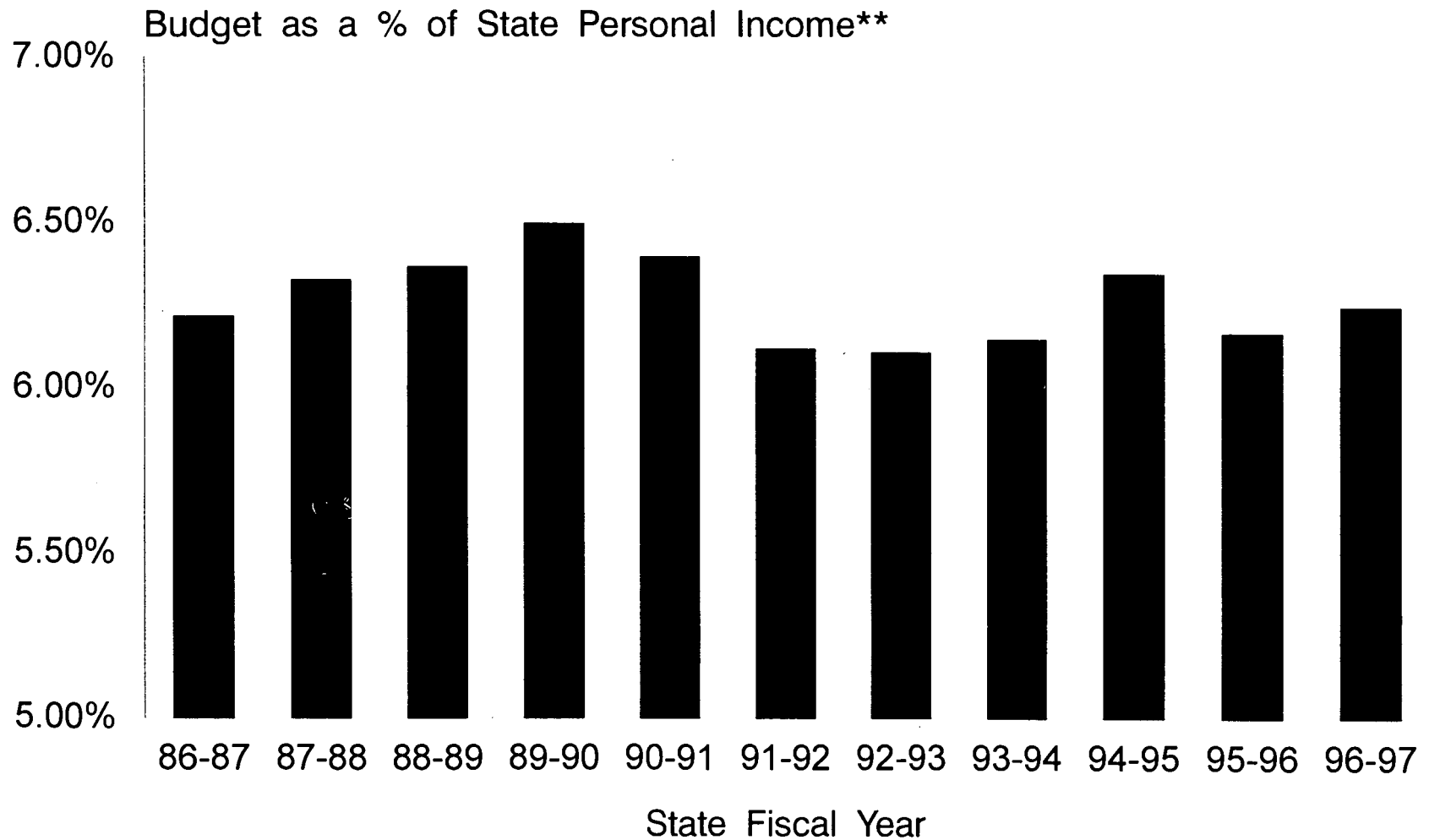
	86-87	87-88	88-89	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97
RECURRING ITEMS	\$5,187.9	\$5,714.4	\$6,229.5	\$6,838.6	\$7,212.8	\$7,350.5	\$7,876.9	\$8,426.3	\$9,289.4	\$9,688.2	\$10,401.4
% INCREASE		10.1%	9.0%	9.8%	5.5%	1.9%	7.9%	6.9%	10.4%	4.3%	7.4%
LOCAL TAX AID*	-	-	-	\$231.8	\$476.8	\$474.6	\$236.8	\$236.8	\$236.8		
NONRECURRING:											
CAPITAL IMPROVEMENTS	\$282.5	\$164.8	\$258.7	\$245.3	\$207.3	-	\$95.2	\$135.4	\$189.4	\$228.5	\$157.3
ALLOCATION TO RAINY-DAY FUND					141.0	0.4			66.7		
PAYDATE RESTORATION	-	-	-	-	-	-	-	214.2	120.0		
OTHER ONE-TIME ITEMS	45.6	98.7	72.9	44.3	36.1	-	0.6	248.2	306.1	104.9	44.6
REPAIRS AND RENOVATIONS								57.0	60.0	125.0	
TOTAL-NONRECURRING	\$328.1	\$263.5	\$331.6	\$289.6	\$384.4	\$0.4	\$95.8	\$654.8	\$742.2	\$458.4	\$201.9
TOTAL BUDGET**	\$5,516.0	\$5,977.9	\$6,561.1	\$7,360.0	\$8,074.0	\$7,825.5	\$8,209.5	\$9,317.9	\$10,268.4	\$10,146.6	\$10,603.3
% INCREASE	7.8%	8.4%	9.8%	12.2%	9.7%	-3.1%	4.9%	13.5%	10.2%	-1.2%	4.5%
BUDGET HIGHLIGHTS											
MEDICAID	\$221.6	\$255.4	\$305.1	\$391.3	\$487.5	\$581.1	\$676.0	\$861.1	\$939.6	\$1,038.9	\$1,156.2
% INCREASE		15.3%	19.5%	28.3%	24.6%	19.2%	16.3%	27.4%	9.1%	10.6%	11.3%
% OF RECURRING BUDGET	4.3%	4.5%	4.9%	5.7%	6.8%	7.9%	8.6%	10.2%	10.1%	10.7%	11.1%
CORRECTIONS/JUDICIAL	354.8	414.3	452.3	550.7	580.4	683.4	732.4	806.7	962.5	1,045.8	1090.7
% INCREASE		16.8%	9.2%	21.8%	5.4%	17.7%	7.2%	10.1%	19.3%	8.7%	4.3%
% OF RECURRING BUDGET	6.8%	7.3%	7.3%	8.1%	8.0%	9.3%	9.3%	9.6%	10.4%	10.8%	10.5%
EDUCATION	\$3,562.3	\$3,946.2	\$4,302.2	\$4,609.8	\$4,860.0	\$4,759.8	\$5,005.2	\$5,284.8	\$5,695.1	\$5,794.5	\$6,162.3
% INCREASE		10.8%	9.0%	7.1%	5.4%	-2.1%	5.2%	5.6%	7.8%	1.7%	6.3%
% OF RECURRING BUDGET	68.7%	69.1%	69.1%	67.4%	67.4%	64.8%	63.5%	62.7%	61.3%	59.8%	59.2%

* The year-to-year variation in this item reflects the decision to convert certain items from an earmarking of taxes to an appropriation and the subsequent decision to move items back off-budget.

**Excludes bond funds run through budget for accounting purposes.

GENERAL FUND OPERATING BUDGET*

RELATIVE TO THE INCOME OF NORTH CAROLINIANS

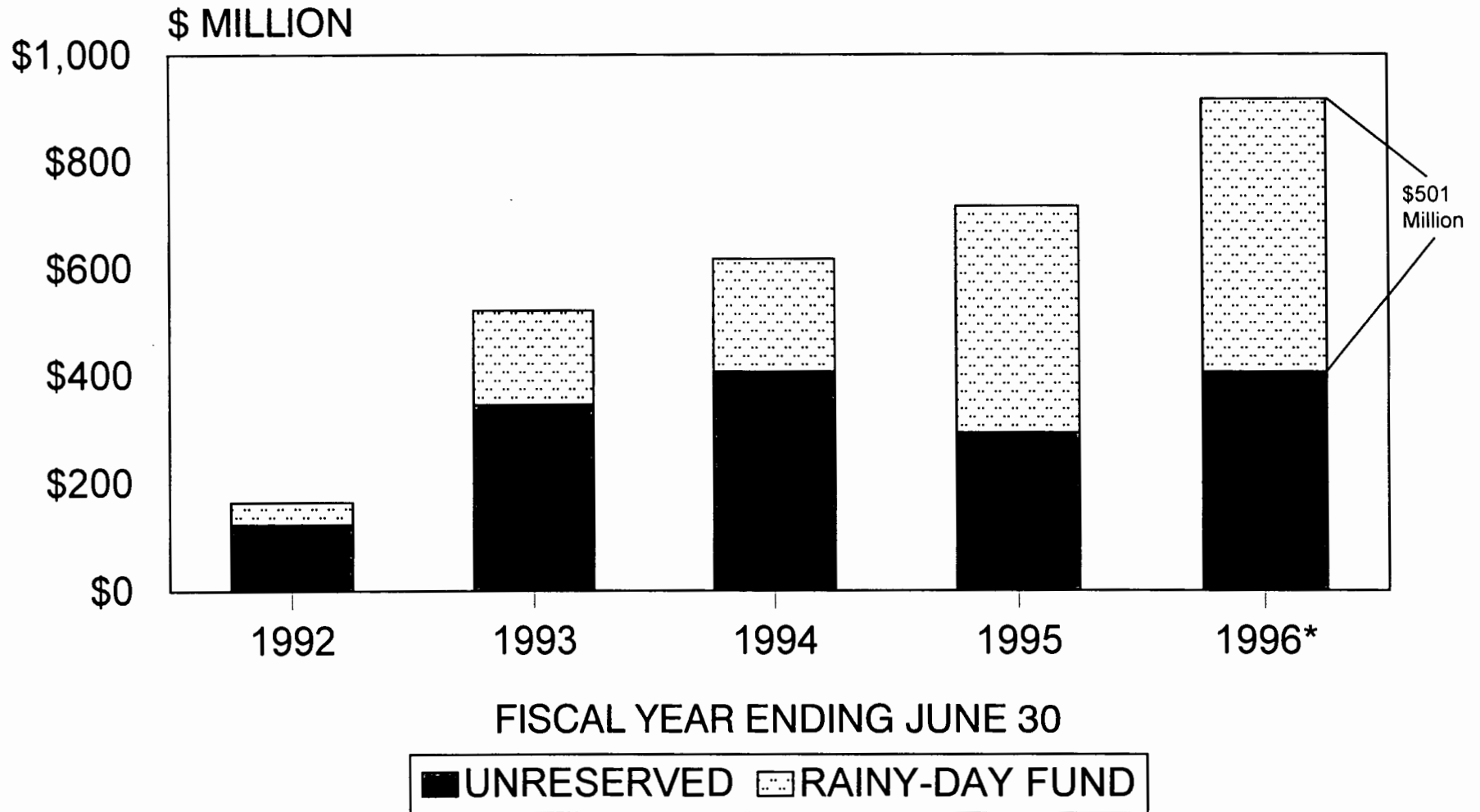


* Recurring Items Only

** Personal income represents the income from all sources for the state's residents.

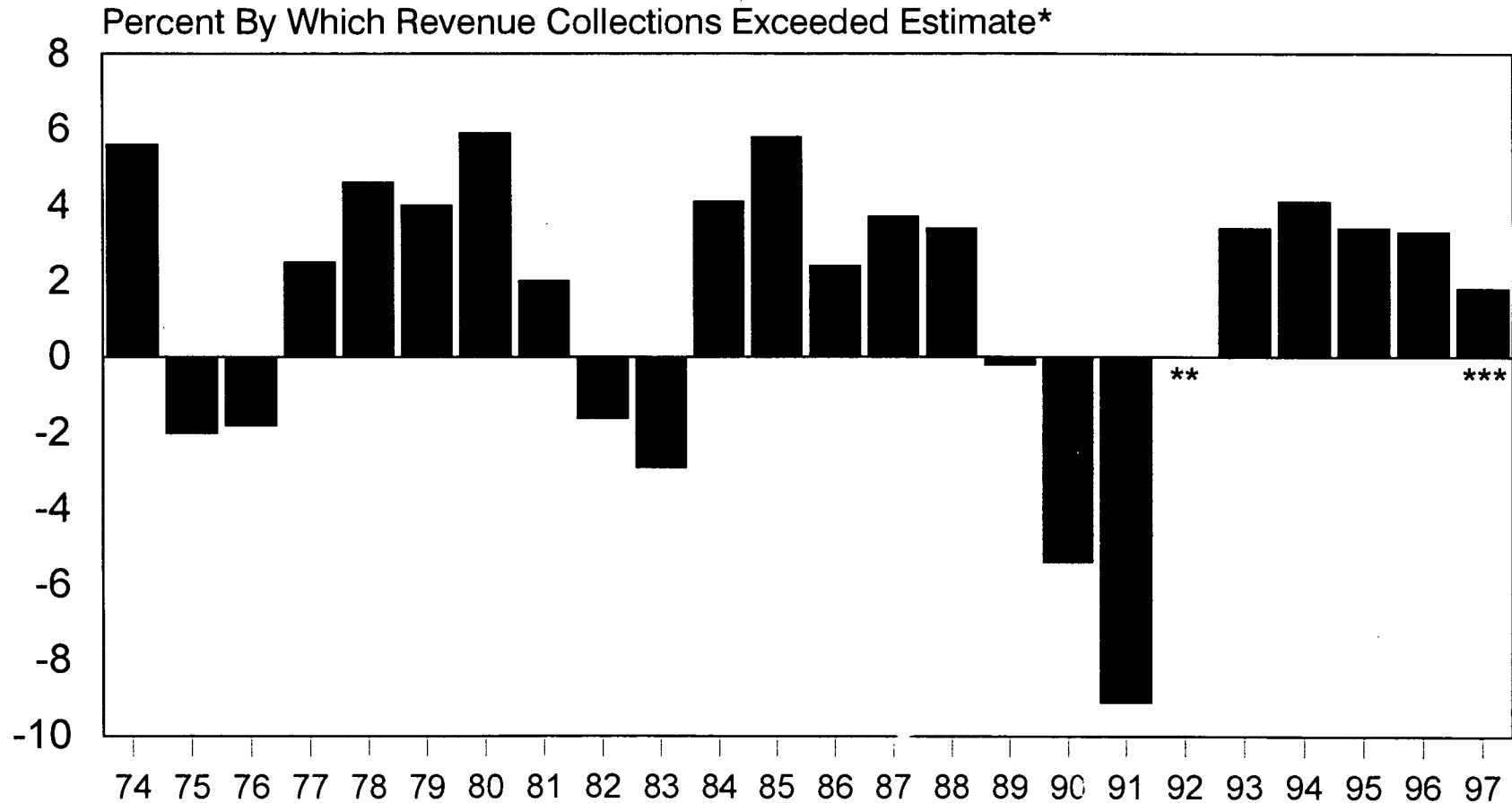
GENERAL FUND CASH BALANCES

JUNE 30 BALANCES



* THE RAINY-DAY FUND HAS "CAPPED OUT" AT 5% OF OPERATING BUDGET. IN THE FUTURE THE ONLY EARMARKING TO FUND IS THE AMOUNT TO KEEP UP WITH BUDGET GROWTH.

THE USE OF CONSERVATIVE REVENUE ESTIMATES FOR THE LAST SIX YEARS HAS RE-ESTABLISHED THE FAVORABLE TRACK RECORD PRIOR TO THE 1989-91 BIENNIUM



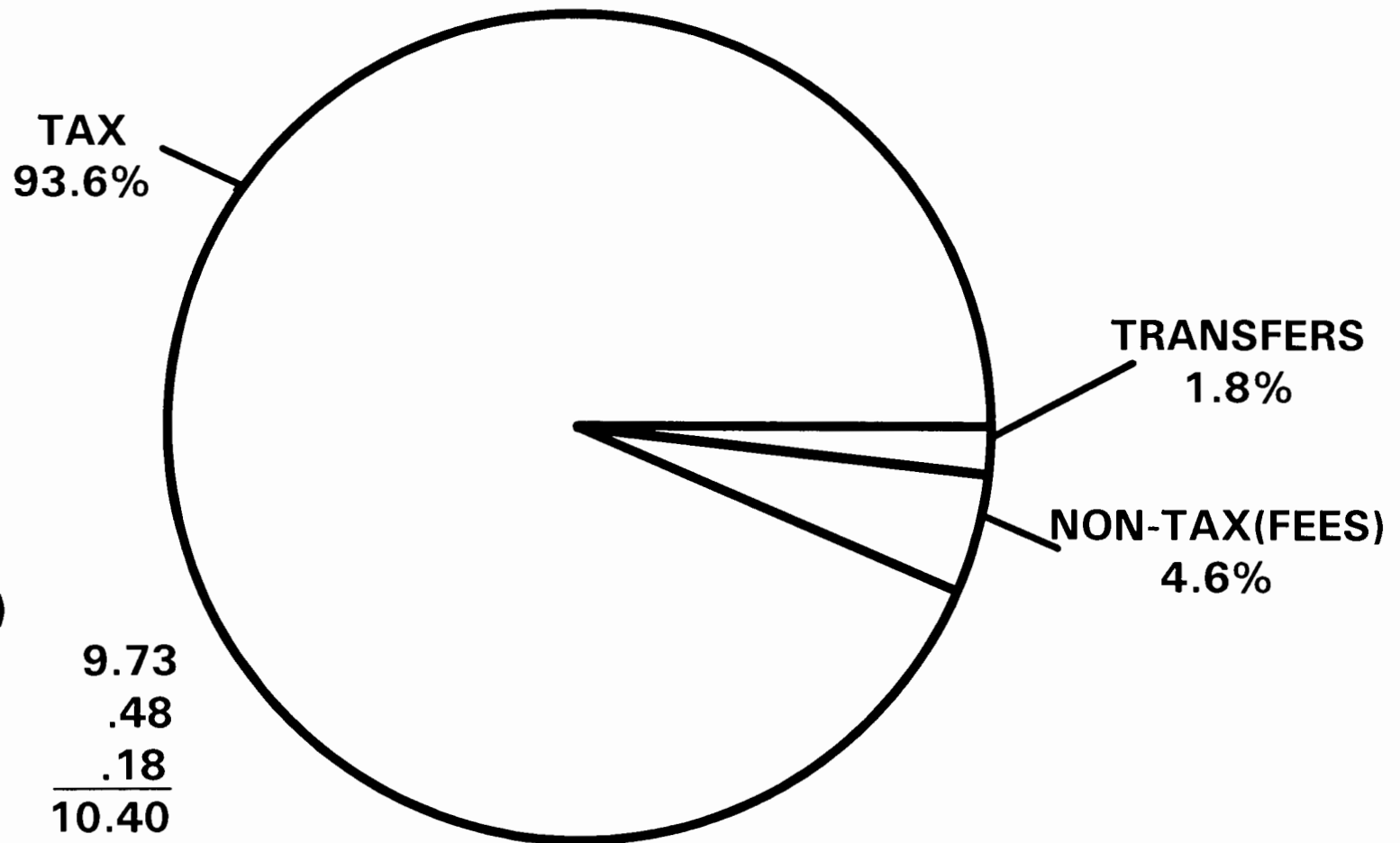
* General Fund Revenues

** Actual Collections Were Within .1% of Target

*** Estimated, based on experience through December.

GENERAL FUND REVENUE SOURCES

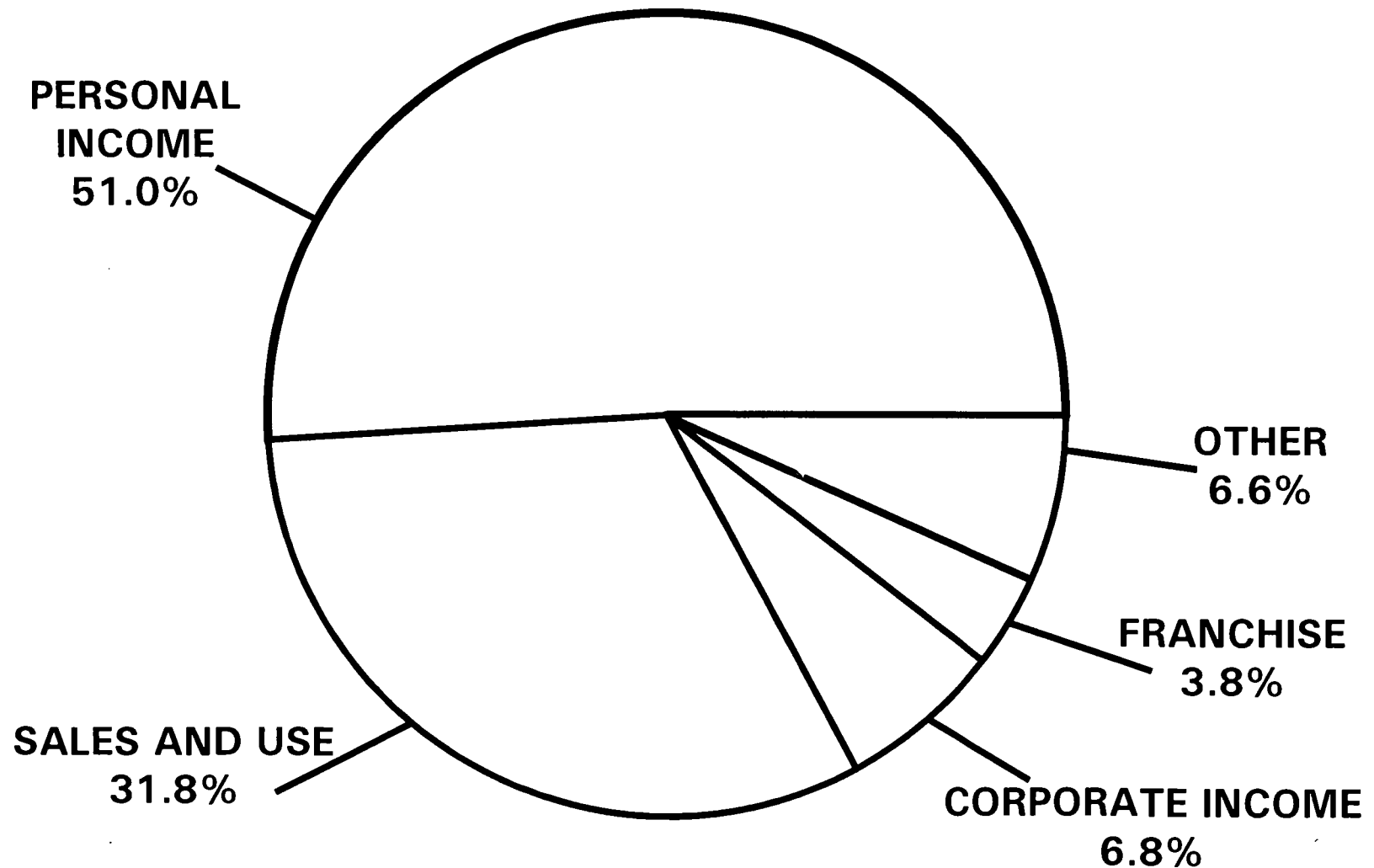
(1996-97)



	(\$BIL.)
TAX	9.73
NON-TAX	.48
TRANSFERS	.18
TOTAL	<u>10.40</u>

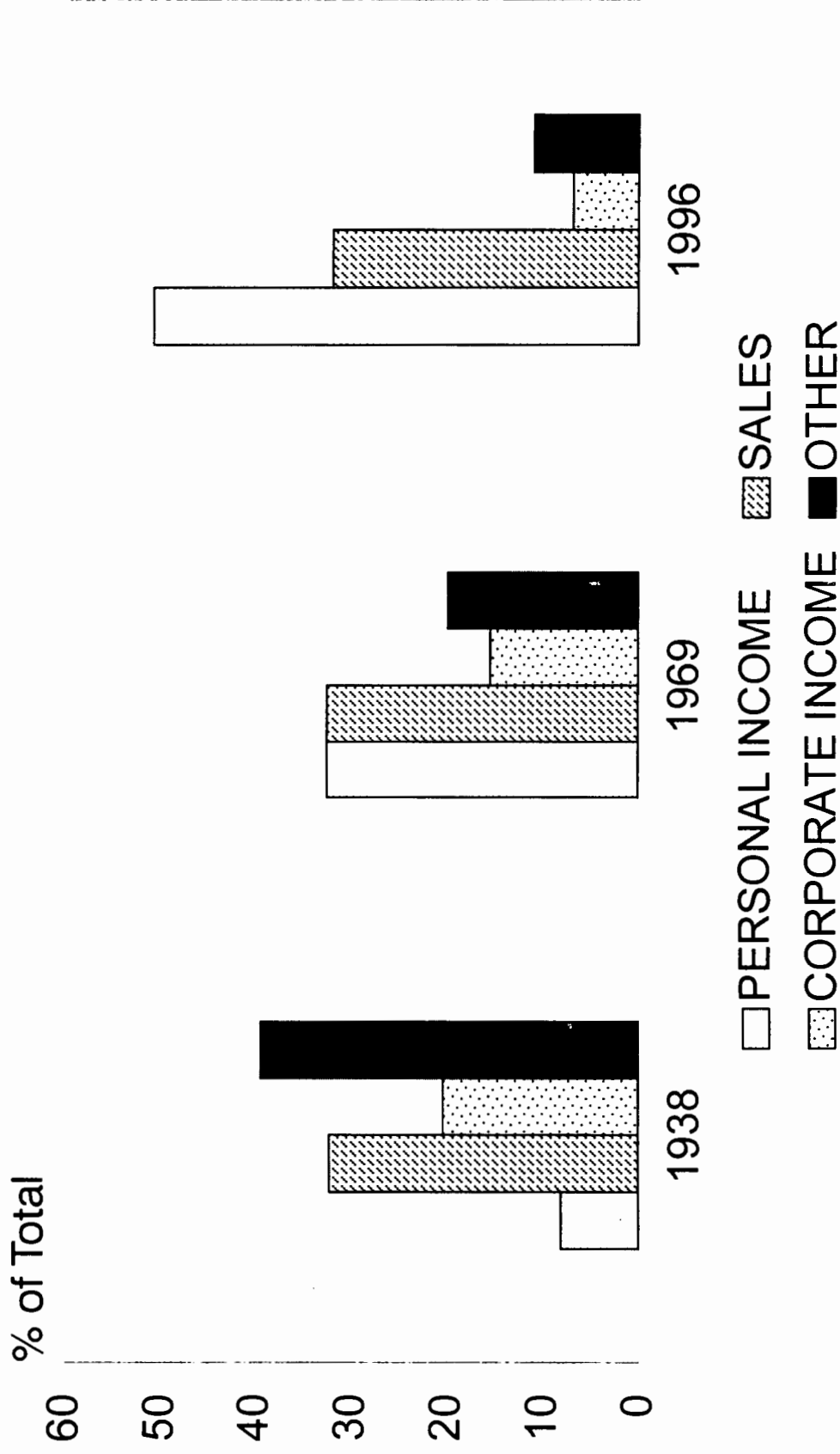
GENERAL FUND TAX SOURCES

(1996-97)



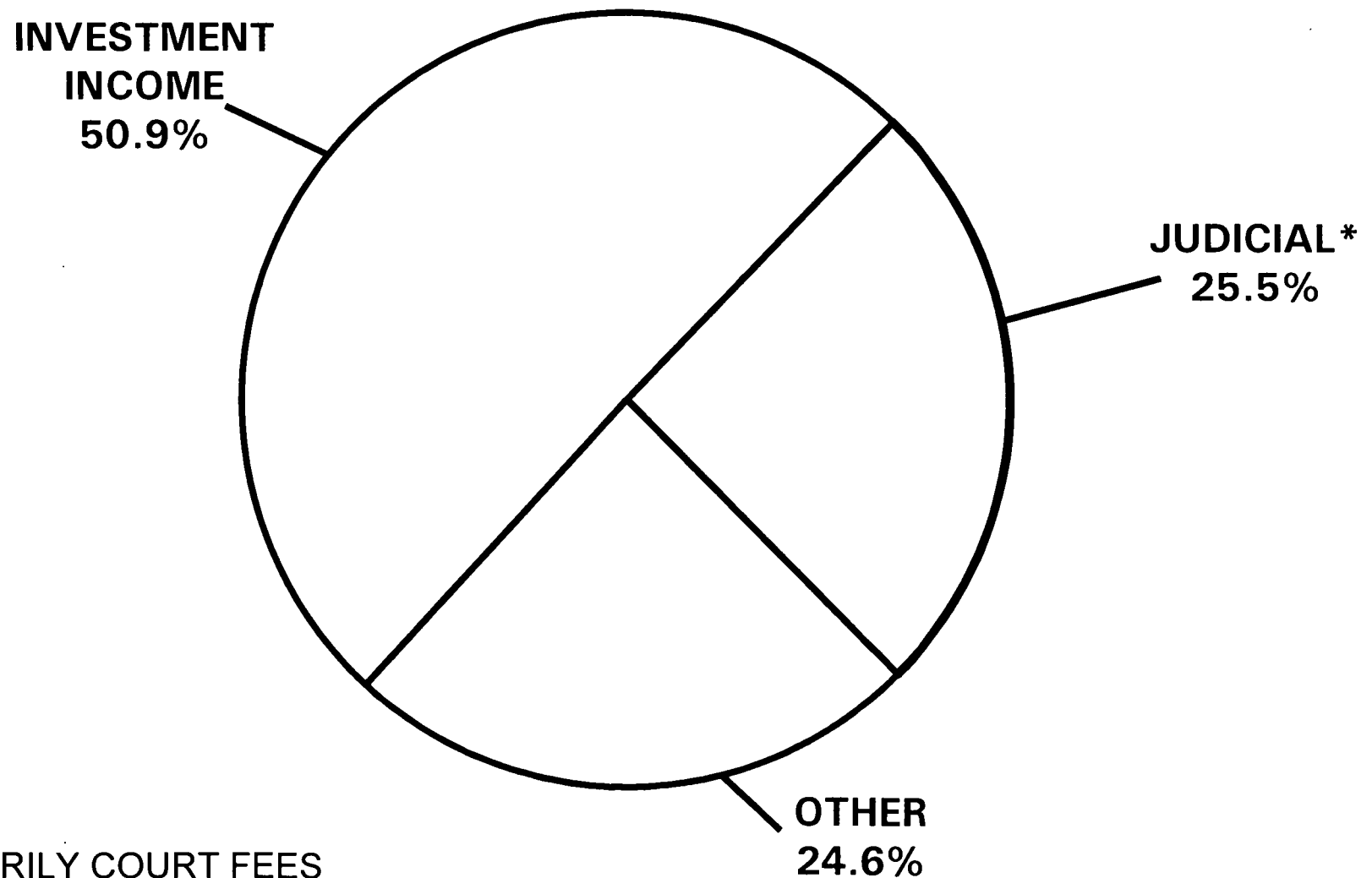
GENERAL FUND TAXES

FISCAL YEAR BASIS



GENERAL FUND NON-TAX REVENUE

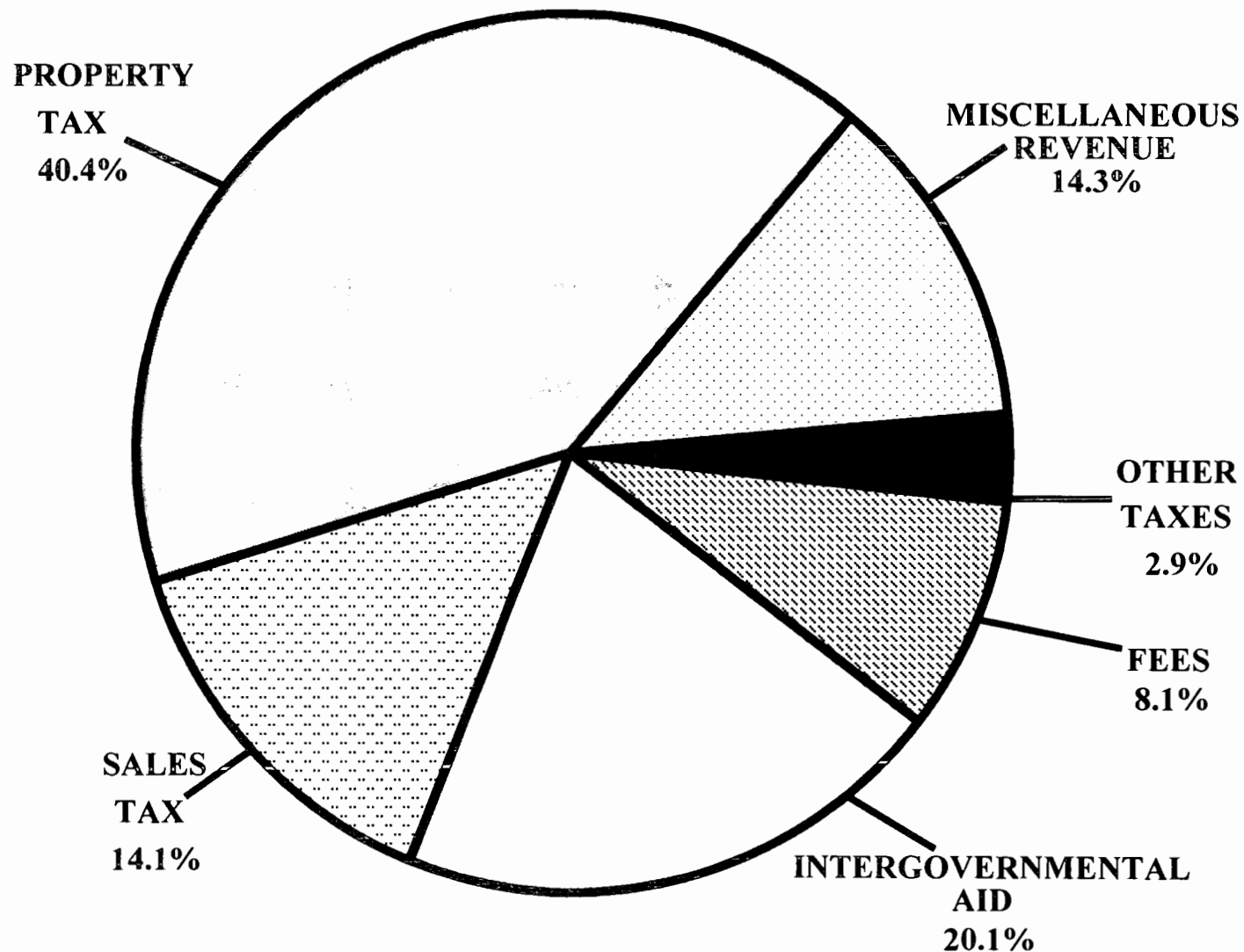
(1996-97)



* PRIMARILY COURT FEES

COUNTY REVENUE SOURCES

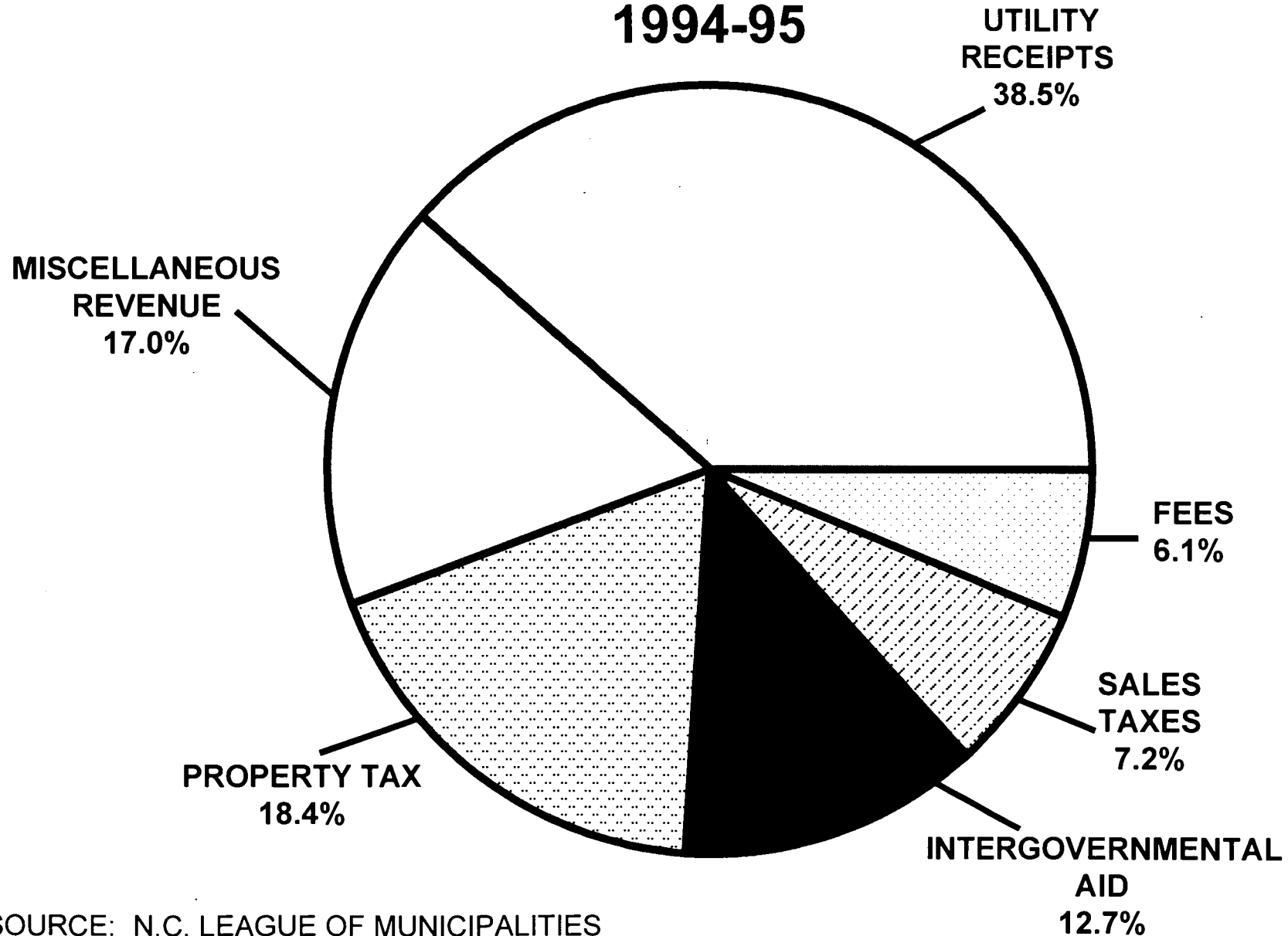
1994-95



SOURCE: N.C. ASSOCIATION OF COUNTY COMMISSIONERS

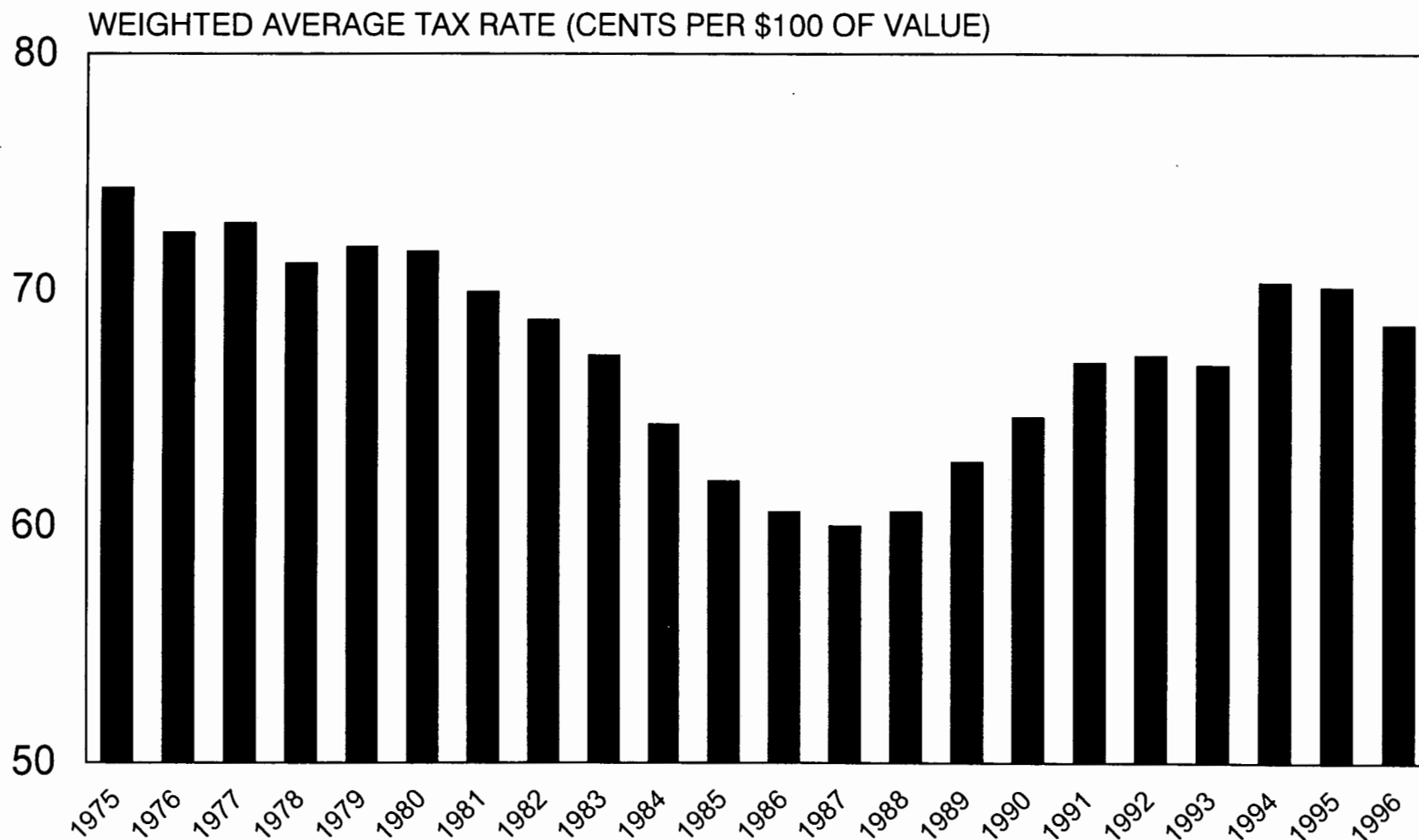
CITY REVENUE SOURCES

1994-95



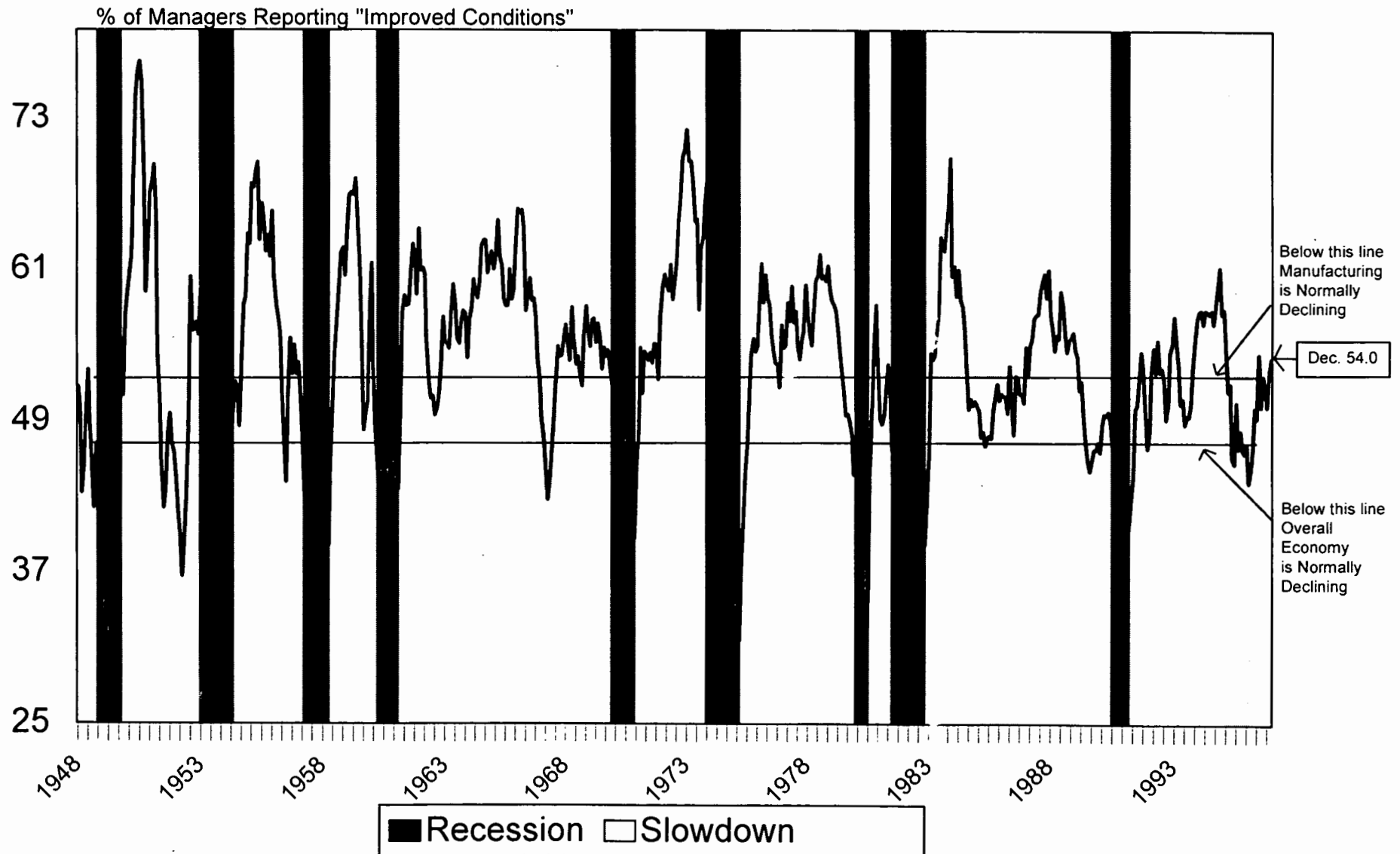
SOURCE: N.C. LEAGUE OF MUNICIPALITIES

LOCAL-OPTION SALES TAXES IN 1971 AND 1983 HAVE ENABLED COUNTIES TO LOWER THE PROPERTY TAX BURDEN*

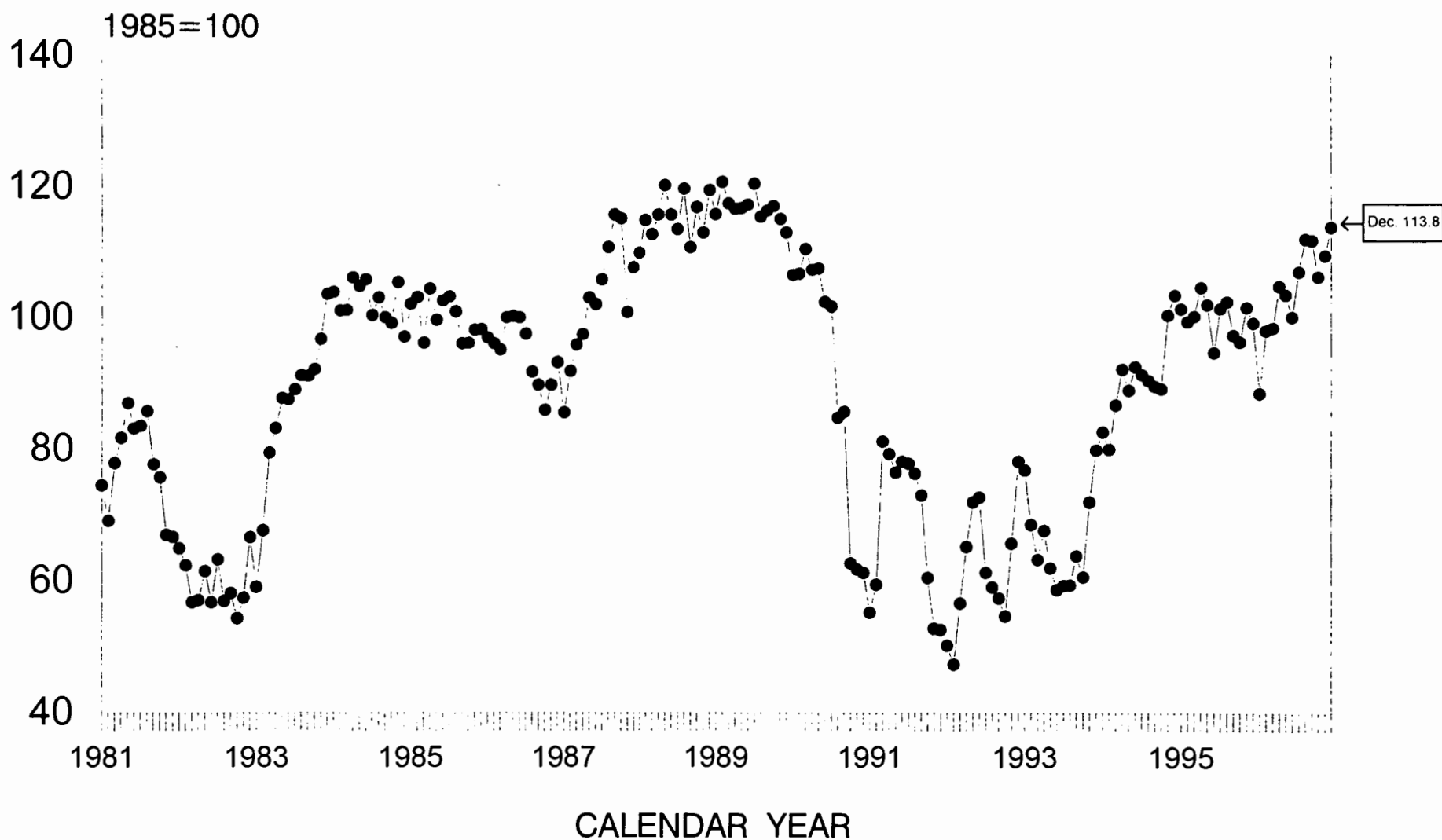


* THE BENEFIT OF THE 1986 LOCAL-OPTION TAX HAS BEEN UNDERMINED BY MEDICAID, AFDC

THE MONTHLY SURVEY OF THE NATION'S PURCHASING MANAGERS HAS HISTORICALLY BEEN A GOOD ECONOMIC INDICATOR

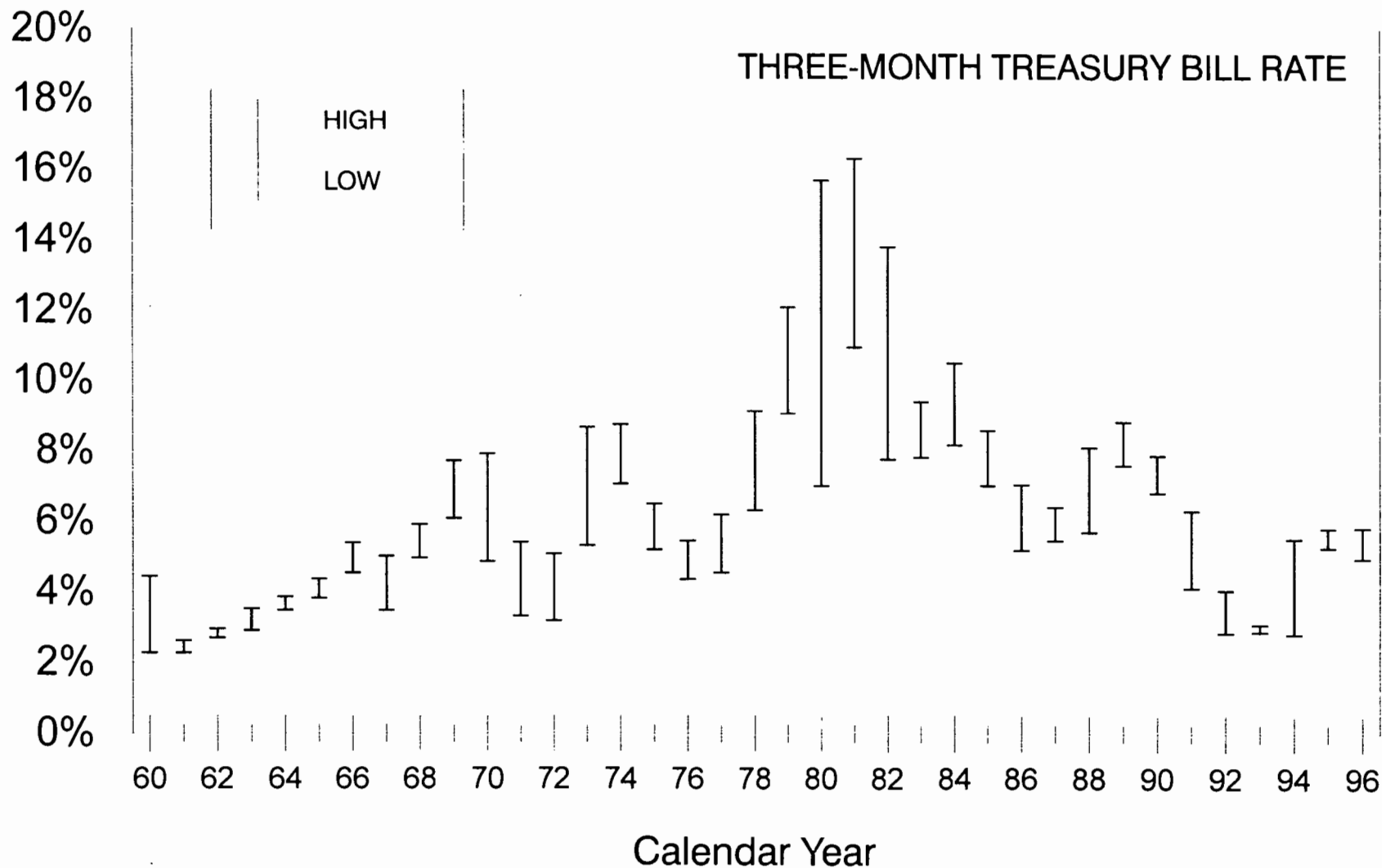


THE NATION'S CONSUMER CONFIDENCE IS STRONGEST SINCE 1989

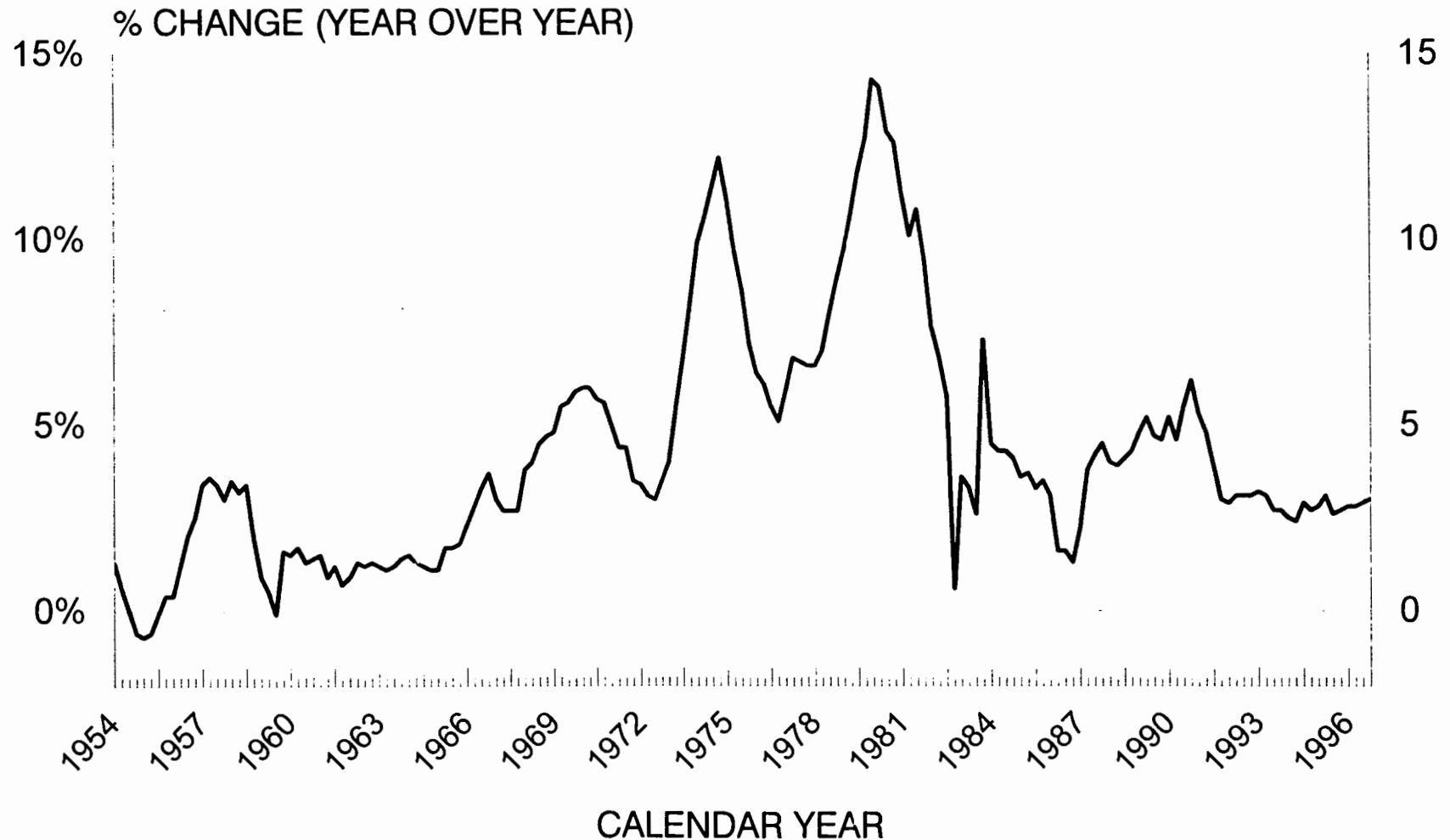


SHORT-TERM INTEREST RATES

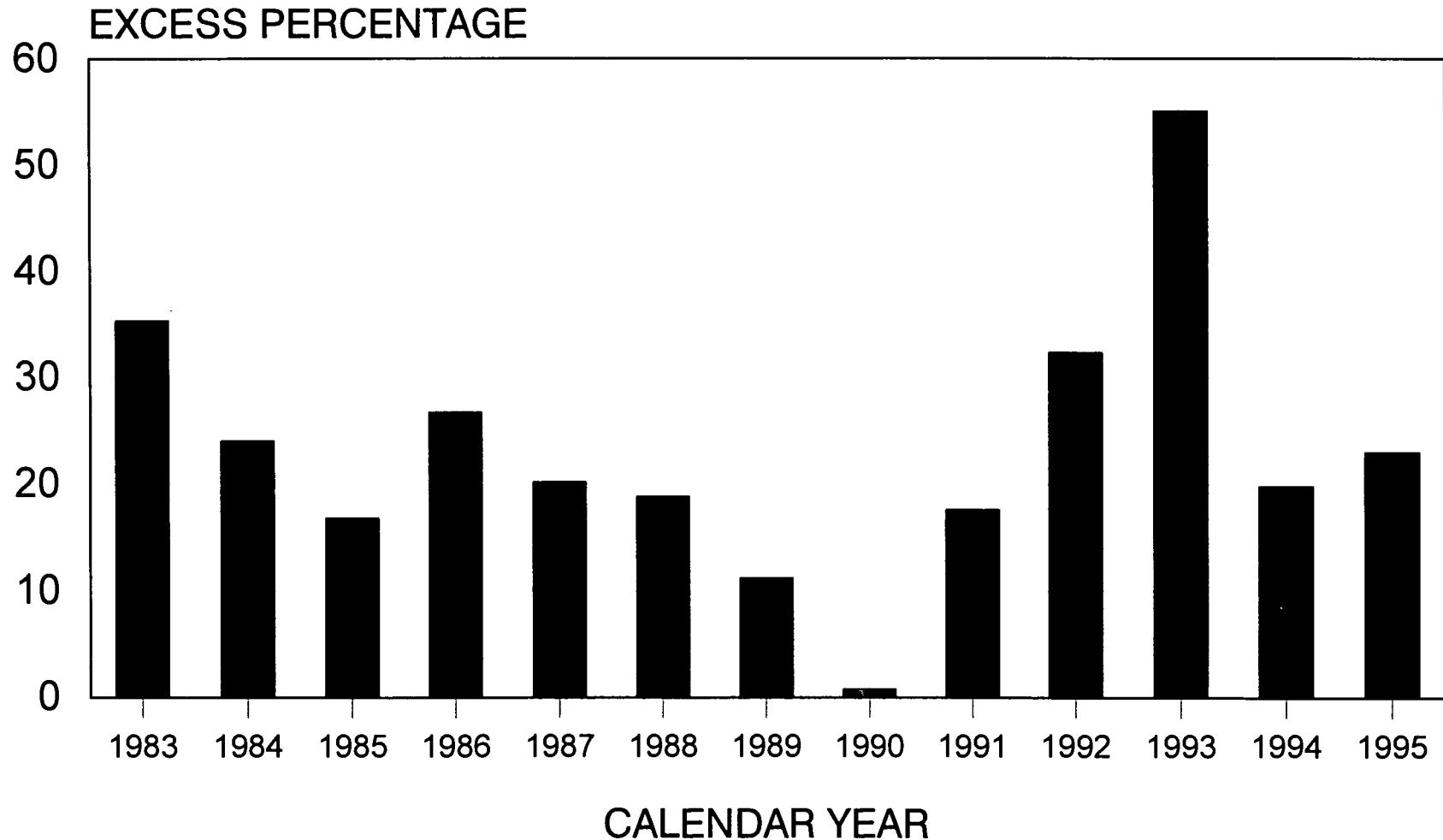
THREE-MONTH TREASURY BILL RATE



INFLATION AS MEASURED BY CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS



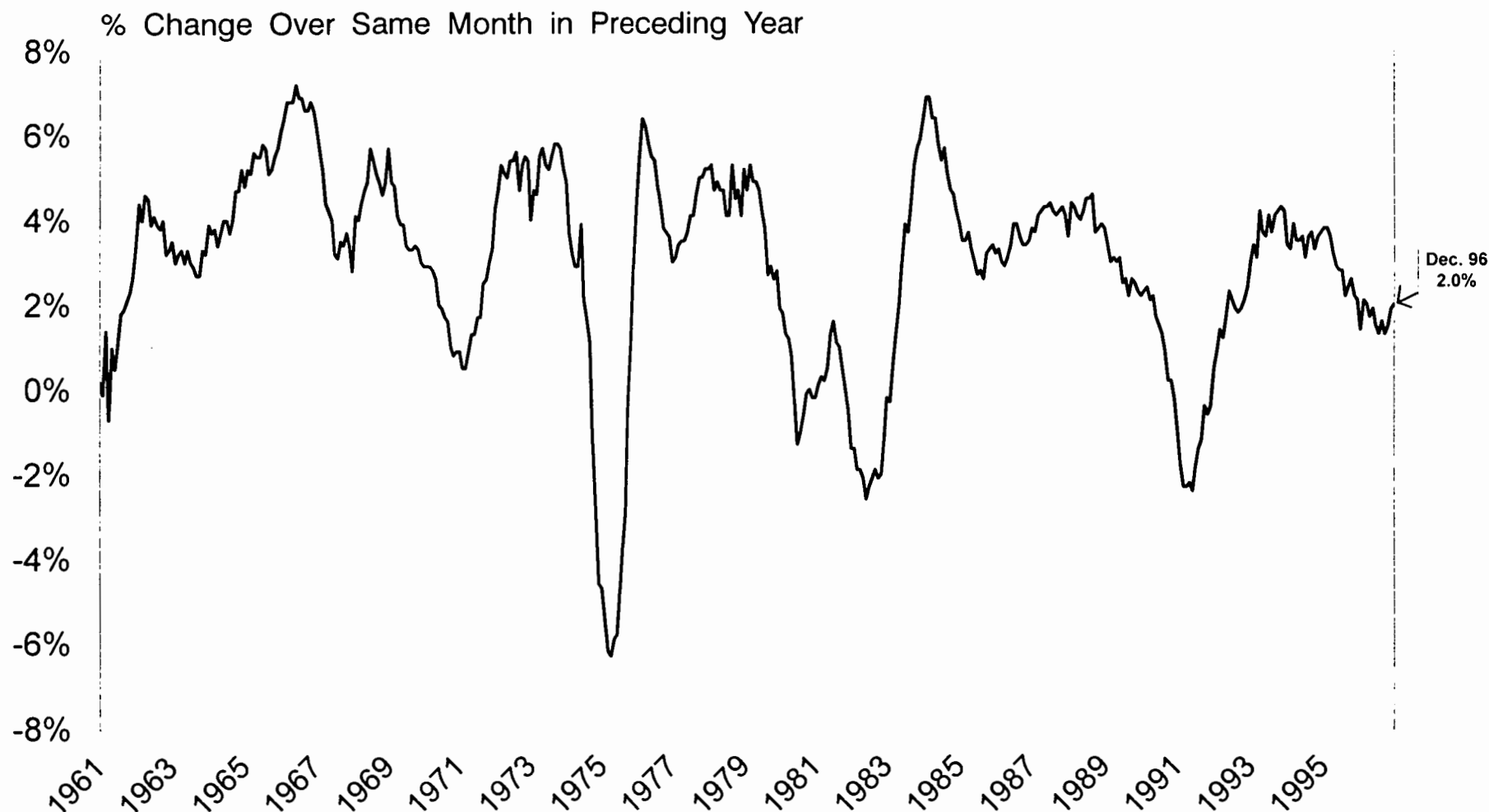
PERCENT BY WHICH NORTH CAROLINA PERSONAL INCOME GROWTH RATE EXCEEDED U.S.*



* CALCULATION BASED ON NOMINAL DOLLARS (INCLUDING INFLATION)

EMPLOYMENT IN NORTH CAROLINA

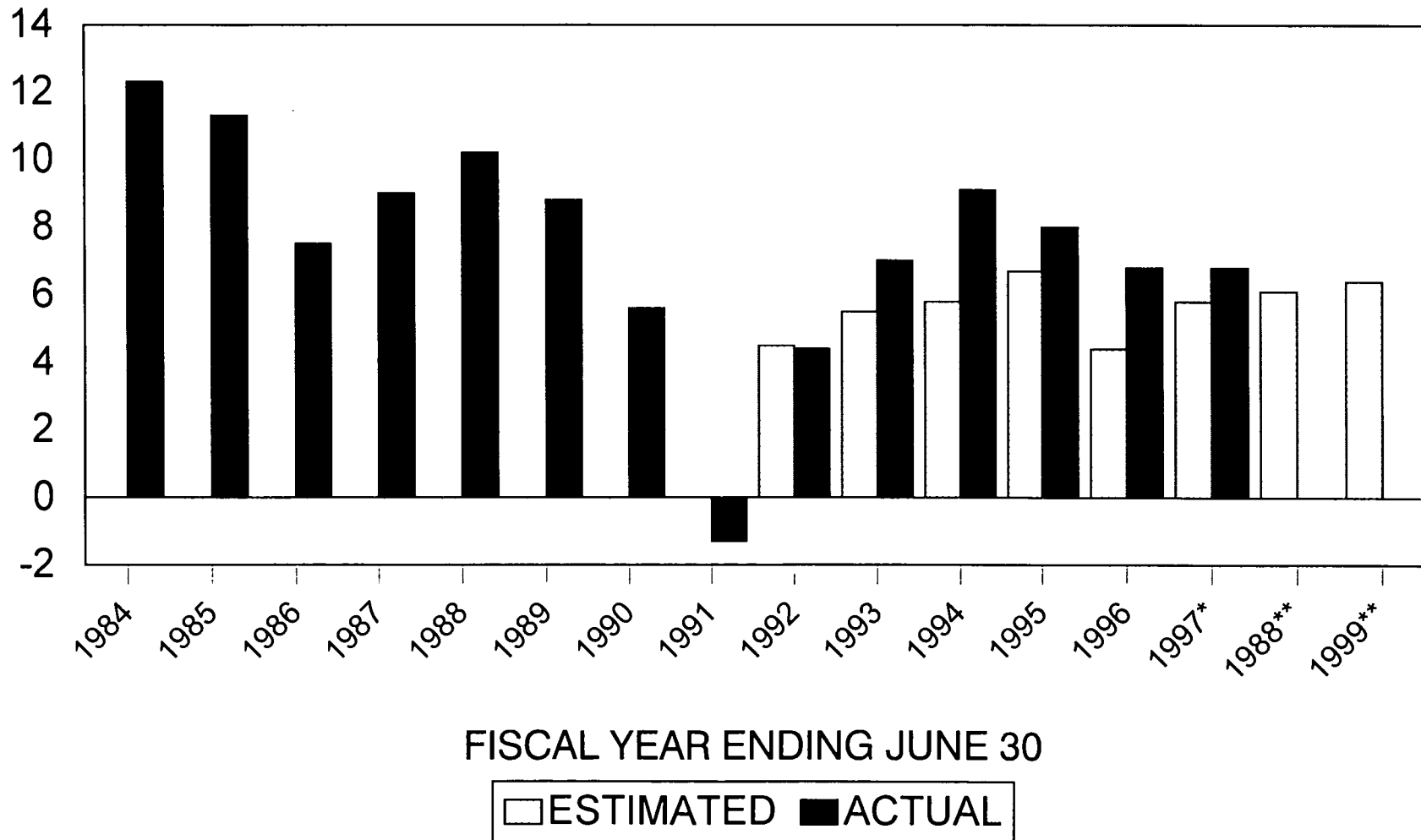
Nonagricultural Employment



Source: Employment Security Commission

GENERAL FUND TAX COLLECTION GROWTH

Adjusted for Tax Law and Other Changes

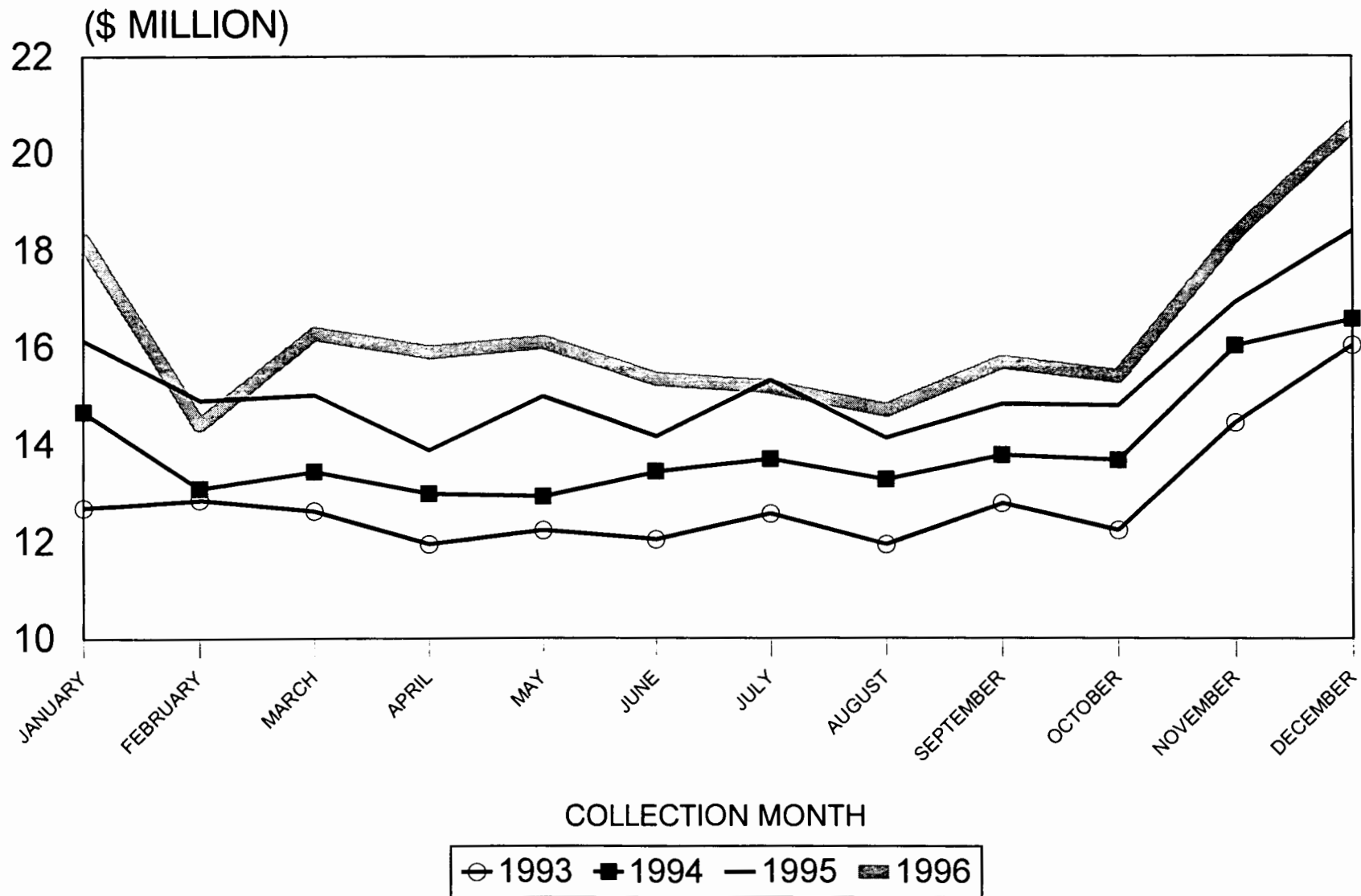


* THROUGH DECEMBER

** CONSENSUS ESTIMATE BETWEEN STATE BUDGET OFFICE AND FISCAL RESEARCH DIVISION

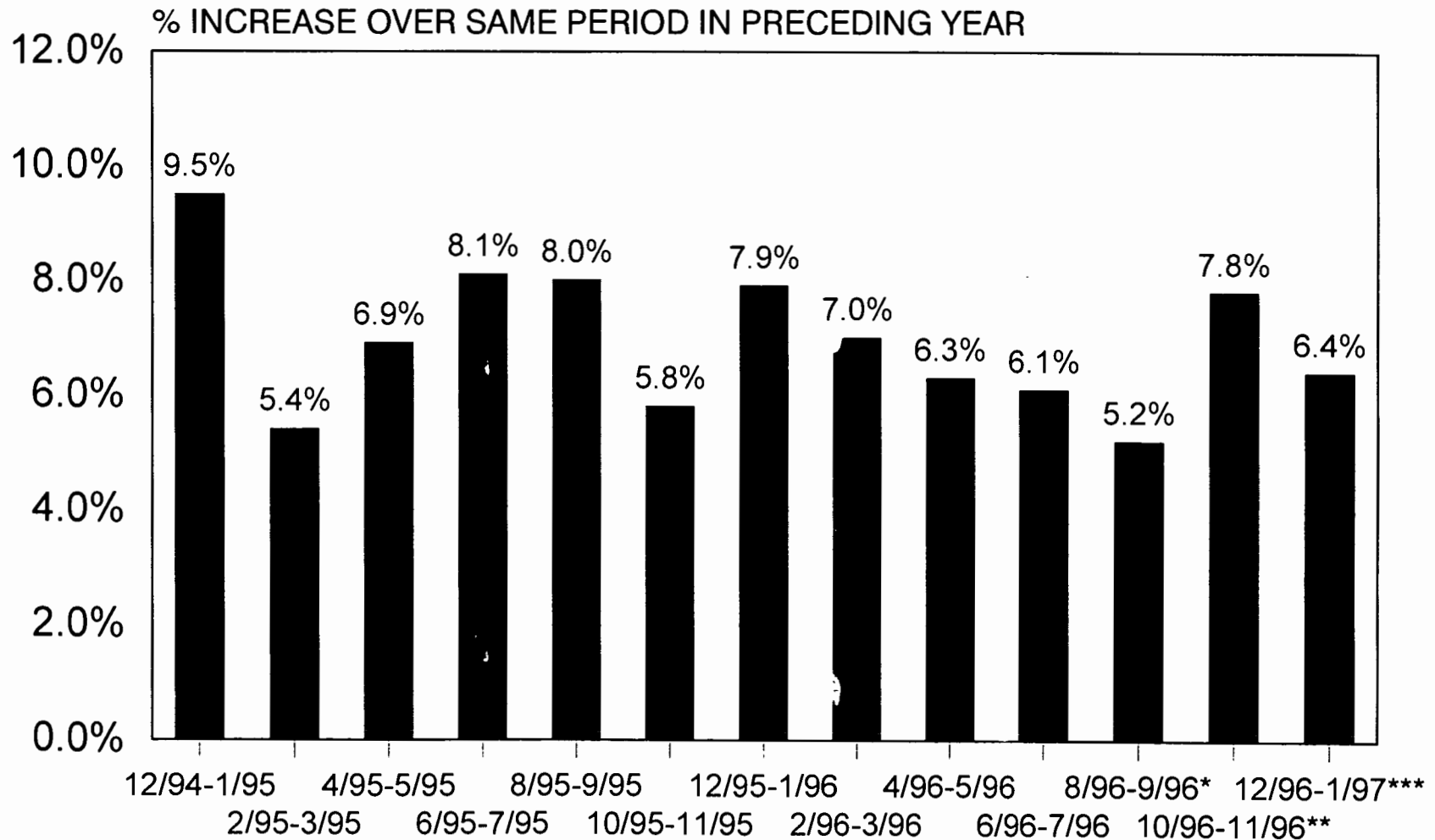
WITHHOLDING TAX COLLECTIONS FROM LARGE EMPLOYERS

AMOUNT COLLECTED PER DAY



NOTE: LOWER GROWTH FOR 1996 DUE TO 1995 INCOME TAX CUT

RECENT STATE SALES TAX COLLECTIONS HAVE BEEN AFFECTED BY HURRICANE FRAN



* SEPTEMBER COLLECTIONS AFFECTED BY HURRICANE FRAN
 ** AFFECTED BY HURRICANE FRAN RE-BUILDING
 *** DECEMBER ONLY

MAJOR 1995 AND 1996 SESSION TAX CHANGES*

GENERAL FUND (\$ MILLIONS)

1995 Session

<u>Item</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>
Income Tax Cut: (Personal Exemp., Kids' Credit).	(244.1)	(251.4)	(259.0)	(266.7)	(274.0)
Intangibles Tax Repeal (1)	(124.5)	(124.6)	(124.7)	(124.8)	(124.9)
25% Soft Drink Tax Rate Cut.	(9.8)	(10.1)	(10.5)	(11.2)	(11.6)
Other Revenue Changes (Net Impact)	1.5	2.8	3.7	3.6	3.6
Total - 1995 Tax Changes	(376.9)	(383.3)	(390.5)	(399.1)	(406.9)

1996 Session

<u>Item</u>	<u>Effective Date</u>	<u>96-97</u>	<u>97-98</u>	<u>98-99</u>	<u>99-00</u>	<u>00-01</u>
Food Tax Reduction from 4% to 3%	1/1/97	(36.7)	(87.0)	(89.6)	(92.2)	(95.1)
Corporate Rate Reduction from 7.75% to 6.9% over 4 years	1/1/97	(14.2)	(46.2)	(79.0)	(103.2)	(110.2)
Incentive Credits:						
General Investment Tax Credit (4.5%, \$100,000 cap)	8/1/96	(2.2)	(6.8)	(11.7)	(16.9)	(22.3)
Targeted Investment Tax Credit (7%, threshold)	8/1/96		(3.1)	(9.2)	(18.4)	(30.7)
Jobs Credit Expansion (range \$12,500 to \$500)	8/1/96		(0.7)	(2.3)	(4.5)	(7.5)
Research & Development Tax Credit	1/1/96		(8.1)	(8.6)	(9.1)	(9.6)
Worker Training Tax Credit	7/1/97		(0.5)	(1.2)	(1.7)	(2.2)
Soft Drink Tax Phase-out Over 3 Years	7/1/97	-	(9.9)	(20.4)	(31.8)	(32.8)
Sales Tax on Bundled Transactions	3rd mo.	(6.7)	(6.7)	(6.7)	(6.7)	(6.7)
Inheritance Tax Reform (Class A, QTIP, Installment Pay)	1/1/97		(3.5)	(3.8)	(4.1)	(4.4)
2.75% Nonitemizer Credit above 2% AGI	1/1/97		(4.9)	(5.0)	(5.0)	(5.1)
Severance Pay Exemption (\$35,000 cap)	1/1/96	(3.6)	(3.8)	(4.0)	(4.3)	(4.5)
Manufacturing Energy Tax Reduction From 3% to 2.83%	8/1/96	(5.0)	(5.3)	(5.6)	(6.0)	(6.3)
Other Revenue Changes (Net Impact)		24.0	2.8	1.4	3.7	4.2
Total - 1996 Tax Changes		(44.4)	(183.7)	(245.7)	(300.2)	(333.2)

Total - 1995 and 1996 Tax Cuts

(421.3) (567.0) (636.2) (699.3) (740.1)

(1) Represents cost to General Fund. The amount of actual relief to taxpayers is \$162 million for 1996-97.

ANNUAL DEBT SERVICE REQUIREMENTS
\$1.8 BILLION SCHOOL BOND ISSUE
(\$ MILLION)

Fiscal Year	Principal	Interest	Total Debt Service
1997-1998	\$8.0	\$24.8	\$32.8
1998-1999	24.0	55.8	79.8
1999-2000	42.5	85.8	128.3
2000-2001	62.5	114.4	176.9
2001-2002	65.0	110.2	175.2
2002-2003	79.5	105.8	185.3
2003-2004	79.5	100.6	180.1
2004-2005	80.0	95.5	175.5
2005-2006	80.0	90.2	170.2
2006-2007	80.0	85.1	165.1
2007-2008	84.5	79.9	164.4
2008-2009	91.0	74.4	165.4
2009-2010	98.5	68.5	167.0
2010-2011	98.5	62.1	160.6
2011-2012	98.5	55.7	154.2
2012-2013	106.0	49.3	155.3
2013-2014	126.5	42.4	168.9
2014-2015	126.5	34.0	160.5
2015-2016	132.5	25.6	158.1
2016-2017	140.5	16.6	157.1
2017-2018	82.5	6.7	89.2
2018-2019	13.5	1.0	14.5
Total	\$1,800.0	\$1,384.2	\$3,184.2

Note: Analysis assumes \$450 million of bonds are sold on March 1 of each year, beginning in 1997 and that the average interest rate is 7% (5.5% on 1997 bonds)

BUDGET AVAILABILITY CONCLUSIONS

- ✓ REVENUE ESTIMATES: CONSENSUS BETWEEN STATE BUDGET OFFICE AND FISCAL RESEARCH ON CURRENT-YEAR ESTIMATES AND NEXT 4 YEARS (ROUGHLY 6% REVENUE GROWTH, PRIOR TO IMPACT OF TAX CUTS)
- ✓ BOTH OFFICES AGREE THAT STARTING POINT IN ANALYZING 1997-98 RECURRING BUDGET AVAILABILITY IS \$125 - \$225 MILLION. GUBERNATORIAL RECOMMENDATIONS MADE PUBLIC HAVE PUSHED NUMBER UP TO \$464 MILLION. ADDITIONAL ADJUSTMENTS WILL BE NEEDED IF GOVERNOR IS TO FUND HIS INITIATIVES
- ✓ NONRECURRING AVAILABILITY (CAPITAL PROJECTS, ONE-TIME BONUSES, ETC.) IS \$135 - \$225 MILLION, DEPENDING ON HOW 1996-97 BUDGET ITEMS ARE TREATED

IF THE ECONOMY IS HEALTHY, WHY DO WE HAVE A TIGHT STATE BUDGET?

- ✓ ISSUE #1: USUAL CONTINUATION BUDGET INCREASES
 - MEDICAID
 - PUBLIC SCHOOL ENROLLMENT
 - CORRECTIONS
 - OTHER ITEMS
- ✓ ISSUE #2: ADJUSTMENT OF 1996-97 BUDGET
 - ANNUALIZATION OF SALARY INCREASES (EFFECTIVE 9/1/96)
 - MOVE CERTAIN ITEMS FUNDED FROM ONE-TIME SOURCES IN 1996-97 BUDGET TO CONTINUATION BUDGET
- ✓ ISSUE #3: PRIOR LEGISLATIVE INITIATIVES
 - 1995 AND 1996 TAX CUTS
 - \$1.8 BILLION SCHOOL BOND AUTHORIZATION
- ✓ ISSUE #4: SPENDING PRESSURES
 - ADDITIONAL FOOD TAX CUTS
 - NATIONAL AVERAGE TEACHER PAY
 - SMART START
 - STATE EMPLOYEE PAY RAISES
 - UNIVERSITY, COMMUNITY COLLEGE ENROLLMENT
 - ABC'S PROGRAM FOR PUBLIC SCHOOLS
 - OTHER LEGISLATIVE AND GUBERNATORIAL INITIATIVES
- ✓ ISSUE #5: NONRECURRING NEEDS
 - COURT-MANDATED INTANGIBLES TAX REFUNDS (PROTESTORS)
 - MATCH FEDERAL FUNDS ON HURRICANES FRAN, BERTHA
 - INTANGIBLES TAX REFUNDS TO NON-PROTESTORS (PRESSURE)

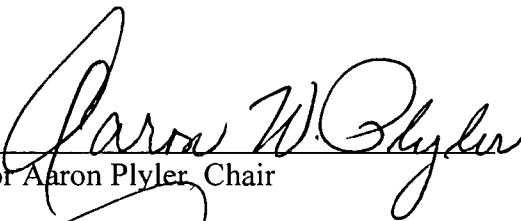
MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
October 28, 1997

The Senate Committee on Appropriations met on March 18, 1997, at 9:05 a.m., in Room 627 of the Legislative Office Building. Senator Plyler, Chair, called the meeting to order and asked Senator Odom to explain **SB 286 New and Expanding Industry Funds**.

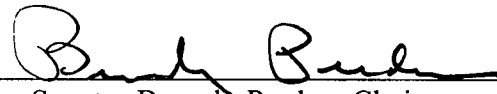
Senator Odom moved for a **Favorable Report**, seconded by Senator Rand. The bill passed.

The meeting was adjourned at 9:45 a.m.

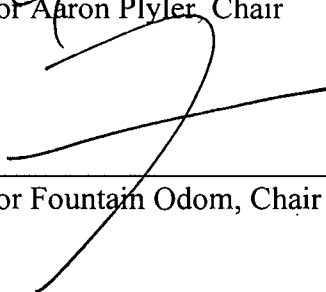
Respectfully submitted,



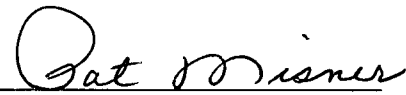
Senator Aaron Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair



Pat Misner, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Tuesday, March 18, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

FAVORABLE

S.B.	286	New & Expanding Industry Funds
		Sequential Referral: None
		Recommended Referral: None

TOTAL REPORTED: 1

Committee Clerk Comment: None

3/17/97
Odom
Jennelle
Randy

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 286

Short Title: New & Expanding Industry Funds.

(Public)

Sponsors: Senators Perdue, Plyler, and Odom.

Referred to: Appropriations.

March 3, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE AN EMERGENCY APPROPRIATION, ON THE REQUEST
3 OF THE GOVERNOR, TO THE NEW AND EXPANDING INDUSTRY
4 TRAINING PROGRAM.

5 Whereas, the New and Expanding Industry Training Program in the
6 Department of Community Colleges assists companies creating new jobs in North
7 Carolina by providing training for new employees; and

8 Whereas, the Program provides customized training to new or prospective
9 employees in specific job skills needed by new or expanding industries; and

10 Whereas, the Program supports local, regional, and State economic
11 development goals by offering entry-level training at no cost to companies that are
12 creating new jobs in the State; and

13 Whereas, the General Assembly provided \$10,800,000 to the Program for
14 the 1996-97 fiscal year from a combination of appropriations, carryforward funds, and
15 transfers; and

16 Whereas, funds available in the Department of Community Colleges
17 budget for transfer to the Program will not meet current demand for Program
18 services; and

19 Whereas, due to the extraordinary growth of new and expanding industry
20 in the State, the Program will need an additional \$4,700,000 for the 1996-97 fiscal
21 year to meet current demand for Program services; and

22 Whereas, the Executive Budget Act authorizes the General Assembly to
23 make an emergency appropriation to the Program for the 1996-97 fiscal year upon
24 the request of the Governor; and

1 Whereas, the Governor has made such a request in a letter to the
2 President Pro Tempore of the Senate and the Speaker of the House of
3 Representatives; Now, therefore,

4 The General Assembly of North Carolina enacts:

5 Section 1. There is appropriated from the 1996-97 unreserved credit
6 balance in the General Fund to the Department of Community Colleges the sum of
7 four million seven hundred thousand dollars (\$4,700,000) for the 1996-97 fiscal year
8 to cover the shortfall in the New and Expanding Industry Training Program.

9 Section 2. The provisions of G.S. 143-16.3 shall not apply to the New
10 and Expanding Industry Training Program for the 1996-97 fiscal year.

11 Section 3. The State Board of Community Colleges shall, after
12 consultation with the Department of Commerce, develop a comprehensive plan for
13 allocating New and Expanding Industry Training Program funds. The plan shall
14 include program criteria and accountability measures.

15 Effective July 1, 1997, the plan shall apply to all funds allocated for the
16 New and Expanding Industry Training Program.

17 Section 4. This act is effective when it becomes law.

SENATE COMMITTEE ON APPROPRIATIONS

Tuesday, April 22, 1997

The Senate Committee on Appropriations was called to order by Co-Chair, Senator Aaron Plyler, at 1:00 p.m. on Tuesday, April 22, 1997, to hear SB 352, Budget Bill. There were 37 members present, the purpose being to hear subcommittee reports on the budget bill.

The following reports were presented (copies attached):

1. Senator Leslie Winner on Public Schools
2. Senator Howard Lee on University of North Carolina System and Community College System
3. Senator William Martin on Human Resources
4. Senator Tommy Jenkins (for Senator Bob Martin) on Natural and Economic Resources
5. Senator Luther Jordan on Transportation
6. Senator Wib Gulley on Justice and Public Safety
7. Senator Ed Warren on General Government
8. Staff members, Dwayne Pinkney and Stanley Moore on Salary/Benefits and Statewide Reserves
9. Staff member, Linda Powell on Statewide Capital

Senator Betsy Cochrane requested the entire budget figure. Senator Perdue responded that the revised appropriation is \$11,391,060,331; the expansion budget increased by about 5% and the continuation budget is about the same. This reflects the funds to Repairs and Renovations and the funds for savings. She stated that "we are leaving \$4M on the table to begin next year's session with."

The Co-Chairs expressed appreciation to all committees and chairs for their hard work resulting in completing the Senate budget earlier this year than in many years previously.

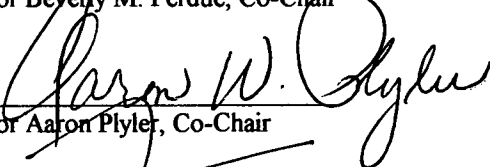
Senator Fountain Odom moved that the bill be given an "Unfavorable as to original SB 352 and favorable as to committee substitute" report, and to authorize the co-chairs to make technical changes. The motion carried and the meeting was adjourned.



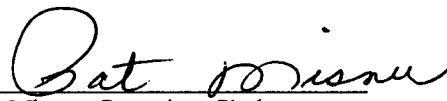
Senator Beverly M. Perdue, Co-Chair



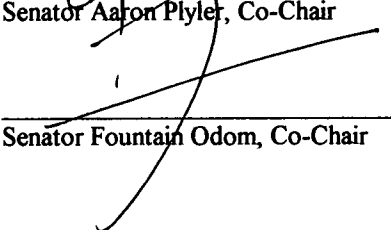
Anne E. Canady, Committee Clerk



Senator Aaron Plyler, Co-Chair



Pat Misner, Committee Clerk



Senator Fountain Odom, Co-Chair

Anne Wilson, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair

Senator Perdue, Co-Chair

Tuesday, April 22, 1997

SENATOR REEVES,

submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B. 352

Current Operations Appropriations Act.

Draft Number: PCS4586

Sequential Referral: none

Recommended Referral: none

Long Title Amended: yes

TOTAL REPORTED: 1

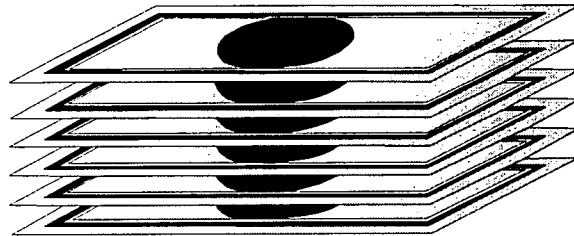
Committee Clerk Comment:

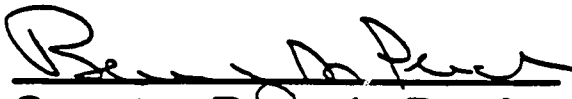
Done in record time!

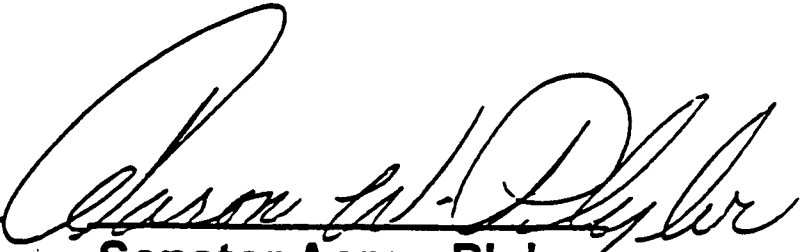
**SENATE APPROPRIATIONS
COMMITTEE**

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

APRIL 23, 1997




Senator Beverly Perdue
Co-Chairman


Senator Aaron Plyler
Co-Chairman


Senator Fountain Odom
Co-Chairman

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Senate Appropriations Committee Report Summary - Continuation and Expansion Budget 1997-98

Department	Governor's Rec. Continuation Budget	Decreases	Increases	Transfers	Positions	Net Changes	Revised Appropriation
Education:							
Public Education	\$4,400,046,882	(\$39,527,943)	\$133,992,121			\$94,464,178	\$4,494,511,060
Universities	\$1,418,358,030	(\$8,499,636)	\$61,077,633		-52.2	\$52,577,997	\$1,470,936,027
Community Colleges	\$489,218,944	(\$767,506)	\$31,759,051			\$30,991,545	\$520,210,489
Subtotal	\$6,307,623,856	(\$48,795,085)	\$226,828,805		-52.2	\$178,033,720	\$6,485,657,576
General Government:							
Administration	\$59,567,213	(\$3,377,488)	\$1,380,550		-12	(\$1,996,938)	\$57,570,275
Administrative Hearings	\$2,217,486	(\$10,690)	\$150,593		1	\$139,903	\$2,357,389
Auditor	\$9,495,886	\$0	\$688,978		5	\$688,978	\$10,184,864
Board of Elections	\$1,052,787	\$0	\$500,000			\$500,000	\$1,552,787
Cultural Resources	\$52,608,363	(\$710,262)	\$12,500,000	\$792,227	-4.75	\$12,581,965	\$65,190,328
General Assembly	\$31,226,277	\$0	\$0			\$0	\$31,226,277
Governor's Office	\$5,286,620	(\$53,686)	\$105,597			\$51,911	\$5,338,531
State Budget & Mgmt.	\$3,855,400	(\$37,382)	\$4,980,000			\$4,942,618	\$8,798,018
State Planning	\$1,820,279	(\$17,829)	\$0		-0.5	(\$17,829)	\$1,802,450
Insurance	\$19,880,965	(\$1,450,000)	\$4,909,314		6	\$3,459,314	\$23,340,279
Lt. Governor	\$612,176	(\$2,946)				(\$2,946)	\$609,230
Revenue	\$68,045,123	(\$1,156,046)	\$431,997		-1	(\$724,049)	\$67,321,074
Rules Review Comm.	\$281,892	\$0	\$240,000			\$240,000	\$521,892
State Controller	\$16,053,306	(\$5,498,357)	\$10,337,824			\$4,839,467	\$20,892,773
Secretary of State	\$5,243,012	\$0	\$1,310,000		1	\$1,310,000	\$6,553,012
State Treasurer	\$18,432,034	\$0	\$176,790		9	\$176,790	\$18,608,824
Subtotal	\$295,678,819	(\$12,314,686)	\$37,711,643	\$792,227	3.75	\$26,189,184	\$321,868,003
Human Resources							
Secretary's Office	\$34,353,290	(\$1,596,966)	\$4,000,000		-2	\$2,403,034	\$36,756,324
Aging	\$18,441,843	(\$2,927)	\$4,953,000		3	\$4,950,073	\$23,391,916
Child Development	\$145,668,821	(\$23,301,987)	\$22,928,878		6.5	(\$373,109)	\$145,295,712
Services for Deaf/HH	\$28,000,344	(\$82,366)	\$0			(\$82,366)	\$27,917,978
Social Services	\$178,519,348	(\$2,025,626)	\$1,525,000		-2	(\$500,626)	\$178,018,722
Medical Assistance	\$1,305,682,010	(\$91,120,416)	\$0		-3	(\$91,120,416)	\$1,214,561,594
Blind Services	\$15,462,793	(\$97,282)	\$0			(\$97,282)	\$15,365,511
Mental Health	\$534,598,078	(\$22,914,579)	\$13,605,088		6	(\$9,309,491)	\$525,288,587
Facility Services	\$9,008,903	(\$128,692)	\$700,000		-2	\$571,308	\$9,580,211
Vocational Rehab.	\$31,396,194	(\$61,439)	\$1,200,000		10	\$1,138,561	\$32,534,755
Youth Services	\$85,731,787	(\$1,629,278)	\$3,377,850			\$1,748,572	\$87,480,359
Subtotal	\$2,386,863,411	(\$142,961,558)	\$52,289,816		16.5	(\$90,671,742)	\$2,296,191,669

Department	Governor's Rec. Continuation Budget	Decreases	Increases	Transfers	Positions	Net Changes	Revised Appropriation
Justice & Public Safety							
Correction	\$889,010,472	(\$63,711,873)	\$1,798,050		-170	(\$61,913,823)	\$827,096,649
Crime Control	\$33,548,678	(\$342,930)	\$290,915		6	(\$52,015)	\$33,496,663
Judicial	\$310,944,929	(\$3,480,183)	\$23,029,299		285	\$19,549,116	\$330,494,045
Justice	\$61,166,247	(\$317,500)	\$4,796,747		25.5	\$4,479,247	\$65,645,494
Subtotal	\$1,294,670,326	(\$67,852,486)	\$29,915,011		146.5	(\$37,937,475)	\$1,256,732,851
Natural & Economic Resources							
Agriculture	\$49,480,730	(\$10,000)	\$2,674,018	(\$792,227)	-4.25	\$1,871,791	\$51,352,521
Commerce	\$37,221,648	(\$1,735,485)	\$11,313,331		-2	\$9,577,846	\$46,799,494
Commerce - State Aid	\$1,475,000	(\$1,475,000)	\$10,155,000			\$8,680,000	\$10,155,000
MCNC	\$4,500,000	\$0	\$0			\$0	\$4,500,000
Biotechnology	\$7,664,396	\$0	\$7,500,000			\$7,500,000	\$15,164,396
REDC	\$5,870,000	(\$150,000)	\$2,800,000			\$2,650,000	\$8,520,000
EHNR	\$253,269,888	(\$4,567,746)	\$38,865,450		39	\$34,297,704	\$287,567,592
Housing Finance	\$2,300,000	\$0	\$5,000,000			\$5,000,000	\$7,300,000
Labor	\$16,068,855	(\$192,546)	\$12,000		-6	(\$180,546)	\$15,888,309
Subtotal	\$377,850,517	(\$8,130,777)	\$78,319,799	(\$792,227)	26.75	\$69,396,795	\$447,247,312
Transportation	\$10,609,854						\$10,609,854
Reserves:							
Contingency & Emergency	\$1,125,000						\$1,125,000
Compensation Increases			\$306,139,421			\$306,139,421	\$306,139,421
Salary Adjustment Fund	\$9,073,829						\$9,073,829
Structured Sentencing	\$400,000						\$400,000
Postage Reduction	(\$300,000)						(\$300,000)
Debt Service	\$180,096,073	(\$23,659,410)				(\$23,659,410)	\$156,436,663
Debt Service - Federal	\$1,155,948						\$1,155,948
Subtotal	\$191,550,850	(\$23,659,410)	\$306,139,421			\$282,480,011	\$474,030,861
Capital			\$98,821,475			\$98,821,475	
Totals	\$10,864,847,633	(\$303,714,002)	\$830,025,970		141.3	\$526,311,968	\$11,391,159,601

Senate Appropriations Committee Report Summary - Continuation and Expansion Budget - 1998-99

Department	Governor's Rec. Continuation Budget	Decreases	Increases	Transfers	Positions	Net Changes	Revised Appropriation
Education:							
Public Education	\$4,480,110,794	(\$40,527,639)	\$34,671,948			(\$5,855,691)	\$4,474,255,103
Universities	\$1,425,342,510	(\$4,048,892)	\$58,896,303		68	\$54,847,411	\$1,480,189,921
Community Colleges	\$489,576,870	(\$767,506)	\$11,709,051			\$10,941,545	\$500,518,415
Subtotal	\$6,395,030,174	(\$45,344,037)	\$105,277,302		68	\$59,933,265	\$6,454,963,439
General Government:							
Administration	\$60,961,819	(\$3,177,226)	\$265,550		-12	(\$2,911,676)	\$58,050,143
Administrative Hearings	\$2,217,486	(\$10,690)	\$150,593		1	\$139,903	\$2,357,389
Auditor	\$9,504,085	\$0	\$703,146		8	\$703,146	\$10,207,231
Board of Elections	\$1,046,381	\$0	\$1,089,000			\$1,089,000	\$2,135,381
Cultural Resources	\$52,922,221	(\$710,262)	\$3,200,000	\$786,713	-4.75	\$3,276,451	\$56,198,672
General Assembly	\$34,642,598					\$0	\$34,642,598
Governor's Office	\$5,302,348	(\$53,686)	\$0		-1	(\$53,686)	\$5,248,662
State Budget & Mgmt.	\$3,938,220	(\$37,382)	\$3,080,000			\$3,042,618	\$6,980,838
State Planning	\$1,833,679	(\$17,829)			-0.5	(\$17,829)	\$1,815,850
Insurance	\$19,909,612	(\$1,450,000)	\$4,929,174		6	\$3,479,174	\$23,388,786
Lt. Governor	\$612,336	(\$2,946)	\$0			(\$2,946)	\$609,390
Revenue	\$68,862,535	(\$1,156,046)	\$692,586		-1	(\$463,460)	\$68,399,075
Rules Review Comm.	\$273,441	\$0	\$0			\$0	\$273,441
State Controller	\$16,056,630	(\$5,350,924)	\$0			(\$5,350,924)	\$10,705,706
Secretary of State	\$5,230,680	\$0	\$80,000		1	\$80,000	\$5,310,680
State Treasurer	\$18,434,193	\$0	\$157,088		9	\$157,088	\$18,591,281
Subtotal	\$301,748,264	(\$11,966,991)	\$14,347,137	\$786,713	5.75	\$3,166,859	\$304,915,123
Human Resources							
Secretary's Office	\$34,119,030	(\$1,596,966)	\$0		-2	(\$1,596,966)	\$32,522,064
Aging	\$18,442,124	(\$2,927)	\$4,256,395		3	\$4,253,468	\$22,695,592
Child Development	\$145,674,488	(\$23,301,987)	\$25,989,030		6.5	\$2,687,043	\$148,361,531
Services for Deaf/HH	\$27,954,173	(\$82,366)	\$0			(\$82,366)	\$27,871,807
Social Services	\$184,614,383	(\$2,025,626)	\$50,000		-2	(\$1,975,626)	\$182,638,757
Medical Assistance	\$1,440,363,295	(\$74,624,674)	\$0		-3	(\$74,624,674)	\$1,365,738,621
Blind Services	\$15,480,775	(\$97,282)	\$0			(\$97,282)	\$15,383,493
Mental Health	\$548,269,826	(\$12,976,058)	\$9,761,088		6	(\$3,214,970)	\$545,054,856
Facility Services	\$9,110,235	(\$128,692)	\$0		-2	(\$128,692)	\$8,981,543
Vocational Rehab.	\$31,696,315	(\$61,439)	\$1,200,000		10	\$1,138,561	\$32,834,876
Youth Services	\$86,394,651	(\$679,278)	\$3,500,000			\$2,820,722	\$89,215,373
Subtotal	\$2,542,119,295	(\$115,577,295)	\$44,756,513		16.5	(\$70,820,782)	\$2,471,298,513

Department	Governor's Rec. Continuation Budget	Decreases	Increases	Transfers	Positions	Net Changes	Revised Appropriation
Justice & Public Safety							
Correction	\$925,266,138	(\$56,257,600)	\$2,178,621		-156	(\$54,078,979)	\$871,187,159
Crime Control	\$33,530,244	(\$342,930)	\$318,783		6	(\$24,147)	\$33,506,097
Judicial	\$316,264,917	(\$3,986,181)	\$14,748,161		284	\$10,761,980	\$327,026,897
Justice	\$63,233,877	(\$78,000)	\$2,095,721		25.5	\$2,017,721	\$65,251,598
Subtotal	\$1,338,295,176	(\$60,664,711)	\$19,341,286		159.5	(\$41,323,425)	\$1,296,971,751
Natural & Economic Resources							
Agriculture	\$49,688,983	(\$10,000)	\$766,323	(\$786,713)	-3.25	(\$30,390)	\$49,658,593
Commerce	\$37,240,885	(\$1,735,485)	\$4,316,939		-2	\$2,581,454	\$39,822,339
Commerce - State Aid	\$1,475,000	(\$1,475,000)	\$0			(\$1,475,000)	\$0
MCNC	\$2,500,000	\$0	\$0			\$0	\$2,500,000
Biotechnology	\$7,664,396	\$0	\$0			\$0	\$7,664,396
REDC	\$5,870,000	(\$150,000)	\$200,000			\$50,000	\$5,920,000
EHNR	\$252,502,338	(\$4,267,746)	\$5,499,615		36	\$1,231,869	\$253,734,207
Housing Finance	\$2,300,000	\$0	\$0			\$0	\$2,300,000
Labor	\$15,986,184	(\$192,546)	\$14,500		-6	(\$178,046)	\$15,808,138
Subtotal	\$375,227,786	(\$7,830,777)	\$10,797,377	(\$786,713)	24.75	\$2,179,887	\$377,407,673
Transportation	\$11,246,445						\$11,246,445
Reserves:							
Contingency & Emergency	\$1,125,000						\$1,125,000
Compensation Increases			\$306,139,421			\$306,139,421	\$306,139,421
Salary Adjustment Fund	\$9,573,829					\$0	\$9,573,829
Debt Service	\$224,048,883	(\$14,677,000)				(\$14,677,000)	\$209,371,883
Debt Service - Federal	\$1,155,948						\$1,155,948
Postage Reduction	(\$300,000)						(\$300,000)
Structured Sentencing	\$400,000						\$400,000
Subtotal	\$236,003,660	(\$14,677,000)	\$306,139,421			\$291,462,421	\$527,466,081
Total Appropriations	\$11,199,670,800	(\$256,060,811)	\$500,659,036		274.5	\$244,598,225	\$11,444,269,025

GENERAL FUND AVAILABILITY	1997-98 Recurring	1997-98 Non-Recur	1998-99 Recurring	1998-99 Non-Recur
Revenue Collections Unaddressed in 96-97		\$85.0		
96-97 Over-collections		168.6		
96-97 Add't. Overcollections		60.0		
96-97 Reversions		151.0		
Adjustment for Emergency Appr. to CC (SB286)		(4.7)		
Subtotal Credit Balance		\$459.9		
Less Earmarkings:				
Savings Reserve (25%)		(115.0)		
Repairs and Renovations		(135.0)		
Clean Water Management Reserve (6.5%)		(30.0)		
Library Grant Adjustment		0.3		
Unreserved Ending Credit Balance		\$180.2		
Revenues:				
Tax	\$10,473.8		\$11,114.6	
Increase in Projected Revenues	40.0		42.8	
Tax Changes:				
H57-Non-Resident Withholding	8.5		10.0	
H59-IRC Update	(8.5)		(16.8)	
S323-Historic Rehab. Tax Credit	(0.1)		(0.1)	
H260-Conservation Tax Credit			(3.2)	
S93-Ports Tax Credit			(1.5)	
Non-Tax	405.9		426.8	
Add: Court Fee Increase	13.9		15.1	
Insurance Regulatory Charge	3.1		3.1	
Utilities Regulatory Charge	(0.1)		(0.1)	
Secretary of State-Fee Increases	1.7		1.7	
Treasurer's Banking Fees	0.1		0.1	
Local Sales Tax-Local Gov't. Com	0.1		0.1	
Revenue-Franchise Tax	0.3		0.3	
Interest on Bond Proceeds		35.0		
Loc. Gov't. Payments-Clean Water Bonds	4.1		4.0	
Highway Trust Fund Transfer	170.0		170.0	
Highway Fund Transfer	12.6		13.4	
Disproportionate Share Receipts		83.0		83.0
Revenue Assessments from additional inter-state auditors	2.6		7.9	
State Health Plan Purchasing Alliance				
Board-Transfer Cash Balance		0.6		
Less: Earmarked refunds for federal retirees		(35.5)		(35.5)
Total Revenue	\$11,128.0	\$83.1	\$11,788.2	\$47.5
Less: Proposed Continuation Budget	(\$10,864.9)		(\$11,199.7)	
Availability Subtotal	\$263.1	\$263.3	\$588.5	\$47.5
Plus: Continuation Budget Adjustments	216.1	87.6	254.7	1.4
Total Availability	\$479.2	\$350.9	\$843.2	\$48.9
Senate Expansion	\$479.1	\$252.1	\$500.2	\$0.5
Senate Capital		\$98.8		
Remaining Availability	\$0.1	(\$0.0)	\$343.0	\$48.4

Public Education

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$4,400,046,882	\$4,480,110,794

Legislative Changes

Excellent Schools Funds

1 ABC Incentive Funds

ABC Incentive funds for schools that achieve standards established by the State Board of Education.

\$67,500,000 NR

2 Principals ABC Bonus

Provide funds for a 1% nonrecurring bonus to principals in schools that exceed the State Board of Education expectations under the ABC Program.

\$2,073,729 NR

3 Additional Pay for Mentor Teachers

Provide additional funds to the State Board of Education to pay for mentor teachers.

\$3,500,000 NR

4 Extra Pay for New Teacher Development

Provide additional funds to the State Board of Education to pay for additional days for new teachers for training and staff development.

\$800,000 NR

5 Staff Development Reading and Math/ABC Assistance

Provide funds to the State Board of Education to for staff development in reading as required under the ABC program and math education. Funds are also used for the ABC assistance teams in low performing school systems.

\$6,800,000 R \$6,800,000 R

6 Vacation Days Used as Teacher Workdays

Pay teachers for vacation days that are used as required teacher workdays and extra duties.

\$10,100,000 R \$11,400,000 R

Public Schools

7 School Technology Funds

Provides additional funds for the School Technology Trust Fund.

\$20,000,000 NR

8 Reduction in Middle School Class Size Grade

Reduce class size for middle school students below grade level in achievement.

\$3,500,000 R \$3,500,000 R

9 Low Wealth Supplemental Funding

Increase supplemental funding for low wealth school systems.

\$3,000,000 R \$3,000,000 R

Senate Subcommittee on Education

10 Small School Supplemental Funding	\$2,000,000	R	\$2,000,000	R
Increase supplemental funding for small school systems.				
11 Instructional Supplies, Materials, and Equipment	\$3,000,000	NR		
Provide nonrecurring funds for additional instructional supplies, materials, and equipment in local school systems.				
12 A+ Schools	\$500,000	NR		
Appropriate nonrecurring funds for FY1997-98 to continue the A+ schools pilot project.				
13 Special Education Funds	\$500,000	NR		
To provide funds to the State Board of Education for children with special needs assigned to group homes within a school system after the state headcount that was the basis for funding during the 1997-98 fiscal year.				
14 Schools Attuned Program	\$643,100	R	\$643,100	R
Appropriates funds to the State Board of Education for the Schools Attuned Program. The program is designed to assist elementary and middle school teachers to recognize and be responsive to the learning styles and learning strengths of all children, regardless of whether they have potential or diagnosed learning dysfunctions.				
15 Revise Average Daily Membership and Average Salary	\$4,818,618	R	\$2,622,174	R
Revise average daily membership projections to reflect changes in the expected number of students in various grade levels in FY1997-98 and FY1998-99. Also reflects an increase of 400 private school students entering charter schools in FY1997-98.				
16 Adjustment in Average Salary	(\$7,704,040)	R	(\$7,825,991)	R
Adjust projected average salary for school employees in FY1997-98 and FY1998-99 to December 1996 actual salaries.				
17 Adjustment in Average Salary	(\$20,415,665)	R	(\$20,779,145)	R
Adjust projected average salary for school employees in FY1997-98 and FY1998-99 to September 1996 actual salaries.				
18 Career Development Hold Harmless	(\$2,551,197)	R	(\$2,551,197)	R
Eliminate hold harmless funding for former career development pilot units. Due to projected salary increase these funds will no longer be needed.				
19 Communities in Schools Funds	\$100,000	NR		
To provide funds to the Rocky Mount Communities in Schools program.				
20 Avid Program Pilots	\$150,000	R	\$150,000	R
Provide funds for the AVID Program pilot project. This pilot project in three school systems is designed to increase enrollment of low income students in post secondary education.				

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21 Expand Technology in Schools	\$500,000	R	\$500,000	R
Provides funds for a pilot project on the expansion of technology on the public schools.				
22 Liability Insurance	(\$800,000)	R	(\$800,000)	R
Eliminate funding for teacher liability insurance.				
23 Reduce School Bus Purchases	(\$8,057,041)	R	(\$8,571,306)	R
Reduce by 180 the number of school buses purchased in FY1997-98 and FY1998-99.				
24 Total Quality Education	\$450,000	NR		
Provides fund to continue the Total Quality Education initiative. Other funds to support this program come from the North Carolina Business Committee on Education.				
25 Communities in Schools	\$300,000	R	\$300,000	R
Provide funds for the expansion of the Communities in Schools Program.				
26 Governor's School	\$150,000	R	\$150,000	R
Provide additional funds to support operations of the Governor's School.				
27 Cued Speech Funds	\$185,000	R	\$185,000	R
Appropriate funds to Cued Speech for preschool and transitional and resource services.				
28 Positions to Assist Local School Construction	\$200,000	R	\$200,000	R
Provide funds to the Department of Public Instruction to contract for architectural services, mechanical engineering services, and accounting services to assist in the review of school construction projects that result from the recent statewide school bond referendum.				
29 Support Charter Schools	\$103,147	R	\$103,147	R
Appropriate funds to the State Board of Education to provide assistance and oversight of the charter school program.				
30 Uniform Education System Funds	\$2,551,197	R	\$2,551,197	R
Provide funds to the State Board of Education to support the Uniform Education Reporting System and the accountability efforts of the board.				
31 National Board for Professional Teaching Standards	\$567,330	R	\$567,330	R
Continue to support North Carolina teachers in the process of attempting to achieve certification by the National Board for Professional Teaching Standards.				

Total Legislative Changes	(\$3,959,551)	R	(\$5,855,691)	R
	\$98,423,729	NR		
Position Changes				
Revised Budget	\$4,494,511,060		\$4,474,255,103	

UNC System

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$1,418,358,030	\$1,425,342,510

Legislative Changes

A.Academic Campuses

32 Overhead Receipts

Revise overhead receipts estimates up to levels anticipated during 1996-97 (\$381,521) NR

33 UNC-Charlotte

Reduction in Reserve for New Buildings: (\$349,631) NR
The library addition will be completed later than planned, and will be occupied in late 1997-98.

B.Schedule of Priorities

34 Enrollment Changes

Projected enrollment for 1997-98 is lower than the number of students budgeted for 1996-97 by 969 full-time equivalents (FTE); provides for an additional 925 fulltime equivalent students in second year of biennium, and to account for a shift to more in-state students. (\$1,895,403) NR \$3,744,391 R
-59.20 61.00

35 Funding Equity

Provides funding for 5 campuses (ASU, ECU, UNC-C, UNC-G, UNC-W) found to be relatively under funded compared to other campuses in a study conducted at the direction of the General Assembly \$21,000,000 R \$21,000,000 R

36 Information Technology

Improvements in computing and telecommunications, access to resources such as computer labs, library collections, distance learning, etc. \$5,000,000 R \$5,000,000 R
\$1,200,000 NR

37 Libraries

Improvements in library collections, services, and staffing; initial development of NC Virtual Library with community colleges and State Library. \$4,000,000 R \$4,000,000 R

38 Rewarding Teaching Excellence

Provides 1/2% salary bonus funds to reward excellent teachers among the teaching faculty. Awards are generally limited to 25% or less of those eligible. \$3,161,380 NR

Senate Subcommittee on Education

39 University Outreach to the Public Schools	\$1,785,000	R	\$1,185,000	R
Funding to:				
a. Increase clinical experience for prospective teachers and involvement of classroom teachers;				
b. Increase number of Principal Fellows;				
c. Improve coordination of professional development programs for school professionals with priorities of State Board of Education;				
d. Implement Early Math Placement Program in high schools to improve math preparation.				
e. Support for "Reading Together", a tutorial program for second graders.				
40 New Degree Programs	\$2,325,000	R	\$2,325,000	R
Funds to complete expansion of allied health initiatives in speech and language pathology and occupational and physical therapy, new doctoral programs at UNC-Charlotte, and other programs previously authorized for planning by the UNC Board of Governors.				
41 Graduate Education and Research			\$7,700,659	R
Eliminate the requirement that 10% of overhead receipts received from research grants are budgeted to support General Fund operations on campuses.				
42 Area Health Education Centers	\$2,750,000	R	\$2,750,000	R
Funds will increase family medicine residencies and provide more community based training experiences for mid-level practitioners and pharmacy students				
43 Administrative Support for New Processes	\$600,000	R	\$600,000	R
Improvements in data collection and analysis for assessment, evaluation, and budgeting purposes.				
44 Distinguished Professorships	\$3,500,000	NR		
Additional State matching funds for the establishment of endowed chairs for outstanding faculty. State funds are matched 2 for 1 by private dollars.				
45 Interinstitutional Programs	\$794,000	R	\$794,000	R
Funding for NC School of the Arts Summer Institute, Institute on Aging, computer support for the State Education Assistance Authority, and NC Scholastic Media Association Project.				
	2.00		2.00	
C.Related Educational Programs				
46 Scholarship Fund Balances	(\$1,850,790)	NR		
Reduce appropriations and use accumulated cash balances in non-reverting trust funds due to cash repayments; revert balance in old scholarship fund				
47 Aid to Private Medical Schools	(\$329,000)	R	(\$365,000)	R
Continue assistance for same level of enrollments as actual numbers for 1996-97				

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48 Board of Governors Dental Scholars	(\$43,696)	R	(\$52,332)	R
Hold inflationary increases to 3% annually				
49 Board of Governors Medical Scholars	(\$38,735)	R	(\$20,700)	R
Hold inflationary increases to 3% annually				
50 Aid to Students Attending Private Colleges	\$7,864,668	R	\$7,864,668	R
Increase Legislative Tuition Grant from \$1,300 to \$1,450 per year for each fulltime NC undergraduate; increase need-based scholarship funding from \$600 per fulltime equivalent (FTE) NC student to \$750 per NC FTE student.				

D.Agricultural Programs

51 Turfgrass Research				
Funding to continue efforts on behalf of turfgrass industry	\$250,000	NR		
52 Cunningham Farm Research Center				
Non-recurring funds for development of Cunningham Farm site near Kinston as a specialty crops research and market development center for NC State	\$500,000	NR		
53 Agricultural Research	\$500,000	R	\$500,000	R
Additional funding for enhancement of agricultural production and life sciences industries while sustaining and improving environmental quality				

E.UNC Hospitals

54 UNC Hospitals Reduction	(\$3,610,860)	R	(\$3,610,860)	R
Reduce UNC Hospitals General Fund operating support.				

F.Studies

55 Pfisteria Research				
Funds to provide enhanced facilities and resources for pfisteria research at NC State.	\$500,000	NR		
56 Isotope Study of Neuse and Cape Fear River Basins				
Funding to complete isotope study to identify sources of nitrogen in each river basin.	\$1,500,000	NR		
57 State Infrastructure Impact Study				
Funds to analyze the impact of State infrastructure policies and decisions on local governments ability to plan for growth and sustainable development	\$75,000	NR		

G.Other

58 Arbitration Settlement Payment				
Funds to assist NC Central with payment of arbitrated contract settlement for fiber optic network	\$540,000	NR		

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59 Law Enforcement Officers Training				
Funding to educate law enforcement managers at NC State	\$150,000	NR		
60 Autism Services	\$232,585	R	\$232,585	R
Additional funding for Division TEACCH at UNC-Chapel Hill School of Medicine for operating support of field offices and for Carolina Living and Learning Center				
61 Centennial Celebration				
Funds to celebrate the 100th anniversary of Appalachian State University	\$200,000	NR		
62 Manufacturing Extension Partnership				
Funds to match increase in federal grant to expand services to manufacturers through NC State	\$900,000	NR		
63 Botanical Gardens	\$200,000	R	\$200,000	R
Additional operating support for Botanical Gardens at UNC- Chapel Hill	5.00		5.00	
64 Natural Resources Leadership Institute				
Funds for NC State to teach leadership and problem-solving skills to North Carolinians involved in natural resources policy and management	\$150,000	NR		
65 Cancer Research Funds	\$1,000,000	R	\$1,000,000	R
Additional funds for cancer research at Lineberger Cancer Research Center at UNC-Chapel Hill				
66 International Program				
Funding for NC School of the Arts students Arts Abroad program	\$200,000	NR		
67 Fish Hatchery Research				
Funds to continue fish hatchery research for the red drum and flounder species	\$200,000	NR		
Total Legislative Changes	\$44,028,962	R	\$54,847,411	R
	\$8,549,035	NR		
Position Changes	-52.20		68.00	
Revised Budget	\$1,470,936,027		\$1,480,189,921	

Community Colleges

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$489,218,944		\$489,576,870	
Legislative Changes				
68 State Board Reserve Fund	(\$250,000)	R	(\$250,000)	R
Reduce the State Board Reserve Fund from \$900,000 to \$650,000 as requested by the Governor.				
69 Curriculum Improvement Projects	(\$113,709)	R	(\$113,709)	R
Reduce the State funds in this program by the amount reverted due to the availability of federal funds for this purpose.				
70 JTPA Administrative Funds	(\$17,216)	R	(\$17,216)	R
Reduce the administrative funds allocated to colleges that offer JTPA class size projects from federal funds.				
71 New Industry Equipment for Regional Coordinators	(\$300,000)	R	(\$300,000)	R
Reduce the funds available to buy equipment for the Department of Community Colleges regional coordinators to move across the state as needed. These funds have been underspent for several years and can be reduced.				
72 Community Services Block Grant	(\$86,581)	R	(\$86,581)	R
Reduce funds in the Community Services Block Grant that offers hobby and leisure classes to the community.				
73 Enrollment Increase	\$1,715,534	R	\$1,715,534	R
Funds the enrollment increases for the community college system.				
74 Occupational Extension	\$9,993,517	R	\$9,993,517	R
Enhance the occupational extension formula to provide more funds for job skill training courses. This raises the occupational extension unit value toward the curriculum value in accordance with the recommendation of the State Board of Community Colleges and funds benefits for half of the occupational extension positions in the formula.				
75 New and Expanding Industry Funds	\$6,000,000	NR		
These funds will provide money for customized training projects to attract new industry and to support training needs of existing industries that expand their workforce.				

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76 Equipment and Books

\$10 million for the purchase of additional equipment, \$1,950,000 for library books and \$500,000 for the State Board of Community Colleges to participate in the NC-LIVE project with UNC and the State Library which reduces the duplication of expenditures for library resources.

\$12,450,000	NR

77 Reward Excellence in Community College Teaching

Funds to provide a bonus to community college faculty who have demonstrated excellence in teaching. These funds equate to a .5% average salary bonus for faculty.

\$1,300,000	NR

78 Fayetteville Tech. Comm. College Model Program

Funds for Fayetteville Technical Community College to establish a model early childhood education center for Cumberland County.

\$300,000	NR

Total Legislative Changes	\$10,941,545	R	\$10,941,545	R
	\$20,050,000	NR		
Position Changes				
Revised Budget	\$520,210,489		\$500,518,415	

Governor

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$5,286,620		\$5,302,348	
Legislative Changes				
(0000) Departmentwide				
1 Purchased Contractual Services	(\$22,367)	R	(\$22,367)	R
(1110) Administration				
2 Senior Advisor for Children and Families				
Provides funding in the Governor's Office for the position of Senior Advisor for Children and Families.	\$105,597	NR		
	1.00			
(1130) Office of Intergovernmental Relations				
3 Eliminate Military Liaison Position	(\$25,220)	R	(\$25,220)	R
Eliminate the position and associated benefits for Military Liaison. This position has been vacant since 10-01-94.	-1.00		-1.00	
(1631) Raleigh Executive Residence				
4 Transfer to CC & PS	(\$6,099)	R	(\$6,099)	R
This transfer repays Crime Control & Public Safety (CC & PS) the costs of supplying the Governor's guards. \$6,099 was the amount of the requested increase from last year. The money will be saved by using guards with the same salaries as the current guards are earning.				
Total Legislative Changes	(\$53,686)	R	(\$53,686)	R
	\$105,597	NR		
Position Changes	0.00		-1.00	
Revised Budget	\$5,338,531		\$5,248,662	

State Budget and Management

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$3,855,400		\$3,938,220	
Legislative Changes				
(1022) 1997 Special Appropriations				
5 St Mark's Capital Funds				
Appropriates to St. Mark's, Incorporated, a nonprofit corporation, a grant for building a new preschool facility to serve children with developmental disabilities.	\$1,700,000	NR		
6 Women's Memorial Funds				
This is a State Donation to the Women in Military Service for America Memorial Foundation, Inc., for the purpose of creating a memorial to women veterans of the armed services.	\$50,000	NR		
7 NC Humanities Council				
Provides a grant to the North Carolina Humanities Council, a not-for-profit organization.	\$100,000	NR		
8 Fire Protection Grant Funds				
Creates the State Fire Protection Grant Fund, to compensate local fire districts and political subdivisions for providing fire protection to State-owned buildings. Requires the Office of State Budget and Management to develop a statewide method for distributing these funds to the State's local fire districts and political subdivisions.	\$3,080,000	R	\$3,080,000	R
9 Reserve for Purchase of State Flags				
	\$50,000	NR		
(1310) Office of State Budget and Manageme				
10 Reduce Employee Costs				
Reduce objects Employee Benefit Cost and Supplement to Regular Wage. Department plans that this money will not be needed due to savings accrued while vacancies exist.	(\$5,010)	R	(\$5,010)	R
11 Property, Plant & Equipment				
Department will save money by deferring purchase of new items of equipment.	(\$32,372)	R	(\$32,372)	R

Total Legislative Changes	\$3,042,618	R	\$3,042,618	R
	\$1,900,000	NR		
Position Changes				
Revised Budget	\$8,798,018		\$6,980,838	

Office of State Planning

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$1,820,279		\$1,833,679	
Legislative Changes				
(1412) Geodetic Survey				
12 Make One-Half Position Receipt-Supported	(\$17,829)	R	(\$17,829)	R
Office of State Planning has one position which receives one-half of its funding from the General Fund. This position will become entirely receipt-supported.	-0.50		-0.50	
Total Legislative Changes	(\$17,829)	R	(\$17,829)	R
Position Changes	-0.50		-0.50	
Revised Budget	\$1,802,450		\$1,815,850	

Lieutenant Governor

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$612,176		\$612,336	
Legislative Changes				
(1110) Administration				
13 Miscellaneous Expenses, Equipment, and Services	(\$2,946)	R	(\$2,946)	R
Reductions in Registration Fees, Other Employee Educational Expenses, Maintenance Agreement-Equipment, DP Equipment, Repairs-Computer Equipment, General Office Expenses, Cellular Phone Service, Postage, and Telephone Service.				
Total Legislative Changes	(\$2,946)	R	(\$2,946)	R
Position Changes				
Revised Budget	\$609,230		\$609,390	

Secretary of State

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$5,243,012		\$5,230,680	
Legislative Changes				
(0000) Departmentwide				
14 New Computer System	\$80,000	R	\$80,000	R
Replaces old computer equipment with new local area network, new imaging system, new relational database software. Funds include money for a project manager and for computer consultants.	\$1,230,000	NR	\$0	NR
	1.00		1.00	
Total Legislative Changes	\$80,000	R	\$80,000	R
	\$1,230,000	NR	\$0	NR
Position Changes	1.00		1.00	
Revised Budget	\$6,553,012		\$5,310,680	

Auditor

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$9,495,886		\$9,504,085	
Legislative Changes				
(1120) Support Services				
15 Maintenance on Printing Equipment	\$38,600	R	\$38,600	R
Provides funds to maintain printing and duplicating equipment. Recommended by the Governor.				
(1210) Field Audit Division				
16 Equipment Replacement Reserve	\$175,000	R	\$175,000	R
Recurring funds would allow the Auditor to replace computers every three years. Recommended by the Governor.				
17 Audit Software	\$0	R	\$15,000	R
	\$159,000	NR	\$0	NR
18 EDP Audit Positions	\$136,586	R	\$191,899	R
Additional electronic data processing auditors.				
	2.00		3.00	
19 Additional Audit Positions	\$179,792	R	\$282,647	R
Additional performance and financial auditors				
	3.00		5.00	
Total Legislative Changes	\$529,978	R	\$703,146	R
	\$159,000	NR	\$0	NR
Position Changes	5.00		8.00	
Revised Budget	\$10,184,864		\$10,207,231	

Treasurer

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$18,432,034		\$18,434,193	
Legislative Changes				
(1110) General Administration				
20 Strengthen Personnel Function	\$0	R	\$0	R
Funds a Personnel Officer I position in the department. Recommended by the Governor. Expenditures of \$44,558 in 1997-98 and \$42,127 in 1998-99 would be covered by increased receipts.	1.00		1.00	
(1150) Information Systems				
21 Maintenance of Automated Programs	\$0	R	\$0	R
Increased staffing to maintain automation in the department. Recommended by the Governor. Expenditures of \$240,968 in 1997-98 and \$230,264 in 1998-99 will be covered by increased receipts.	5.00		5.00	
(1210) Investment Management				
22 Strengthen Investment Administration	\$74,889	R	\$56,065	R
Additional Portfolio Manager to handle increased volumes of investments. Recommended by the Governor. These appropriations from the General Fund would be offset by increases in non-tax revenues.	1.00		1.00	
(1310) Local Government Operations				
23 Improve Ability to Manage Debt Approval	\$101,901	R	\$101,023	R
Additional staff to respond to increased demands for technical assistance. Recommended by the Governor. These appropriations from the General Fund would be offset by increases in non-tax revenues.	2.00		2.00	
Total Legislative Changes	\$176,790	R	\$157,088	R
Position Changes	9.00		9.00	
Revised Budget	\$18,608,824		\$18,591,281	

Insurance

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$19,880,965		\$19,909,612	
Legislative Changes				
(1300) Technical Services				
24 Additional Market Practices Examiners	\$313,314	R	\$333,174	R
Adds two three-person teams to monitor market practices. One of the teams will monitor Life and Health Insurance companies; the other will monitor the practices of Health Maintenance Organizations (HMOs).	6.00		6.00	
(1500) Safety Services				
25 Upgrade and Increase Fire and Rescue Services	\$96,000	R	\$96,000	R
Computer software for counties to submit Fire Incident Reports and implement Rescue Reporting Program.				
(1900) Reserves and Transfers				
26 Pay for Revenue Workers	\$0	R	\$0	R
Transfers \$99,270 in FY 1997-98 and \$99,270 in FY 1998-99 to pay the Department of Revenue for collecting the gross premiums tax and the Regulatory Charge which supports the Department of Insurance.				
27 Transfer Fire Protection Grant Program	(\$1,450,000)	R	(\$1,450,000)	R
The Fire Protection Grant Program is transferred to the Office of State Budget and Management. The Department of Insurance will not need an appropriation to fund this program.				
28 Fire and Rescue Workers' Comp	\$4,500,000	R	\$4,500,000	R
Provides a recurring grant to the Fire and Rescue Workers' Comp Fund. Intent is for the State to contribute to the Fund until its reserves (projected time: about 8 years) are sufficient to let it be self-supporting.				
Total Legislative Changes	\$3,459,314	R	\$3,479,174	R
Position Changes	6.00		6.00	
Revised Budget	\$23,340,279		\$23,388,786	

Administration

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$59,567,213		\$60,961,819	
Legislative Changes				
(0000) All Divisions				
29 Personnel Reductions	(\$527,405)	R	(\$527,405)	R
Reductions recommended by the Governor, including one painter supervisor, nine painters, one vacant office assistant position in Facilities Management, a vacant position in the Council for Person's with Disabilities, and an office assistant position in the Board of Science and Technology. Reduction also includes \$105,014 in salary reserve money.	-13.00		-13.00	
(1121) Fiscal Management				
30 Reduced Data Processing Services	(\$7,000)	R	(\$7,000)	R
(1225) State Health Plan Purchasing Alliance				
31 Reversions From Previous Operating Budgets	\$0	R	\$0	R
Under the statutory language creating the State Health Plan Purchasing Alliance Fund, left over balances from the Board's operating budget have not been reverting to the General Fund. These past balances and the interest earned on them should be transferred from the State Health Plan Purchasing Alliance Fund to the General Fund at the end of 1996-97. This transfer will increase funds available for 1997-98 by \$648,718.				
32 Eliminate Vacant Position	(\$46,517)	R	(\$46,517)	R
Eliminates vacant policy development analyst position. Position vacant since January, 1997.	-1.00		-1.00	
(1241) Management Information Systems				
33 Reductions in Operating Expenses	(\$3,463)	R	(\$3,463)	R
Reductions in data processing maintenance and office furniture and equipment				
(1264) Agency for Public Telecommunication				
34 Reductions in contractual services and travel	(\$8,920)	R	(\$8,920)	R

Senate Subcommittee on General Government

(1311) Office of State Personnel

35 Staff for Personnel Mgmt Information System (PMIS)

The Governor recommends funding to provide two (2) computer analyst programmers and a support position to enable the Office to respond to increased mainframe data collection and analytical needs, and to continue to efficiently respond to PMIS users.

\$137,934	R	\$137,934	R
\$15,000	NR		
3.00		3.00	

36 Operating Budget Reductions

Reduce funds in the following line items in FY 97-98:

(\$70,406) NR

(531572) Unemp Comp Payments to ES	(\$ 7,016)
(531625) St Disability Payment	(15,000)
(532199) Misc Contractual Svs	(26,000)
(532850) Printing	(2,390)
(532942) Other Emp Educational Ex	(10,000)
(536905) Employer OJT Incentive	(5,000)
(537102) Res Emp Survey	(5,000)

(1421) Facility Management

37 Delays in Operating New Buildings

Reductions recommended by the Governor due to delays in the opening of the new SBI Laboratory, the Old Revenue Building and the Natural Science Museum.

(\$678,000)	NR	(\$370,000)	NR

38 Additional Delays in Operating New Buildings

Additional reductions beyond those recommended by the Governor due to additional delays in the opening of the new SBI Laboratory, the Old Revenue Building and the Natural Science Museum.

(\$215,773)	NR	(\$371,920)	NR

39 Increase Rental Receipts

Increases receipts to the Department of Administration by charging rent to the State Treasurer and to the Department of Insurance. The rent paid by these agencies is offset by increases in the receipts they collect and in the non-tax revenues their operations generate. The Treasurer will be charged \$645,025. Insurance will be charged \$511,225.

(\$1,156,250)	R	(\$1,156,250)	R

40 Reduce Operating Budget for New Buildings

Reduces amount budgeted for indirect costs in operating new buildings.

(\$496,440)	R	(\$518,437)	R

(1623) State Capitol Police

41 Eliminate Two Vacant Property Guard Positions

(\$42,524)	R	(\$42,524)	R
-2.00		-2.00	

(1741) Human Relations Council

42 Reduction in Miscellaneous Line Items

(\$11,938)	R	(\$11,938)	R

Senate Subcommittee on General Government

(1761) Youth Involvement Office

43 Increase Wages for Interns

\$77,616 R \$77,616 R

Increases hourly wage for interns from \$5.00 to \$6.75 per hour. Increase is recommended by the Governor.

(1771) Veteran Affairs

44 Reductions in Expenses

(\$65,124) R (\$65,124) R

Two veterans cemetery maintenance positions will be converted to receipts-supported positions, and motor vehicle replacements will be reduced.

(1781) Domestic Violence Program

45 Additional Position

\$50,000 R \$50,000 R

Administrative assistant position to monitor batterers treatment programs. Recommended by Governor.

1.00 1.00

46 Funds for Local Domestic Violence Programs

\$1,100,000 NR \$0 NR

Provides additional one-time funding to local domestic violence programs.

(1811) Advocacy for Disabled

47 Reduced Operating Expenses

(\$8,600) R (\$8,600) R

Reductions in contractual services, and board member travel and subsistence

(1861) Commission of Indian Affairs

48 Delete Match for Title XX

(\$15,000) R (\$15,000) R

Title XX federal funds for Indian Day Care have been discontinued. Therefore, matching funds are no longer needed.

(1862) Low-Level Radioactive Waste

49 Reductions in Communication Expense and Travel

(\$11,018) R (\$11,018) R

(1871) Board of Science and Technology

50 Reduction in Communications Expense

(\$13,110) R (\$13,110) R

Total Legislative Changes	(\$2,147,759)	R	(\$2,169,756)	R
	\$150,821	NR	(\$741,920)	NR
Position Changes	-12.00		-12.00	
Revised Budget	\$57,570,275		\$58,050,143	

State Controller

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$16,053,306		\$16,056,630	
Legislative Changes				
(1000) Divisionwide				
51 Additional Operating Budget Reductions				
Reduce the following line items in FY 97-98:	(\$147,433)	NR		
(532821) Data Processing Services (\$94,055)				
(5369AA) NCIH (\$ 53,378)				
52 Year 2000 Computer Conversion				
Nonrecurring funding is recommended by the Governor to assist state government departments and agencies in the conversion of computer applications to accommodate year 2000 requirements.	\$5,000,000	NR		
53 532700 Travel/Subsistence	(\$13,100)	R	(\$13,100)	R
Reduce the following line items each fiscal year:				
(532714) In-State transportation (\$10,000)				
(532724) In-State meals (\$ 3,100)				
54 5369AA Information Highway	(\$5,337,824)	R	(\$5,337,824)	R
Provide non-recurring support in FY 97-98 for 101 existing sites - 52 high schools; 30 Community Colleges, including 1 data only site; two (2) campuses in the University System; and 17 State and local agencies. Additionally, appropriates to the Office of State Controller funds for long distance services and Data Hubs.	\$5,337,824	NR		
Funding for FY 98-99 to be considered in the 1998 Session.				
Total Legislative Changes	(\$5,350,924)	R	(\$5,350,924)	R
	\$10,190,391	NR		
Position Changes				
Revised Budget	\$20,892,773		\$10,705,706	

Revenue

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$68,045,123		\$68,862,535	
Legislative Changes				
(0000) Departmentwide				
55 Salary Reductions/Span of Control	(\$592,976)	R	(\$592,976)	R
Reduce positions in the department as a result of the study authorized per Section 10.1, Chapter 324, 1995 Session Laws. The approach for the Department is three-fold with the elimination of nine (9) positions; reduction of salary reserve created by lowering the budgeted level of fifteen (15) revenue officer and revenue tax auditor trainee positions to the first step; and reduction of operating line items.	-9.00		-9.00	
(1600) Administration				
56 Administrative Program Reductions	(\$200,000)	R	(\$200,000)	R
Reduce funds for data processing equipment and for repairs to buildings each year of the biennium:				
FY 97-98				
(532310) Repairs - Buildings	(\$100,000)			
(534522) Equipment - Computers	(\$100,000)			
FY 98-99				
(534522) Equipment - Computers	(\$200,000)			
(1620) Tax Administration				
57 Assist New Audit Positions	\$31,305	R	\$62,609	R
Add an Administrative Officer III, as recommended by the Governor, to offset increased workload resulting from the new audit positions, effective January 1, 1998.	\$8,500	NR		
	1.00		1.00	
(1640) Tax Compliance				
58 Premiums Tax Positions	(\$99,270)	R	(\$99,270)	R
Funds transferred from the Department of Insurance regulatory charge to provide continued support for the two (2) positions that are responsible for collection of the gross premiums tax. For the Department of Revenue the transfer of funds increases receipts, reducing the General Fund appropriation.	-2.00		-2.00	

Senate Subcommittee on General Government

(1660) Field Operations

59 Additional Interstate Audit Personnel

\$298,192 R \$629,977 R

Appropriate funds for seven (7) new auditor positions and two (2) Tax Technicians in the Interstate Audit Division per the recommendation of the Governor. Positions are effective January 1, 1998.

\$94,000 NR
9.00

9.00

(1680) Legal and Administrative Services

60 Reductions to Postage and Printing

(\$263,800) R (\$263,800) R

Adjust appropriations for the following line items each fiscal year:

(532840) Postage (\$251,800)
(532850) Printing (\$ 12,000)

Total Legislative Changes

(\$826,549) R (\$463,460) R

\$102,500 NR

Position Changes

-1.00 -1.00

Revised Budget

\$67,321,074 \$68,399,075

Cultural Resources

GENERAL FUND

	FY 97-98		FY 98-99
Recommended Budget	\$52,608,363		\$52,922,221
Legislative Changes			
(0000) Departmentwide			
61 Salary Reductions/Span of Control	(\$610,262)	R	(\$610,262) R
Reduce positions in the department as a result of the study authorized per Section 10.1, Chapter 324, 1995 Session Laws. The Department will eliminate 22 positions, including four (4) supervisory positions; and reduce Reserve Funds for the Museum of History and Home Creek Farm.	-22.00		-22.00
(1110) Office of the Secretary			
62 Grants to Local Organizations			
Provide funds to local arts, cultural, and historical organizations; and local museums as grants-in-aid.	\$8,000,000	NR	
(1210) Division of Archives and History -Adm			
63 Maritime Museum	\$792,227	R	\$786,713 R
Transfer funds and personnel from the Department of Agriculture to the Department of Cultural Resources, Division of Archives and History (Fund 1210) for the Maritime Museum.	17.25		17.25
(1241) State Historic Sites			
64 State Civil War Sites			
Funding is authorized to preserve, improve, and promote the State's Civil War era sites.	\$1,000,000	NR	
65 Town Creek Indian Mound			
Appropriate funds for an archaeological curation and education facility at the site.	\$50,000	NR	
66 Somerset Place			
Provide funds for construction and contracted personal services.	\$250,000	NR	
67 Reductions in Travel and Equipment			(\$30,000) R
Reduce the following line items in FY 98-99:			
FY 98-99:			
(532714) In-State transportation (\$15,000)			
(534549) Other Motorized Vehicles (\$15,000)			

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(1410) State Library Services

68 Library and Learning Resources

(\$6,000) R

Reduce funds in line item 534630 in FY 98-99.

(1480) Statewide Programs & Grants

69 6960 Aid to Counties

\$3,000,000 R \$3,000,000 R

Increase funds for grants to public libraries in accordance with the formula for State-Aid to libraries.

70 NC LIVE - Statewide Electronic Library

\$200,000 R \$200,000 R

Funding to support NC-Live (North Carolina Libraries and Virtual Education), a collaborative effort among the State Library and public libraries statewide in partnership with libraries in the University of North Carolina system and the Community College system recommended by the Governor to expand access to library and information resources. Initial funds will support statewide licensing of on-line reference and research materials.

(1500) Museum of History

71 Equipment

(\$30,000) R

Reduce funds in line item 534522 in FY 98-99.

(1992) Continuation Reserves

72 Reduce Funds in Operating Reserves

(\$100,000) R (\$34,000) R

Reduce funds in the reserves both years of the biennium as follows:

FY 97-98

(537102) Museum of History

2 Hist Mus Specs, Gr. 65, eff. 9/97	(\$39,720)
1 Pub Info Asst III, Gr. 57, eff 9/97	(14,490)
Social Security	(4,022)
Retirement	(5,694)
Med Ins	(1,560)
In-State Trans	(3,000)
In-State Subsistence	(2,200)
Training and Registration	(1,000)
Printing, Binding, etc.	(1,000)
Other Mat & Supplies	(483)
Office Furniture	(1,000)

(537110) Tryon Palace

1 Painter	(\$20,336)
Social Security	(1,556)
Retirement	(2,203)
Med Ins	(1,736)

FY 98-99

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(537103) Historic Sites	
Hist Halifax Tap Room	
Misc Contractual Services	(\$ 5,000)
Enrg Ser - Electrical	(3,000)
Enrg - Water & Sewer	(200)
Repairs - Other	(3,500)
In-State Trans	(200)
In-State Lodging	(100)
In-State Subsistence	(100)
Telephone Service	(550)
Postage, etc.	(200)
Print, Binding, etc.	(6,250)
Other Emp Educ Exp	(100)
Other Mat & Supplies	(800)
Equip - Other	(9,000)
Art & Artifacts	(5,000)

Total Legislative Changes	\$3,281,965	R	\$3,276,451	R
	\$9,300,000	NR		
Position Changes	-4.75		-4.75	
Revised Budget	\$65,190,328		\$56,198,672	

State Board of Elections

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$1,052,787		\$1,046,381	
Legislative Changes				
(0000) Departmentwide				
73 Computerized Voter Registration System	\$500,000	R	\$1,089,000	R
Funding to supplement the \$5.0 million computer reserves appropriated to design and implement the statewide voter registration system. Additional funds may be required to maintain the voter registration system in later years.				
Total Legislative Changes	\$500,000	R	\$1,089,000	R
Position Changes				
Revised Budget	\$1,552,787		\$2,135,381	

Office of Administrative Hearings

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$2,217,486		\$2,217,486	
Legislative Changes				
(1100) Administration and Operations				
74 LAN Administrator	\$47,387	R	\$47,387	R
Provides funds to hire one person to administer local-area-network (LAN) system. Not included in Governor's recommendations.	1.00		1.00	
75 Administrative Law Judge Salaries	\$103,206	R	\$103,206	R
Sets salaries for Administrative Law Judges at 90% of the salary of the Chief Administrative Law Judge, and establishes that Administrative Law Judges shall receive longevity pay.				
76 Reduce Services and Equipment	(\$10,690)	R	(\$10,690)	R
Reductions in Maintenance Agreements, Data Processing Services, Furniture & Equipment, and Printing.				
Total Legislative Changes	\$139,903	R	\$139,903	R
Position Changes	1.00		1.00	
Revised Budget	\$2,357,389		\$2,357,389	

Rules Review Commission

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Budget	\$281,892	\$273,441
Legislative Changes		
(1100) Administration		
77 Other Expenses		
Appropriate funds to support legal expenses resulting from the lawsuit.	\$240,000	NR
Total Legislative Changes	\$240,000	NR
Position Changes		
Revised Budget	\$521,892	\$273,441

Human Resources

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$2,386,863,411		\$2,542,119,295	
Legislative Changes				
(1.00) Division of Medical Assistance				
1 Nursing Home Bed Adjustments	(\$1,058,611)	R	(\$3,726,846)	R
Adjusts the forecast for nursing home beds to reflect lag time for the construction of new nursing home beds.				
2 Drug Rebate Increase	(\$5,040,690)	R	(\$5,811,868)	R
Increases Drug Rebates because more revenue is anticipated due to increased drug prices and increased effort by Division of Medical Assistance to claim rebates.				
3 DME Rent and Supply Rate Adjustment	(\$620,387)	R	(\$629,024)	R
Adjusts methodology used to establish durable medical equipment rental rates by basing rates on useful life of equipment and return on investment.				
4 Third Party Liability Cost Avoidance	(\$1,892,180)	R	(\$1,918,522)	R
Adjusts methodology for ensuring that payment by all other responsible parties for services consumed by Medicaid eligibles occurs before any payments are made by Medicaid.				
5 Personal Care Services Criteria	(\$1,364,851)	R	(\$1,383,852)	R
Establishes more specific criteria for Personal Care Services to ensure the appropriateness of care for Medicaid eligibles who receive Personal Care Services.				
6 Home Health Care Cost Avoidance	(\$651,406)	R	(\$660,475)	R
Ensures that Home Health Care services covered by Medicare are paid by Medicare instead of Medicaid.				
7 Reduce Inflationary Increases	(\$2,893,800)	R	(\$3,229,506)	R
Reduces Inflationary increases for providers by .25%.				
8 Adjust 1996-97 Base Year for Actual Performance	(\$37,546,969)	R	(\$38,102,771)	R
Adjusts the 1996-97 base year to reflect actual expenditures through 12/96 which indicates that the budget is higher than projected expenditures. This adjustment allows the projected budget for the 1997-99 biennium to be reduced.				
9 Medicaid Reduction Initiative	\$0	R	(\$19,110,288)	R
Reduces the growth in the Medicaid budget from 10.5% to 9% by making additional reductions to program costs.				

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10 Medicaid Trust Fund

Reduces state appropriations to the Medicaid program and replaces them with revenues from the Medicaid Trust Fund.

(\$40,000,000)	NR	\$0	NR

11 Eliminate Positions

Eliminates three positions: DMA Nurse I, DMA Service Consultant, and Administrative Secretary III.

(\$46,747)	R	(\$46,747)	R

-3.00		-3.00	

12 Salary Reserve Reduction

(\$4,775)	R	(\$4,775)	R

(2.00) Office of the Secretary

13 Reduce SIPS Payments

Reduces SIPS payments due to the centralization of data processing.

(\$500,000)	R	(\$500,000)	R

14 Salary Reserve Reduction

(\$13,144)	R	(\$13,144)	R

15 Eliminate Positions

Eliminates funding which is being transferred to the Governor's Office for the Senior Advisor for Children and Families and one additional staff person.

(\$170,000)	R	(\$170,000)	R

-2.00		-2.00	

16 Eliminate State Aid to Community Action Agencies

Eliminates State Aid to Community Action Agencies due to a \$2.6 million increase in federal funds.

(\$913,822)	R	(\$913,822)	R

(3.00) Division of Mental Health

17 Reduce Utilities at State Facilities

Reduces the cost of utilities at state facilities to reflect actual 1995-96 expenditures.

(\$1,099,373)	R	(\$1,119,662)	R

18 Reduce Willie M. Community Services

Reduces continuation budget increases for Willie M. Community Services.

(\$500,000)	R	(\$500,000)	R

19 Reduce Overtime Expenditures at State Facilities

Reduces overtime and related fringes at the following state facilities: Butner Adolescent Treatment Center, Cherry Hospital, Dix Hospital, Umstead Hospital, Caswell Center, Murdoch Center, O'Berry Center, and Western Carolina Center.

(\$2,774,588)	R	(\$2,774,588)	R

20 Salary Reserve Reduction

(\$49,692)	R	(\$49,692)	R

21 Reduce Thomas S Funds

Reduces excess Thomas S funding based on current spending patterns.

(\$1,690,926)	R	(\$932,116)	R

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22 Thomas S Cost Containment	(\$7,600,000)	R	(\$7,600,000)	R
Reduces funding for Thomas S by requiring the Department and local area mental health programs to contain costs while serving the mandated caseload needs.				
23 Thomas S Reduction	(\$7,600,000)	NR	\$0	NR
Reduces funding for Thomas S by allowing the Department to use existing departmental funds to meet court-mandated caseload needs.				
24 Reduce Operating Reserve	(\$1,600,000)	NR	\$0	NR
Reduces the operating reserve for the Alzheimer's Unit in Wilson due to construction delays.				
(4.00) Division of Social Services				
25 Reduce Excess Appropriation in Reserve	(\$295,717)	R	(\$295,717)	R
Reduces excess state appropriations in reserve for data processing.				
26 Increase State Return on Child Support Collections	(\$1,000,000)	R	(\$1,000,000)	R
Reduces appropriations by budgeting increased State return on Child Support Collections.				
27 Interest Earned on Child Support Collections	(\$150,000)	R	(\$150,000)	R
Reduces appropriations by budgeting interest on child support collections.				
28 Salary Reserve Reduction	(\$20,957)	R	(\$20,957)	R
29 Eliminate Positions	(\$58,952)	R	(\$58,952)	R
Eliminates three positions: Social Services Program Administrator II, Social Services Program Consultant II, and Income Maintenance Quality Assurance Analyst.				
	-3.00		-3.00	
30 Reduce Case Management Funding	(\$500,000)	R	(\$500,000)	R
Reduces funding for Enhanced Adult Care Home case management services due to under-utilization of services.				
(5.00) Division of Youth Services				
31 No Rate Increase in Eckerd Camp Rates	(\$501,215)	R	(\$501,215)	R
Maintains Eckerd Wilderness Camp payment rate of \$74.89 per day.				
32 Increased Receipts in Detention Centers	(\$178,063)	R	(\$178,063)	R
Reduces state appropriations to reflect increased receipts.				
33 Reduce Operating Reserves	(\$950,000)	NR	\$0	NR
Reduces operating reserves for two detention centers due to construction delays.				

(6.00) Division of Blind Services

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34 Utility Adjustments for Governor Morehead School	(\$72,483)	R	(\$72,483)	R
Reduces state appropriations for utilities to reflect projected expenditures.				
35 Adjustment to Budgeted Salaries	(\$7,568)	R	(\$7,568)	R
Adjusts budgeted salaries to reflect actual expenditures.				
36 Salary Reserve Reduction	(\$6,208)	R	(\$6,208)	R
37 Eliminate State Funds for Position	(\$11,023)	R	(\$11,023)	R
Replaces state appropriations with Business Enterprise funds to support one position.				
(7.00) Division of Facility Services				
38 Eliminate Positions	(\$48,692)	R	(\$48,692)	R
Eliminates two positions and related support: Applications Programmer II and Processing Assistant V.	-2.00		-2.00	
39 Reduce Health Care Personnel Registry	(\$80,000)	R	(\$80,000)	R
Reduces funding for the Health Care Personnel Registry due to increased Medicaid receipts.				
(8.00) Division of Aging				
40 Salary Reserve Reduction	(\$2,927)	R	(\$2,927)	R
(9.00) Div. Services for Deaf/Hard of Hearing				
41 Salary Reserve and Longevity Reduction	(\$82,366)	R	(\$82,366)	R
(10.00) Division of Vocational Rehabilitation				
42 Salary Reserve Reduction	(\$61,439)	R	(\$61,439)	R
(11.00) Division of Child Development				
43 Reduce Excess Postage and Printing Costs	(\$25,442)	R	(\$25,442)	R
Eliminates excess funds for postage and printing resulting from increased use of automation in the criminal records check program.				
44 Reduce Child Care Subsidies	(\$23,276,545)	R	(\$23,276,545)	R
Reduces state funding for child care subsidies due to a transfer of federal funds from the TANF Block Grant.				

(12.00) Division of Mental Health**45 Reserve for Grants-In-Aid for Substance Abuse**

Provides grants-in-aid to be held in reserve for substance abuse treatment programs, allocation of the funds is contingent upon the Secretary of DHR's evaluation the of the efficiency and effectiveness of various substance abuse treatment programs.

\$1,250,000 NR \$0 NR

46 Additional Staff and Equipment/Facility Funds

Adds the following staff: 1.0 Electrician II, 1.0 Maintenance Mechanic IV, 1.0 Painter, and 3.0 Health Care Technician Supervisor positions, and provides funds for critical equipment and facility improvement needs for the Western Carolina Center.

\$157,088 R \$157,088 R
\$250,000 NR
6.00 6.00

47 Autism Foundation Capital Funds

Provides funds for the Autism Society's of N.C., Inc. Camp Royall capital project.

\$2,165,000 NR \$0 NR

48 Autism Operating Funds

Provides funds for the following:

\$504,000 R \$504,000 R

- (1) Autism Society of N.C., Inc; \$ 89,000
- (2) Vocational Training Program -
Job Placement for Adults Model in
Wake County; 325,000
- (3) Vocational Training Program, an
international teacher's exchange
program; and 50,000
- (4) One training position to serve
the Raleigh, Research Triangle
Park and Chapel Hill areas 40,000

49 Broughton Hospital Funds

Provides \$130,000 to complete installation of a CAT Scan Machine and \$49,000 for facility improvements in the Adolescent Unit at Broughton Hospital.

\$179,000 NR \$0 NR

50 Community Mental Health Expansion Funds

Provides additional funds as follows:

\$5,000,000 R \$5,000,000 R

- (1) Mental Health Services \$1,666,667
- (2) Developmental Disabilities 1,666,666
- (3) Substance Abuse Services 1,666,667

51 Crisis Services Expansion

Provides additional funding to continue development of local crisis services.

\$1,000,000 R \$1,000,000 R

52 DHR Early Intervention Funds

Provides additional funds for the Early Intervention Program for hearing-impaired, visually-impaired, and developmentally delayed children.

\$2,700,000 R \$2,700,000 R

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53 Atypical & Antipsychotic Medications

\$400,000 R \$400,000 R

Provides additional funds for the purchase of atypical and antipsychotic medications for schizophrenic clients served by area mental health programs.

(13.00) Division of Social Services

54 Adult Day Care Grant-in-Aid

Provides grant-in-aid to the L.I.F.E. Center, Inc. for an adult day care center.

\$75,000 NR

55 Adolescent Parenting Program

\$100,000 R \$50,000 R

Provides funds for an evaluation of the program and adds one additional position for technical assistance to local programs.

1.00

1.00

56 Additional Funds for Food Banks

Provides grants-in-aid to support the following:

\$1,350,000 NR \$0 NR

- A. (1) Albemarle Food Bank/Food Pantry, Inc. \$175,000
(2) MANNA Food Bank, Inc. \$175,000;
(3) Food Bank of Northwest NC, Inc. \$175,000;
(4) Cumberland Community Action/Cape Fear Community Food Bank \$175,000;
(5) Metrolina Food Bank, Inc. \$175,000; and
(6) Food Bank, Inc. \$175,000

Funds are allocated as follows: 90% to purchase nutritious staple food items not received in sufficient quantities and 10% to offset the costs of transportation, handling, and distribution.

- B. Albemarle Food Bank/Food Pantry, Inc. - provides \$300,000 for capital improvements to food storage facilities.

(14.00) Office of the Secretary

57 Human Services Grants-in-Aid

Reserve for Grants-in-Aid to public and non-profit human services organizations for programs that provide services to older adults, adults with disabilities, at-risk children and youth and families.

\$4,000,000 NR

(15.00) Division of Facility Services

58 Poison Control Center

Provides operating funds to the Carolinas Poison Control Center.

\$200,000 NR

59 Smoke Detector/Sprinkler Systems Loan Fund

Provides funds to continue the revolving loan fund to enable adult care and nursing homes to borrow funds to install and upgrade safety equipment.

\$500,000 NR \$0 NR

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(16.00) Division of Aging

60 Grant-In-Aid to Floyd McKissick Center

Provides a grant-in-aid to the Floyd McKissick Center located in Manson, N.C., to expand independent living services for older adults.

\$75,000 NR \$0 NR

61 Home and Community Based Services Expansion

Provides additional funding to reduce waiting lists for in-home aid and caregiver support services to individuals over 60 years old.

\$4,000,000 R \$4,000,000 R

62 Additional Positions

Provides funds for three additional positions: Two positions will provide program development, training, and information referral related to serving Alzheimer's patients and their families. One position will be responsible for quality improvement, training, and technical assistance for local in-home aid and caregiver support service providers.

\$128,000 R \$256,395 R
3.00 3.00

63 Senior Centers

Provides funding to support existing senior centers and to assist in the development of new senior centers.

\$750,000 NR

(17.00) Division of Child Development

64 Child Care Regulatory Services

Provides additional regulatory staff positions to reduce caseloads and accommodate growth in number of regulated child care programs.

\$248,253 R \$268,192
6.50 6.50

65 TEACH Program Expansion

Provides funding for the expansion of the Teacher Education and Compensation Helps (TEACH) Program which provides education and compensation incentives for child care teachers.

\$422,000 R \$422,000 R

66 Smart Start Expansion

Provides direct services funds for local partnerships, including the 12 "Year 4" partnerships, and planning funds for the remaining unfunded counties.

\$21,408,625 R \$25,298,838 R
\$850,000 NR

(18.00) Division of Vocational Rehabilitation

67 Independent Living Rehab. Program Expansion

Provides additional funding and staff to alleviate the backlog of client needs at program offices statewide. Any funds for the purpose of new positions, not expended in 1997-98 for these positions, may be used for one-time service purchases for clients waiting for services.

\$1,200,000 R \$1,200,000 R
10.00 10.00

(19.00) Division of Youth Services

68 Gatling Detention Center Expansion

Provides funding for construction and improvement to the Gatling Juvenile Detention Center to house female juveniles.

\$1,127,850 NR

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69 Community-Based Alternatives Expansion	\$1,250,000	R	\$2,500,000	R
Provides funding to expand restitution programs statewide and to strengthen existing restitution and community services programs.				
70 Support Our Students Expansion	\$1,000,000	R	\$1,000,000	R
Provides funding to expand the program to 12 new counties and for limited expansion of existing programs.				
Total Legislative Changes	(\$53,293,592)	R	(\$70,820,782)	R
	(\$37,378,150)	NR	\$0	NR
Position Changes	16.50		16.50	
Revised Budget	\$2,296,191,669		\$2,471,298,513	

Judicial

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$310,944,929	\$316,264,917

Legislative Changes

1 Salary Reserve Funds	(\$1,500,000)	R	(\$1,500,000)	R
Reduce Department's available salary reserve funds - these funds are generated by filling positions at a salary less than the budgeted salary authorized by the General Assembly.				
2 Wayne Dispute Settlement Center Funds	(\$5,000)	R	(\$5,000)	R
Eliminate state funds for the Wayne Dispute Settlement Center since the Center discontinued operations on July 1, 1995.				
3 Indigent Defense Funds	(\$1,961,789)	R	(\$2,415,236)	R
Based on projections completed in September 1996, the Judicial Department anticipated needing an additional \$6,073,533 in FY 1997-98 and \$8,750,380 in FY 1998-99 for legal counsel of indigent defendants. These projections were updated in March 1997 and the Department determined expenditures in capital cases were lower than originally anticipated and that receipts from indigents were being collected at a higher rate. It is estimated that increases of \$4,111,744 in FY 1997-98 and \$6,335,144 in FY 1998-99 are more likely which allow for a reduction of \$1,961,789 and \$2,415,236 respectively.				
4 Mecklenburg Drug Court Program	(\$13,394)	R	(\$13,394)	R
Reduce the net State appropriation for this program by increasing receipts received from Mecklenburg County to reflect the 25% local match.				
5 Drug Treatment Court Pilot Program			(\$52,551)	R
Eliminate funding for the Program Administrator position in FY 1998-99 since the program sunsets on June 30, 1998.				
			-1.00	
6 Victim Witness Assistants	\$2,345,707	R	\$3,101,098	R
Provide funds for 91 additional Victim Witness Assistant positions in District Attorneys Offices due to current workload, additional workload anticipated due to implementing the Victim Rights Constitutional Amendment, and to achieve the goal of 1 Victim Witness Assistant for every 3 prosecutors.				
	\$444,080	NR		
	91.00		91.00	
7 Equipment Replacement	\$354,236	R	\$354,236	R
Statewide funding to replace worn and outdated office equipment, computer equipment, and other related areas.				
	\$4,129,674	NR		

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8 Drug Court Program	\$299,792	R	\$399,723	R
Funds to implement an additional Drug Court Program in order to expedite felony drug cases. These funds will be used to hire one permanent deputy clerk and legal assistant position along with contractual funds for assistant district attorneys, assistant public defenders, judges, and court reporters. Funding will be matched by 25% local funds.	2.00		2.00	
9 Access to Civil Justice				
Provide additional funds to the North Carolina Bar for representation of indigent defendants in civil cases.	\$1,000,000	NR		
10 Center for Death Penalty Litigation				
Provide additional funds to the Center for Death Penalty Litigation who provides training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.	\$250,000	NR		
11 Guardian Ad Litem Attorney and Training Manual	\$60,615	R	\$67,027	R
Provide funds to add one attorney who would serve as a central resource for Guardian Ad Litem contract attorneys. Most of the nonrecurring funds would be used to develop, publish, and distribute a Guardian Ad Litem abuse and neglect litigation manual for attorneys throughout the state and to conduct follow-up training. The attorney position is effective 10/1/97. This item was recommended by the Guardian Ad Litem Study Commission.	\$10,087	NR		
	1.00		1.00	
12 Software Upgrades	\$330,000	R	\$330,000	R
Provide funds to purchase database conversion software and to upgrade existing software for systems statewide.	\$225,000	NR		
13 Replace Telephone Systems	\$36,000	R	\$36,000	R
Funds to replace 12 worn and outdated telephone systems in FY 1997-98.	\$360,000	NR		
14 Reserve for Technology	\$993,487	R	\$1,819,689	R
Funds to establish a reserve for technology that includes funding for new automated systems (e.g. magistrate criminal information system); expansion of existing systems (e.g. district attorney/public defender automated case management system), and new technology support personnel. (Special provision requires task force study and report prior to expenditure of funds).	\$4,077,020	NR		
	22.00		22.00	
15 Data Center Upgrades	\$125,000	R	\$125,000	R
Funds for additional frame relay lines which allow data to be transmitted more efficiently between the central criminal information system and offices statewide.				
16 LAN Connectivity Funds				
Provide funds to connect existing local area networks in Mecklenberg County to allow for sharing of information between court officials.	\$50,000	NR		

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17 Laptop Computers	\$24,000	R	\$24,000	R
Provide funds in FY 1997-98 to purchase 40 laptop computers for superior and district court judges.	\$240,000	NR		
18 Assistant District Attorneys	\$1,969,200	R	\$2,623,920	R
Provide funding for 40 additional Assistant District Attorney positions effective 10/1/97.	\$39,600	NR		
	40.00		40.00	
19 Magistrate Positions	\$124,840	R	\$165,010	R
Provide funds for 5 additional magistrate positions to be located in the following counties -- Edgecombe, Wayne, Wilson, Franklin, and Durham. All positions are effective 10/1/97.	\$26,135	NR		
	5.00		5.00	
20 Clerks of Superior Court	\$951,750	R	\$1,267,650	R
Provide funding for 50 additional deputy clerk positions effective 10/1/97.	\$55,450	NR		
	50.00		50.00	
21 District Court Judges	\$668,344	R	\$862,680	R
Provide funds for 8 additional District Court Judges to be located in Districts 15B, 11, 10, 22, 3B, 19C, 4, and 13. All positions are effective 10/1/97.	\$73,800	NR		
	8.00		8.00	
22 Court Reporters in Superior Court	\$331,160	R	\$441,240	R
Provide funds to reestablish 8 vacant positions eliminated in 1995 and to establish 2 new positions to meet court reporting needs in superior court. All positions are effective 10/1/97.	\$6,180	NR		
	10.00		10.00	
23 Criminal Case Docket Management	\$322,774	R	\$401,310	R
The District Attorney criminal case docket management program was funded as a pilot project in 2 districts in FY 1995-97. This program is designed to help reduce case backlog and to move cases more quickly through the court system. The FY 1997-99 funding makes the 2 pilot programs permanent (Cumberland -- District 12 and Bladen/Brunswick/Columbus -- District 13) and expands the program into eight additional districts.	\$46,672	NR		
	10.00		10.00	
24 Transfer Indigent Defense Funds for Assistant PD's	\$0	R	\$0	R
Allows the Department to transfer up to \$401,464 in FY 1997-98 and \$524,384 in FY 1998-99 from the Indigent Persons' Attorney Fee Fund to fund 8 additional Assistant Public Defender positions. All positions are effective 10/1/97.	8.00		8.00	
25 Juvenile Court Counselors	\$1,260,665	R	\$1,679,370	R
Provide funds for additional intake, probation / aftercare, and intensive juvenile court counselors to assist in getting caseloads to a more manageable level.	\$46,025	NR		
	35.00		35.00	
26 Additional Supply Funds	\$100,000	R	\$100,000	R
Provide additional funds for general office supplies which would be distributed statewide based on need.				
27 Community Penalties	\$500,000	R	\$500,000	R
Provide funds to expand the Community Penalties Program to 4 additional districts. This extends the program statewide.				

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28 Arbitration Program	\$99,232	R	\$164,329	R
Provide funds to expand the superior court arbitration program to 5 additional districts. The program would be operational in 30 of 45 superior court districts.	\$10,710	NR		
	2.00		2.00	
29 Custody Mediation Program	\$250,000	R	\$250,000	R
Provide funds to expand the custody mediation program to 8 additional district court districts. The program would be operational in 25 of 39 districts.				
30 Annual Recidivism Study	\$4,000	R	\$4,000	R
Provide funds for the Sentencing and Policy Advisory Commission to cover the operating expenses of researching and publishing an annual report on offender recidivism.				
31 Salary Bonus for Assistant and Deputy Clerks	\$750,526	NR		
Provide funds for a one-time 3% salary bonus for assistant and deputy clerks who are at the top of their salary ranges, and who would otherwise not receive salary increases.				
32 District Court Legal Assistant	\$31,879	R	\$31,879	R
Provide funds for a legal assistant position to be assigned to the Chief District Court Judge in District 9A. The position is effective 7/1/97.	\$5,659	NR		
	1.00		1.00	
Total Legislative Changes	\$7,702,498	R	\$10,761,980	R
	\$11,846,618	NR		
Position Changes	285.00		284.00	
Revised Budget	\$330,494,045		\$327,026,897	

Justice

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$61,166,247	\$63,233,877

Legislative Changes

33 SBI - Vehicle Replacement	(\$317,500)	R	(\$78,000)	R
Replace vehicles for the State Bureau of Investigation on a schedule of 80,000 miles for automobiles and 90,000 miles for trucks. 25 fewer vehicles will be replaced in FY 1997-98 and 11 fewer vehicles in FY 1998-99. The net reduction includes increasing maintenance expenses by \$2,000 per automobile and \$3,000 per truck, as well decreasing expected receipts due to the sale of fewer vehicles.				
34 Criminal Justice Information Network	\$2,000,000	NR		
Continue funding of the Criminal Justice Information Network. These funds will be used to continue developing data sharing standards and to upgrade the Automatic Fingerprinting Identification System.				
35 SBI Pay Equity - One Time Adjustment	\$808,645	R	\$808,645	
Fund \$808,645 for each year of the biennium to provide a salary adjustment for sworn law enforcement positions within the State Bureau of Investigation.				
36 Consumer Protection Attorney	\$51,637	R	\$68,850	R
Fund an Attorney III position to handle antitrust cases in the Citizens' Rights Division, effective 10/1/97.	\$6,000	NR		
	1.00		1.00	
37 Capital Litigation Unit	\$190,718	R	\$264,290	R
Fund 2 Attorney IV positions and 1 Processing Assistant position in the Capital Litigation Unit of the Criminal Division, effective 10/1/97.	\$15,060	NR		
	3.00		3.00	
38 Legal Services -Information Systems	\$297,239	NR		
Provide funds to complete the Department's transition to a local area network (LAN).				
39 Training and Standards Attorney	\$58,116	R	\$58,116	R
Fund an Attorney II position to represent the Department of Correction on correctional officer certification issues before the Training and Standards Commission. Position is currently funded by a contractual arrangement with the Department of Correction.				
	1.00		1.00	

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40 General Administration Positions	\$63,567	R	\$84,756	R
Fund one Paralegal II as a research technician for the Legal Services Division and one Accounting Technician III in the Administrative Services Division. Both positions are effective 10/1/97.	\$9,240	NR		
	2.00		2.00	
41 NC LEAF Funds				
Provide funding to the NC Legal Education Assistance Foundation to assist with loan repayment for public service attorneys.	\$100,000	NR		
42 SBI-DCI Technology Improvements and Staff	\$129,786	R	\$173,048	R
Provide funds to establish five new positions, effective October 1, 1997, within the Division of Criminal Information of the State Bureau of Investigation. Positions funded will include one computer consultant, two fingerprint technicians, and two processing assistants. Provide \$77,500 in nonrecurring funds to procure an uninterrupted power supply unit, and \$50,000 to begin development of a disaster recovery plan for the Division's computer system.	\$158,000	NR		
	5.00		5.00	
43 SBI Field Agents	\$291,402	R	\$388,536	R
Provide funds to hire eight new field agents for the State Bureau of Investigation. Recurring funds in the first year are based on 10/1/97 hiring date.	\$138,712	NR		
	8.00		8.00	
44 Reserve for Sex Offender Registry	\$31,300	R	\$31,300	R
Provide funds to develop various changes to the current Sex Offender Registration Program and associated automated files. Funds will allow for the hiring of consultants to develop the program as well as to provide for the purchase of computer hardware and software.	\$134,025	NR		
	1.00		1.00	
45 Safe Neighborhoods Initiative	\$200,000	R	\$218,180	R
Funds to continue the Safe Neighborhoods Initiative that assists communities with community policing and other crime prevention programs, starting August 1, 1997. The program is supported with federal funds through July 1997.				
	4.50		4.50	
46 DARE Expansion Funds				
Provide funds to the State Bureau of Investigation to train additional local law enforcement officers to bring the Drug Abuse Resistance Education Program (DARE) into 7th and 9th grade classrooms.	\$113,300	NR		
Total Legislative Changes	\$1,507,671	R	\$2,017,721	R
	\$2,971,576	NR		
Position Changes	25.50		25.50	
Revised Budget	\$65,645,494		\$65,251,598	

Correction

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$889,010,472	\$925,266,138

Legislative Changes

- 47 Out of State Housing of Inmates** (\$16,557,256) R (\$20,819,756) R
- The Governor recommended eliminating all funds in the continuation budget for housing inmates out of state on the premise that the inmates would be returned to North Carolina prisons at the end of 1996-97. However, upon further review, it was determined that inmates will not be returned until December, 1997 due to lack of State prison bedspace. The net result is that an additional \$4,262,500 is needed to fund out of state contracts so only \$16.557 million can be reduced the first year of the biennium.
- 48 County Jail Contracts** (\$5,818,800) R
- The Governor recommended eliminating continuation funding for contracting with county jails to house State inmates on the premise that adequate bedspace would be available in State prisons in 1997-98. However, upon further review the Subcommittee noted that adequate bedspace will not be available until the end of 1997-98. Therefore, the \$5,818,800 in the continuation budget is needed in 1997-98 for county jail contracts.
- 49 Reserve for Private Beds** (\$2,900,000) NR
- One-time reduction in the operating reserves for the two 500 bed private prisons. Delays in signing the final contracts have pushed back prison completion dates and delayed the need for a portion of the 1997-98 funding. Full funding is authorized in the 1998-99 budget.
- 50 Reserve for Operating New Prisons** (\$9,500,000) NR
- One-time reduction in 1997-98 operating reserves due to delays in completion of the Avery/Mitchell prison and the Albemarle Prison. Both prisons are now scheduled for completion in October, 1998.
- 51 Reduction in Inmate Food Budget** (\$5,000,000) R (\$5,000,000) R
- The Governor recommended a \$5,000,000 reduction in the inmate food budget due to system efficiencies that have lowered the cost per meal.

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52 Reserve for Repeal of Prison Cap	(\$500,000)	R	(\$500,000)	R
In 1995, in anticipation of inmates staying in prison longer due to repeal of the prison cap, the General Assembly authorized funding for DOC to add prison beds -- both inside and outside of the State prison system. The funds remaining in the reserve, approximately \$2.1 million dollars, are for operating additional beds at Pasquotank, Central Prison and Marion. The reduction is based on over-estimating the total amount of funds needed when the budget was originally projected in 1995.				
53 Adjust Operating Budget for Probation and Parole	(\$3,500,000)	R	(\$3,500,000)	R
The operating budget (travel, telephones etc) was adjusted to a more realistic level of need.				
54 Title VII Program	(\$150,000)	R	(\$150,000)	R
In response to a federal lawsuit, the 1995 General Assembly funded 17 positions to implement and monitor improved recruitment, hiring, and promotional practices for females in the Department of Correction. The program has been fully implemented and reductions in positions and support are possible based on documented improvements in personnel practices.				
	-2.00		-2.00	
55 Further Reduction in Inmate Food Cost	(\$1,655,896)	R	(\$3,675,559)	R
The Subcommittee further reduced the inmate food budget due to a more realistic projection of inmate average daily population during the 1997-99 biennium and to anticipated system efficiencies (e.g. statewide automation of food inventory system; newly standardized menus) that have lowered the cost per meal to 83 cents.				
56 Reduce Staff at Parole Commission	(\$116,522)	R	(\$116,522)	R
Eliminate vacant positions at the Post-Release Supervision and Parole Commission due to declining numbers of inmates eligible for parole.				
	-4.00		-4.00	
57 Reserve -- Repeal Prison Cap -- Further Reduction	(\$79,568)	R	(\$79,568)	R
The Subcommittee identified additional funds that should have been deleted from the Prison Cap reserve. Total reduction will be \$579,568.				
58 Reduce Reserves for Structured Sentencing	(\$572,755)	R	(\$658,963)	R
Reduction in amount in reserves for new probation parole staff due to structured sentencing. The cost is reduced because a decline in the projected total supervised population and in the intensive population will necessitate fewer intensive teams being hired. The cost is also lowered to reflect a phase-in of intermediate punishment officers. Caseload averages for intermediate punishment officers will fall to 65:1 in 1998-9.				
	-14.00		0.00	

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59 Title VII Program -- Further Reduction	(\$276,797)	R	(\$276,797)	R
The Governor reduced this program by \$150,000, including two positions. The Subcommittee reviewed the program and took a reduction of 7 additional positions since the department has made significant progress in hiring, recruitment and promotion of females. The program will retain eight positions to monitor department wide progress. (Span of Control Study)	-7.00		-7.00	
60 Modular Housing -- Reduce Reserve	(\$543,132)	NR		
One-time reduction in reserve in 1997-98 due to delays in purchasing and siting modular housing units.				
61 Operating Cost for Inmate Work Crews	(\$70,000)	NR		
Fourteen inmate work crews are to be established at prison units where modular housing will be placed. Delays in siting modular units will delay starting the work crews so a one-time reduction in operating costs can be taken.				
62 Custody and Classification Unit	(\$219,935)	R	(\$519,935)	R
Reduce staffing from 17 positions to 10 since this unit will no longer be handling classification and movement of inmates housed out of state after inmates are returned to State prisons in December, 1997. The 1998-99 reduction includes elimination of \$300,000 for airfare for returning inmates from out of state prisons since they will be returned in 1997-98. (Span of Control Study)	-7.00		-7.00	
63 Private Prisons -- Substance Abuse Reserve	\$0	R	\$0	R
The General Assembly authorized funding in 1994 to contract for 500 private prison treatment beds. To date, only contracts for 350 of the beds have been awarded. DOC indicates that with the impact of Structured Sentencing, it will be difficult to keep 500 minimum security pre-release treatment beds full. It is recommended that \$1.2 million of the \$2.7 million in 1997-98 funding (approximately 70 of 150 beds) be diverted to offender aftercare programs (primarily substance abuse aftercare) that were funded in 1996-97 on a pilot basis only (See Special Provision).				
64 Prison Operating Reserve -- 87.5 Million Bond	(\$1,326,927)	R	(\$1,326,927)	R
Reduce positions and operating support for prisons constructed with funds from 1993 Bond. Reductions are based on reducing management levels and increasing employee to supervisor ratios as recommended in the Span of Control Study.	(\$1,288,633)	NR		
	-14.00		-14.00	
65 Prison Operating Reserves	(\$1,436,110)	R	(\$1,436,110)	R
Two actions were taken to reduce this reserve - recurring reductions based on the Span of Control Study and non-recurring reductions based on delays in prison completion (thus pushing back staff hiring dates).	(\$548,779)	NR		
	-30.00		-30.00	
66 Span of Control Study -- Department wide	(\$1,059,349)	R	(\$1,059,992)	R
Eliminate 18 positions department-wide. These positions were identified as part of the Span Of Control Study.	-18.00		-18.00	

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67 Polk Youth Institution	(\$1,320,181)	R	(\$1,320,181)	R
Reduce inmate operating costs for new prison (food, clothing, medical).				
68 Private Prisons Reserve -- Further Reduction	(\$1,646,952)	NR	(\$641,824)	NR
The Governor reduced this reserve by (\$2,900,000) due to delays in signing private prison contracts which changed construction completion dates. The Subcommittee took an additional one-time reduction based on a revised completion date for the two 500 bed facilities. Dates were changed from 2/98 to 5/98 for Pamlico and 5/98 to 8/98 for Avery/Mitchell. The construction/lease contract has now been signed.				
69 Reimbursement for Housing Aliens	(\$670,000)	R	(\$670,000)	R
Correction receives funding from the federal government for housing inmates who are illegal aliens. The DOC anticipates additional federal funds so the General Fund can be reduced to reflect increased receipts.				
70 Salary Reserve	(\$628,000)	R	(\$628,000)	R
Reduce salary reserve (funds generated by filling positions at salaries lower than budgeted).				
71 Health Services Budget	(\$2,357,972)	R	(\$3,088,686)	R
Based on revised projections of the average daily prison population, the Correction Health Services budget can be reduced.				
72 Close GPAC Prison Units	(\$3,302,599)	R	(\$3,964,705)	R
The General Assembly has closed or converted 16 of the 30 prison units originally identified in the GPAC study as being costly and inefficient to operate. Of the remaining 14 units, three units are too costly to operate -- Davie (\$89.40 per day in 1995-96 compared to statewide average of \$62 for medium security units); Haywood (\$61.53 per day compared to statewide average of \$47.87 for minimum security units); and, Henderson (\$70.45 compared to statewide average of \$47.87). Closings would be effective September 1, 1997.				
	-117.00		-117.00	
73 Guilford Diagnostic Center	(\$112,510)	R	(\$133,275)	R
Due to declining prison admissions, the General Assembly closed one inmate intake and diagnostic center in 1996-97 -- Southern Reception Center. The decline in admissions has continued and one additional diagnostic center is recommended for closing.				
	-5.00		-5.00	
74 Title VII Program -- Reserve Fund	(\$5,500,000)	NR		
The General Assembly authorized a \$5.5 million dollar reserve for payment to claimants as part of the settlement of the Title VII lawsuit. It now appears that it will be at least 1998-99 before all claims are received so the amount needed to pay claims cannot be determined at this time.				
75 Salary Reserve -- Further Reduction	(\$872,000)	R	(\$872,000)	R
This additional reduction would still leave Correction with approximately 25% of their salary reserve.				

Senate Subcommittee on Justice and Public Safety

76 Additional Supervision for Sex Offenders

Additional Probation/Parole Staff (17 officers, 2 Chief Officers and 2 Clerks) to supervise sex offenders at a caseload average of 60:1. All positions effective October 1, 1997.

\$672,699	R	\$896,932	R
21.00		21.00	

77 Additional Road Squads

Funding to add additional medium security inmate road squads at prisons recently completed or opening in 1997-98. These road squads will be assigned to work with the Department of Transportation to help maintain the state's highways. The recurring funds are for correctional officers to supervise these medium security inmates. (Ratio of 1 officer for every four inmates)

\$625,351	R	\$781,689	R
\$400,000	NR		
27.00		27.00	

78 ECO, Inc. Aftercare Program

Funds to establish a transitional residential program in Mecklenburg County for women leaving prison. The program will be run by Energy Committed to Offenders, Inc.

\$100,000	NR

79 Reserve for Enhanced Criminal Penalties

Establish a reserve for funding additional prison beds in 1998-99 due to enhanced criminal penalties as proposed by the Sentencing Commission. Given several factors -- increased prison beds needed due to these enhanced penalties; fluctuations in prison population projections; and, the need to maintain prison capacity at a reasonable level (at or below 130% of capacity) -- it was determined a reserve was necessary.

\$500,000	NR

Total Legislative Changes

(\$40,416,327)	R	(\$53,937,155)	R
(\$21,497,496)	NR	(\$141,824)	NR

Position Changes

-170.00	-156.00

Revised Budget

\$827,096,649	\$871,187,159

Crime Control and Public Safety

GENERAL FUND

Recommended Continuation Budget	FY 97-98 \$33,548,678	FY 98-99 \$33,530,244
Legislative Changes		
80 Administration – Span of Control Reduces funds for internship by \$34,124 (Student Temporary Wages). Reduces salary reserves by \$12,804. Eliminates \$21,582 for Indirect Cost Receipts. All of these reductions were based on recommendations by the Span of Control Study.	(\$68,510) R	(\$68,510) R
81 Emergency Management – Span of Control Reduce funding of Hazardous Materials Response Teams to local governments by \$17,202 to amount actually needed (\$382,798 remains in continuation budget).	(\$17,202) R	(\$17,202) R
82 Victim & Justice Services – Span of Control Eliminate 1 supervisory position based on recommendations of the Span of Control Study.	(\$46,604) R -1.00	(\$46,604) R -1.00
83 Governor's Crime Commission – Span of Control Reduce state agency matching funds for use by the Department of Crime Control and Public Safety or other state agencies to match Governor's Crime Commission Grants (\$150,398 remains in continuation budget).	(\$43,797) R	(\$43,797) R
84 Crime Prevention – Span of Control Eliminate 2 Community Development Specialists positions as recommended by the Span of Control Study.	(\$96,419) R -2.00	(\$96,419) R -2.00
85 Drug Enforcement - State Agency Match Reduces funds by \$70,398 for grant matching monies that other State departments and agencies use for Governor's Crime Commission grants relating to drug enforcement. (\$80,000 remains in the continuation budget for the Department of Crime Control and Public Safety to use as their matching funds for grants.)	(\$70,398) R	(\$70,398) R
86 Additional Community Service Coordinators Fund 5 additional community service work program coordinators to be allocated to the districts with the highest caseload averages. All positions are effective 10/1/97.	\$118,999 R \$15,830 NR 5.00	\$158,665 R 5.00

Senate Subcommittee on Justice and Public Safety

87 CJIN Hardware/Software

Provide \$156,600 of recurring funds to lease equipment space and telephone lines at 30 new tower sites along the interstate highway system. Provide \$2,250,000 of nonrecurring funds to establish Data Ready Base Stations, Base Station Antennas, and RF Transmission Facilities for 30 new tower sites along the interstate highway system. Also provide \$1,700,000 in nonrecurring funds for the purchase of 200 Mobile Data Computers for Highway Patrol vehicles. These computers will be added to patrol vehicles that are stationed along the interstate highway system. (All funds for these portions of the Criminal Justice Information Network project are provided by the Highway Fund.)

\$0 R
\$0 NR

\$0 R
\$0 NR

88 Emergency Management Personnel

Provides funding for four new positions within the Division of Emergency Management. These four positions include two Planner I positions, a Budget/Finance Officer position, and a Disaster Recovery Manager. Positions are effective October 1, 1997.

\$120,086 R
\$36,000 NR
4.00

\$160,118 R
4.00

Total Legislative Changes

(\$103,845) R
\$51,830 NR

(\$24,147) R
\$0 NR

Position Changes

6.00

6.00

Revised Budget

\$33,496,663

\$33,506,097

Housing Finance Agency

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$2,300,000	\$2,300,000
Legislative Changes		
Housing Finance Agency		
1 Housing Trust Fund		
Support for the Housing Trust Fund.	\$5,000,000	NR
Total Legislative Changes		
	\$5,000,000	NR
Position Changes		
Revised Budget	\$7,300,000	\$2,300,000

Agriculture

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$49,480,730		\$49,688,983	
Legislative Changes				
Agricultural Finance Authority				
2 Reduce General Fund Appropriation	(\$10,000)	R	(\$10,000)	R
Reduce the General Fund appropriation to the Authority by utilizing the interest income earned by the Farm Reserve Loan Fund for the Authority's operating expenses.				
Agronomic Services				
3 Agronomic Advisory Services	\$314,767	R	\$445,117	R
Funds to increase waste disposal and water management services provided by the Agronomics Division to meet the demand for increased technical assistance from regional agronomists and section chiefs.				
	\$217,151	NR		
	7.00		8.00	
Food and Drug Protection				
4 Food Related Facilities Funds	\$113,994	R	\$113,994	
Funds to continue support for inspection of food processing facilities, food storage warehouses, retail stores, and medicated livestock-feed manufacturing facilities.				
	4.00		4.00	
Grants-in-Aid				
5 Fair and Exhibition Center				
Funds for a fair and exhibition center.				
	\$1,500,000	NR		
6 Stanly County Agri-Center				
Funds for the Stanly County Agri-Center.				
	\$50,000	NR		
7 Haywood County Agri-Center				
Funds for the Haywood County Agri-Center.				
	\$200,000	NR		
8 North Carolina Tobacco Museum				
Grant-in-aid to support the North Carolina Tobacco Museum in Kenly.				
	\$25,000	NR		

Senate Subcommittee on Natural and Economic Resources

Maritime Museum

9 Transfer Maritime Museum to Cultural Resources

(\$792,227) R (\$786,713) R

Transfer positions, equipment, and operating support for the North Carolina Maritime Museum to the Department of Cultural Resources.

-17.25 -17.25

	FY 1997-98	FY 1998-99
Requirements	\$792,527	\$787,013
Receipts	(\$ 300)	(\$ 300)
Appropriation	\$792,227	\$786,713

Marketing

10 Grant-in-Aid

\$37,000 R \$37,000 R

Increase grant-in-aid to the Western North Carolina Development Association.

Plant Industry - Plant Protection

11 Bee Regulatory Support

\$170,212 R \$170,212 R

Funds for expanded regulatory support to protect the North Carolina bee and honey industry from parasitic mites, bee disorders and the Africanized bee.

\$45,894 NR
2.00 2.00

Total Legislative Changes

(\$166,254) R (\$30,390) R
\$2,038,045 NR

Position Changes

-4.25 -3.25

Revised Budget

\$51,352,521 \$49,658,593

Labor

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$16,068,855	\$15,986,184

Legislative Changes

Boiler and Pressure Vessel Bureau

12 Expand Inspection Staff with Receipt Support

Adds four boiler and pressure vessel inspection staff to conduct safety inspections in accordance with the inspection intervals required in statute. Funding support will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1997-98	FY 1998-99
Requirements	\$ 211,316	\$ 196,316
Receipts	(211,316)	(196,316)
Appropriation	0	0

Elevator and Amusement Device Bureau

13 Expand Inspection Staff with Receipt Support

Adds four elevator inspection staff and one administrative support position to conduct safety inspections -- at six month intervals -- of all elevators in the state. Funding support will be provided with increased receipts generated by these positions assisting in the increased frequency of elevator inspections from an average of every 10 months to every 6 months.

	FY 1997-98	FY 1998-99
Requirements	\$ 248,061	\$ 228,361
Receipts	(248,061)	(228,361)
Appropriation	0	0

Information Office

14 1-800-LABOR-NC

Provide additional operating support for the Department's toll-free telephone number.

\$12,000	R	\$14,500	R

OSHNC Division

15 Transfer Enforcement Positions to Federal Support

Shifts six OSH Enforcement Positions from 100% state funded support to a combination of 50% federal and 50% state funded support.

(\$192,546)	R	(\$192,546)	R
-6.00		-6.00	

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Total Legislative Changes	(\$180,546)	R	(\$178,046)	R
Position Changes	-6.00		-6.00	
Revised Budget	\$15,888,309		\$15,808,138	

Environment, Health, and Natural Resources

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$253,269,888		\$252,502,338	
Legislative Changes				
(2.00) Environmental Education				
16 Environmental Education Grant Fund	\$200,000	R	\$200,000	R
Funds to provide grants to schools, community organizations and environmental education centers to develop environmental education libraries.				
(2.00) Forest Resources				
17 Reduce equipment	(\$200,000)	R	(\$200,000)	R
Reduce communications equipment budget.				
18 Defer Equipment Replacement	(\$500,000)	R	(\$500,000)	R
Defer replacement of certain property, plant and equipment items in forestry field operations.				
19 Increase Receipts	(\$120,000)	R	(\$120,000)	
Increase receipts collected from counties. Counties share in the cost of forestry operations with a match based on the tax base of the county.				
20 Additional Fire Fighting Support	\$2,500,000	NR		
Funds for the provision of vehicles/equipment for forest fire fighting purposes.				
21 Rural Community Fire Protection Program	\$100,000	R	\$100,000	R
Funds to provide support to the Rural Community Fire Protection Program.				
22 Museum of Forestry	\$1,500,000	NR		
Grant-in-aid to Columbus County for planning and developing a Museum of Forestry.				
23 Lincoln/Gaston Helicopter Funds	\$282,560	NR		
Funds to cover the costs associated with preparing a federal surplus helicopter for fire control in Lincoln and Gaston Counties.				

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(2.00) Marine Fisheries

24 Moratorium Steering Committee

(\$25,000) R (\$25,000) R

Eliminate funding for the Fisheries Moratorium Steering Committee, which submitted its final report to the Joint Legislative Commission on Seafood and Aquaculture in October 1996.

25 Reduce Marine Fisheries Patrol Equipment

(\$187,321) R (\$187,321) R

Reduce equipment budget to reflect reduced equipment needs associated with the Marine Fisheries law enforcement expansion request funded in 1995, in accordance with the five year fiscal estimate submitted by the division.

26 Operating Reserve for Patrol Vessel

\$97,436 R

Fund vessel operating reserve for the 1998-99 fiscal year. The reserve is for a patrol vessel funded with a 1996-97 capital improvement appropriation and was omitted from the continuation budget by error.

(2.00) Museum of Natural Sciences

27 Grassroots Science Museums

\$100,000 R
\$2,550,000 NR

Additional funds for Grassroots Science Museums.

(2.00) Parks and Recreation

28 Reduce Operating Reserve

(\$300,000) NR

Reduce operating reserve for State Parks System.

29 Adopt-a-Trails Program

Nonrecurring funds to expand the Adopt-a-Trails grant program.

\$50,000 NR

30 Law Enforcement Salary Adjustment

\$363,407 R \$374,409 R

Funds to adjust the average salary of law enforcement officers in Parks and Recreation based on the average salary of law enforcement officers in the Division of Marine Fisheries and the Wildlife Resources Commission.

(2.00) Soil and Water Conservation

31 Agriculture Cost Share for Animal Waste Management

Additional funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to assist existing farming operations in obtaining approved animal waste management plans.

\$2,000,000 NR

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32 Agriculture Cost Share County Technical Assistance	\$300,000	R	\$300,000	R
Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural BMPs to improve water quality.				
(3.00) Air Quality				
33 Increase Receipts	(\$200,000)	R	(\$200,000)	R
Increase the budgeted amount of program receipts and reduce the General Fund appropriation by an equal amount.				
(3.00) Land Resources				
34 Dam Safety Inspection and Assistance	\$255,336	R	\$255,336	R
Funds to establish additional positions to increase the number of dam inspections and to provide technical assistance to owners in the areas of design and construction planning, maintenance, repairs, and emergency action plans.	\$19,000	NR		
	5.00		5.00	
(3.00) Water Quality				
35 Wastewater Treatment System Operator Training	\$474,795	NR		
Funds to provide training, certification and continuing education courses for wastewater treatment system operators for one year.	5.00			
36 Regional Wastewater Management	\$1,000,000	NR		
Funds to develop a regional wastewater collection, treatment and disposal system that uses innovative technology to reduce nutrient and organic loadings to surface waters.				
37 Federal Wastewater Assistance Matching Funds	\$4,001,775	NR		
Funds to provide the 20% state match required to receive federal wastewater assistance through US EPA's Water Pollution Control Program. Funds will be used to provide low interest loans to local units of government for wastewater construction and improvement projects.				
38 Basinwide Data Management System Development	\$260,846	R	\$375,153	R
Funds for a program delivery initiative to focus on consolidating all existing databases and facilitating access to environmental programs and data. Support staff and equipment needed to maintain the system will be phased in.	1.00		3.00	
39 Citizens' Monitoring Program	\$286,950	R	\$286,950	R
Funds to establish a citizens' water quality monitoring program. State program staff will be responsible for training volunteers in water quality monitoring and quality assurance activities, coordinating local efforts, and providing program oversight.	\$6,900	NR		
	2.00		2.00	

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(3.00) Water Resources

40 Regional Groundwater Management

\$150,000 R \$150,000 R

Funds for monitoring in the Black Creek and Upper Cape Fear aquifers and for maintenance of monitoring wells in the area. The effective date for these positions is October 1, 1997.

3.00 3.00

(4.00) Environmental Health

41 Assistance to Local On-Site Wastewater Programs

\$113,016 R \$113,016 R

Funds to provide additional training, technical assistance and regulatory oversight to local programs in the areas of plan review, septic tank design, manufacture, installation and performance.

\$11,900 NR 2.00 2.00

42 Straight Pipe Elimination Program

\$87,500 R \$87,500 R

Funds to provide additional staff to identify and eliminate straight pipe sewage and wastewater discharges and failing septic systems throughout the state.

\$12,500 NR 2.00 2.00

43 Evaluation of Septic Problems

Funds to evaluate the condition of septic tanks in the Neuse River Basin.

\$150,000 NR

44 Support for Local Environmental Health Programs

\$473,870 R \$473,870 R

Funds to provide training, continuing education and technical assistance to local environmental health specialists performing food, lodging and institution inspections, and other regulatory activities to ensure the sanitation and safety of swimming pools, spas and tattoo artists.

\$26,130 NR 8.00 8.00

45 Food Sanitation Training Funds

Funds to provide training and continuing education to persons who conduct food and lodging inspections for county health departments.

\$100,000 NR

46 Federal Water Supply Assistance Matching Funds

Funds to provide the 20% state match required to receive a federal capitalization grant through US EPA's Drinking Water State Revolving Fund Program. Funds will be used to provide low interest loans to public water systems for capital expenditures associated with drinking water regulations and compliance.

\$9,222,820 NR

47 Coastal Water Quality Monitoring

\$337,566 R \$337,566 R

Funds to develop and implement a program to monitor coastal area waters, rivers and sounds for contaminants to protect the public health of swimmers and other recreational users of the state's coastal waters.

\$59,500 NR 6.00 6.00

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48 Childhood Lead Exposure Control

Funds to expand the state's Childhood Lead Poisoning Prevention Program to emphasize compliance with maintenance standards to minimize lead hazards. Funds contingent upon passage of SB 806.

\$210,879	R	\$210,879	
\$26,200	NR		
3.00		3.00	

(4.00) Epidemiology

49 Alcohol Chemical Testing Certification Program

Reduce General Fund support for the alcohol chemical testing training and certification program to more accurately reflect actual expenditures.

(\$200,000)	R	(\$200,000)	R

50 Rabies Detection and Prevention Program

Funds to provide additional professional consultation and education services to help prevent the spread of rabies.

\$50,000	R	\$50,000	R
1.00		1.00	

(4.00) Health Promotion

51 Heart Disease & Stroke Prevention Awareness

Funds to develop and maintain a database of existing cardiovascular disease related services and to conduct a statewide media campaign to raise awareness about cardiovascular disease, as recommended by the Heart Disease and Stroke Prevention Task Force established in 1995.

\$170,500	R	\$170,500	R
\$29,500	NR		

52 Heart Disease Data Funds

Funds to begin the identification, coordination and assessment of existing cardiovascular databases within the state.

\$100,000	NR		

53 Cancer Control Plan Implementation Funds

Funds to begin implementation of the North Carolina Cancer Control Plan prepared by the Advisory Committee on Cancer Coordination and Control.

\$500,000	NR		

54 Osteoporosis Task Force

Funds to establish and support the Osteoporosis Task Force.

\$200,000	NR		

55 Arthritis Program

Continue grant-in-aid for private local project providing services to arthritis patients in Mecklenburg County.

\$15,000	NR		

56 State Games of North Carolina

Funds for the Governor's Council on Physical Fitness to support the State Games.

\$200,000	NR		

(4.00) Maternal and Child Health

57 Maternal Outreach Worker Program

Funds to expand the maternal outreach worker program by providing funding for 63 additional home visitors employed by local service providers.

\$825,000	R	\$825,000	R
1.00		1.00	

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58 Children's Vision Screening Program	\$419,000	R	\$419,000	R
Funds to support a statewide training and certification program for school-based vision screeners. The department will contract with Prevent Blindness, Inc. to implement the program.				
59 Cochlear Implants	\$230,000	R	\$230,000	R
Funds for grant to UNC Board of Governors for the Carolina Communicative Disorders Program at the School of Medicine at UNC-Chapel Hill to provide cochlear implants and other communication devices for hearing impaired children.				
60 UNC Craniofacial Center	\$343,000	R	\$343,000	R
Funds for grant to UNC Board of Governors for the UNC Craniofacial Center at the School of Dentistry at UNC-Chapel Hill to provide diagnostic and treatment services for children with craniofacial anomalies.				
(5.00) Reserves and Special Funds				
61 Water Conservation and Infrastructure District	(\$500,000)	R	(\$500,000)	R
Nonrecurring funds appropriated for the District by the 1995 General Assembly were not eliminated from the 1997-99 continuation budget in error.				
62 Maintenance of Existing Water Quality Programs	\$1,000,000	NR		
Reserve to maintain the existing level of staff in the Water Quality Section to continue water quality programs and activities at the current level of service for one year.				
63 Cape Fear River Assembly, Inc.	\$1,500,000	NR		
Funds for programs to monitor and improve the water quality of the Cape Fear River.				
64 Roanoke-Pamlico Estuary System Water Quality	\$400,000	NR		
Funds to establish a water quality monitoring program for the Roanoke-Pamlico Estuary System.				
65 Healthy Start Foundation	\$650,000	NR		
Funds to provide statewide planning, promotion, and coordination for the First Step Campaign and to support other programs and activities aimed at reducing infant mortality.				
(6.00) Department Wide				
66 Salary Reductions/Span of Control	(\$2,335,425)	R	(\$2,335,425)	R
Represents the Department's allocated share of this overall reduction.				
(7.00) Wildlife Resources Commission				
67 South Mountains Gamelands Funds	\$5,000,000	NR		
Funds to assist in the acquisition of gamelands for hunting, fishing, outdoor recreation, and conservation in the South Mountains.				

Total Legislative Changes	\$1,009,124	R	\$1,231,869	R
	\$33,288,580	NR		
Position Changes	39.00		36.00	
Revised Budget	\$287,567,592		\$253,734,207	

Commerce

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$37,221,648		\$37,240,885	
Legislative Changes				
Administrative Services				
68 Budget Indirect Cost Receipts	(\$52,000)	R	(\$52,000)	R
Increase the budgeted amount of indirect costs receipts and reduce General Fund appropriation by an equal amount.				
Business and Industry Division				
69 Marketing Missions and Trade Shows	\$80,000	R	\$120,000	R
Increases funding support for the Division's participation at industry trade shows and for conducting national marketing missions.				
70 Fund Industrial Recruitment Competitive Fund				
Provides nonrecurring funding support for the Industrial Recruitment Competitive Fund.				
71 Regional Office Staff Support	\$22,100	R	\$26,000	R
Provides an administrative support position for the Piedmont Triad Regional Office. The effective date of the position is September 1, 1997.				
	\$5,900	NR		
	1.00		1.00	
Community Assistance				
72 Reduce Councils of Government (COGs) Funding	(\$180,000)	R	(\$180,000)	R
Reduce General Fund support for Councils of Government/Lead Regional Organizations across the state.				
Department Wide				
73 Salary Reductions/Span of Control Study	(\$672,485)	R	(\$672,485)	R
Represents the Department's allocated share of this overall reduction.				
	-17.00		-17.00	
Economic Development Program				
74 Reduce Support for Data Processing & Subscriptions	(\$29,000)	R	(\$29,000)	R
Reduce funding support for data processing services, subscriptions, and membership dues.				

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75 New and Emerging Industry Planning

\$300,000 R \$300,000 R

Provides recurring funding for contracts and operating support to target high growth and emerging technology industries for recruitment to the state, promote technology transfer and entrepreneurship and to develop business support networks within the state.

Executive Aircraft

76 Reduce Repair Funds

(\$188,000) R (\$188,000) R

Reduce funding support for aircraft repair.

Film Office

77 Reduce Travel

(\$25,000) R (\$25,000) R

Reduce budget for board and nonemployee transportation.

Global TransPark Marketing

78 Reduce Support for Global TransPark Marketing

(\$150,000) R (\$150,000) R

Reduce General Fund transfer from the Department of Commerce to the Global TransPark Authority in the Department of Transportation for marketing the Global TransPark.

Industrial Commission

79 Budget Hearing Cost Receipts

(\$202,000) R (\$202,000) R

Increase the budgeted amount of the Commission's Hearing Cost receipts and reduce General Fund appropriations by an equal amount.

80 Case Management System

\$638,571 R \$638,571 R

Provides funds for operating and maintenance costs, staff support to maintain hardware and software, and to develop system applications.

\$17,700 NR 3.00 3.00

81 Temporary Positions

Provides nonrecurring funds to support temporary positions to assist with the Commission's backlog of claims, hearings, and appeals.

\$100,000 NR

82 Increase Industrial Commissioners Salaries

\$113,730 R \$113,730 R

Increases the salaries of the Industrial Commission's six Commissioners to the same amount as that for District Attorneys. Increases the salary of the Chairman of the Industrial Commission to the same amount as District Attorneys plus an additional \$1,500 per annum.

Industrial Finance Center

83 Increase Industrial Development Fund

Provides a \$1 million nonrecurring expansion for the Industrial Development Fund.

\$1,000,000 NR

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84 Fund Utility Account (Industrial Development Fund)

Provides nonrecurring funding support for economic development related water and sewer infrastructure projects in tier one enterprise counties.

\$2,000,000 NR

85 Increase Operating Support

Provides additional operating support for the Industrial Finance Center.

\$50,000 R
\$20,000 NR

\$50,000 R

International Trade

86 Global Offices

Funds to contract with representatives to expand the division's foreign offices into 4 new and emerging markets in and around South Africa, the United Kingdom, South America, and the Middle East.

\$300,000 R

\$300,000 R

87 Foreign Trade Shows

Increase recurring funding for trade shows and missions to expose small and medium sized companies to the international marketplace.

\$200,000 R

\$200,000 R

88 International Trade Specialists

Increase the number of international trade specialists to enhance the state's marketability to potential customers in "Big Emerging Markets" (BEM). The effective date of these positions is September 1, 1997.

\$180,736 R
\$12,000 NR
2.00

\$196,044 R
2.00

Reserves and Transfers

89 Reduce Support for the Regional Commissions

Reduces grant-in-aid support for the seven Regional Economic Development Commissions from \$4.68 million to \$4.455 million.

(\$225,000) R

(\$225,000) R

90 Year of the Mountain

Reserve for planning initiatives.

\$300,000 NR

91 Transfer to East Carolina University

Provides nonrecurring funds to be transferred to the UNC Board of Governors for East Carolina University to provide start-up and operating expenses to support the L.T. Walker International Human Performance Center.

\$350,000 NR

92 Institute for Aeronautical Technology

Provides \$1 million in nonrecurring funding for the Institute for Aeronautical Technology. Funds are to be used for planning, design, and land acquisition.

\$1,000,000 NR

93 Special Olympics 1999 World Summer Games

Nonrecurring funds to support the Special Olympics 1999 World Summer Games.

\$700,000 NR

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Travel and Tourism

94 Budget Additional Receipts	(\$12,000)	R	(\$12,000)	R
Increase the amount of budgeted receipts and reduce General Fund appropriation by an equal amount.				
95 Advertising Funds	\$1,000,000	R	\$1,000,000	R
Expand current promotional advertising funds and associated expenses to promote North Carolina as a travel destination.				
96 International Marketing	\$950,000	R	\$950,000	R
Funds to continue and expand the promotion of North Carolina as a travel destination in the international arena.				
97 1-800-VISIT-NC	\$250,000	NR		
Additional funds for the tourism hotline operated at Women's Prison.				
98 Rural Tourism Development Funds	\$300,000	NR		
Funds to support the Rural Tourism Development Grants program.				
99 Heritage Tourism	\$300,000	R	\$300,000	R
Funds to operate small scenic attractions of historic value to the state.				
	6.00		6.00	

Wanchese Seafood Industrial Park

100 Restore Governor's Reduction	\$122,594	R	\$122,594	R
Restore Governor's recommended continuation budget reduction in funding and positions.				
	3.00		3.00	

Total Legislative Changes	\$2,522,246	R	\$2,581,454	R
	\$7,055,600	NR		
Position Changes	-2.00		-2.00	
Revised Budget	\$46,799,494		\$39,822,339	

State Aid to Non-State Entities

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$1,475,000		\$1,475,000	
Legislative Changes				
Grants-in-Aid				
101 Land Loss Prevention Project	(\$275,000)	R	(\$275,000)	R
Eliminate recurring appropriation for the Land Loss Prevention Project and defer consideration to expansion.				
102 Coalition of Farm and Rural Families	(\$145,000)	R	(\$145,000)	R
Eliminate recurring appropriation to the Coalition of Farm and Rural Families and defer consideration to expansion.				
103 Institute of Minority Economic Development	(\$780,000)	R	(\$780,000)	R
Eliminate recurring appropriation and defer consideration to expansion.				
104 North Carolina Minority Support Center	(\$275,000)	R	(\$275,000)	R
Eliminate recurring appropriation and defer consideration to expansion.				
105 Land Loss Prevention Project				
Funds to provide free legal representation to low-income, financially distressed farmers.				
	\$300,000	NR		
106 Coalition of Farm and Rural Families				
Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.				
	\$250,000	NR		
107 Institute for Minority Economic Development				
Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.				
	\$830,000	NR		
108 North Carolina Minority Support Center				
Funds to provide technical assistance to community-based minority credit unions.				
	\$375,000	NR		
109 Technological Development Authority				
Grant-in-aid to the N.C. Technological Development Authority, Inc. for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting research commercialization programs and matching federal grant and loan funds.				
	\$3,000,000	NR		

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110 World Trade Center North Carolina

Grant-in-Aid to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses.

\$300,000 NR

111 Center for Community Self-Help

Provide funds to further a statewide program of lending for home ownership.

\$5,000,000 NR

112 Yadkin/Pee Dee Lakes Project

Funds to the Yadkin/Pee Dee Lakes Project, Inc. to promote tourism and economic development in the area.

\$100,000 NR

Total Legislative Changes

(\$1,475,000) R (\$1,475,000) R

\$10,155,000 NR

Position Changes

Revised Budget

\$10,155,000

\$0

NC Biotechnology Center

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$7,664,396	\$7,664,396

Legislative Changes

NC Biotechnology Center

113 Economic Development Investment Fund

Nonrecurring funding increase for the N.C. Biotechnology Center's Economic Development Investment Fund. Funds provided are to be used for loans or equity investment to biotechnology companies and to biomedical and other bioscience related companies.

\$7,500,000 NR

Total Legislative Changes

\$7,500,000 NR

Position Changes

Revised Budget

\$15,164,396

\$7,664,396

Rural Economic Development Center

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$5,870,000		\$5,870,000	
Legislative Changes				
N.C. Association of CDCs				
114 N.C. Association of CDCs	(\$150,000)	R	(\$150,000)	R
Eliminate recurring funding for the North Carolina Association of Community Development Corporations, Inc. and defer consideration to expansion.				
115 N.C. Association of CDCs	\$200,000	NR		
Funding for the North Carolina Association of Community Development Corporations, Inc. to provide training and technical assistance to community development corporations statewide.				
N.C. Community Development Initiative				
116 Additional Funds	\$200,000	R	\$200,000	R
Additional funds for the North Carolina Community Development Initiative to support operating and program activity grants to mature community development corporations.				
Rural Economic Development Center				
117 Supplemental Funding Program	\$2,400,000	NR		
Additional funds to support the Supplemental Funding Program for economic development in rural communities.				
Total Legislative Changes	\$50,000	R	\$50,000	R
	\$2,600,000	NR		
Position Changes				
Revised Budget	\$8,520,000		\$5,920,000	

Transportation

HIGHWAY FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$1,082,397,705	\$1,087,670,091

Legislative Changes

Administration

(0000) All Divisions

1 Position Reductions	(\$135,000)	R	(\$135,000)	R
Eliminate 3 vacant positions:				
	-3.00		-3.00	
Asst. Sec. for Government Affairs				
Deputy Secretary				
Personnel Tech III				
2 Reduce Operating Expenses	(\$130,000)	R	(\$130,000)	R
Travel/Other Employee Expenses (22XX)	(\$10,000)			
Payments for Services (22XX)	(\$100,000)			
Materials and Supplies (24XX)	(\$10,000)			
Equipment (25XX)	(\$10,000)			
Total	(\$130,000)			

(0110) Board of Transportation

3 Reduce Operating Expenses	(\$26,000)	R	(\$26,000)	R
Per Diem (2231)	(\$16,000)			
Board-Council Expenses (2235)	(\$10,000)			
Net	(\$26,000)			

(0210) Fiscal

4 Reduce Operating Expenses	(\$10,000)	R	(\$10,000)	R
Travel and Subsistence (2236-40)	(\$18,000)			
Hwy Trust Fund Trans. (0914)	\$ 8,000			
Net	(\$10,000)			

(0220) MIS

5 Support for Year 2000 Conversion				
Contract personnel to provide technical support for the Year 2000 conversion.	\$4,835,000	NR	\$5,575,000	NR
6 Support for Vehicle Registration System (STARS)	\$600,457	R	\$600,457	R
Contract personnel to provide programming support for the Vehicle Registration System (STARS).	\$600,447	NR		

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7 Support for Driver License System

Contract personnel to provide programming support for the
Driver License System.

\$421,852 R
\$140,618 NR

\$421,852 R

(0250) Internal Audit

8 Reduce Operating Expenses

Educational Expenses (2233) (\$3,000)
Hwy Trust Fund Trans. (0914) \$1,650
Net (\$1,350)

(\$1,350) R

(\$1,350) R

(0290) Director of Administration

9 Reduce Operating Expenses

Professional Fees (2310) (\$50,000)
Hwy Trust Fund Trans. (0914) \$50,000
Net (\$ 0)

\$0 R

\$0 R

10 Increase Receipts

Employee Commuting Fees (0994) \$185,000

(\$185,000) R

(\$185,000) R

(0660) Ferry Division

11 Increase Receipts

Charges to Work Orders (0910) \$10,000

(\$10,000) NR

Operations

(0000) All Divisions

12 Reduce Operating Expenses

Travel/Other Employee Expenses (22XX) (\$30,000)
Payments for Services (22XX) (\$30,000)
Materials and Supplies (24XX) (\$10,000)
Equipment (25XX) (\$15,000)
Total (\$85,000)

(\$85,000) R

(\$85,000) R

(1030) Chief Engr of Operations

13 Reduce Operating Expenses

Educational Expenses (2233) (\$20,000)
Hwy Trust Fund Trans (0914) 11,400
Net (8,600)

(\$8,600) R

(\$8,600) R

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(2050) Division Five

14 Reduce Operating Expenses			(\$18,510)	R		(\$18,705)	R
		97/98	98/99				
Telephone (2322)		(\$7,000)	(7,210)				
Data Processing Equip (2510)		(15,000)	(15,000)				
Hwy Trust Fund Trans. (0914)		3,490	3,505				
Net		(18,510)	(18,705)				

(2140) Division Fourteen

15 Reduce Operating Expenses			(\$2,250)	R		(\$2,250)	R
Repairs (2342)		(\$3,000)					
Hwy Trust Fund Trans. (0914)		750					
Net		(\$2,250)					

(2210) Highway Design

16 Reduce Operating Expenses			(\$51,710)	R		(\$51,710)	R
Subsistence & Travel (2236;7)		(\$20,000)					
Repairs (2347)		(5,000)					
Photographic Supplies (2410)		(12,000)					
Engr & Drafting Equip (2512)		(20,000)					
Services by Other Hwy Div. (2640)		(30,000)					
Hwy Trust Fund Trans. (0914)		35,290					
Net		(51,710)					

17 Increase Estimated Receipts			(\$75,000)	R		(\$75,000)	R
Direct Charges to Job Orders (0910)		(\$50,000)					
Other Receipts (0990)		(25,000)					
Net		(75,000)					

(2230) Maintenance

18 Reduce Operating Expenses			(\$33,350)	R		(\$33,350)	R
Subsistence & Travel (2236;7)		(\$35,000)					
Rent of Equip (2522)		(5,000)					
Hwy Trust Fund Trans. (0914)		6,650					
Net		(33,350)					

(2240) Construction

19 Reduce Operating Expenses			(\$7,000)	R		(\$7,000)	R
Laboratory Equipment (2514)		(\$7,000)					

(2260) Safety & Loss Control

20 Reduce Operating Expenses			(\$24,000)	R		(\$24,000)	R
Educational Expenses (2233)		(\$9,000)					
Subsistence and Travel (2236;7;8;9;40)		(15,000)					
Net		(24,000)					

Senate Subcommittee on Transportation

(2320) Traffic Engineering

21 Reduce Operating Expenses	(\$6,300)	R	(\$6,300)	R
Subsistence and Travel (2236;7;8;9;40)	(\$7,500)			
Hwy Trust Fund Trans. (0914)	1,200			
Net	(6,300)			

(2330) Right of Way

22 Reduce Operating Expenses	(\$5,000)	R	(\$5,000)	R
Subsistence and Travel (2236;7;8;9;40)	(\$5,000)			

(2420) Highway Engineering Assoc. Prog.

23 Increase Receipts	(\$250,000)	R	(\$250,000)	R
Direct Charges-Work Orders (0910)	\$250,000			

Construction and Maintenance

(5180) Construction - Discretionary

24 Increase Small Urban Programs	\$4,000,000	R	\$4,000,000	R
Provides an additional funding for rural and small urban highway improvements, industrial access and spot safety.				

(5240) Contract Resurfacing

25 Additional Resurfacing Funds	\$9,589,211	R	\$9,589,211	R
To provide additional funds for contract resurfacing.	\$11,395,044	NR		

Senate Subcommittee on Transportation

(5400) Capital Improvements

26 Capital Facilities Improvements

To provide funds for capital facilities improvements. \$12,100,000 NR

- 1.R.E.U. Office/Assembly & Storage Facility
Newton - \$434,000
- 2.Equipment Shop, Const.
Marion - \$1,103,000
- 3.Transportation Bldg. Upgrade - Chiller
Raleigh - \$469,000
- 4.Site Planning & Utilities Const.
Asheboro - \$128,000
- 5.Equipment Shop, Const.
Asheboro - \$1,024,000
- 6.Century Center Renovation - Electrical
Raleigh - \$439,000
- 7.Maint. Office/Assembly
Franklin - \$405,000
- 8.DMV - Bldg. Renovation & Addition
Morganton - \$198,000
- 9.Resident Engr's. Office, Const.
Lumberton - \$294,000
- 10.DMV - Bldg. Renovation & Addition
Charlotte - \$262,000
- 11.R.E.U./Road Oil Building
North Wilkesboro - \$1,127,000
- 12.Land Purchase, 1.5 Acres
Currituck - \$84,000
- 13.DMV - HVAC Replacements
Statewide - \$300,000
- 14.DOH - Water and Sewage Systems
Statewide - \$132,000
- 15.Transportation Bldg. Upgrade - Plumbing
Raleigh - \$303,000
- 16.DOH - Misc. (Small) Office Additions
Statewide - \$120,000
- 17.DMV - Life Safety Upgrades
Raleigh - \$142,000
- 18.DMV - Water and Sewage Systems
Statewide - \$100,000
- 19.Weigh Stations - Electrical Renovations
Statewide - \$100,000
- 20.Weigh Stations - HVAC Renovations
Statewide - \$84,000
- 21.DMV - Pkg. Lot Renovations
Statewide - \$185,000
- 22.Div. Traffic Serv. Office/Shop/Whse., Const.
Carthage - \$1,355,000
- 23.Pesticide Storage Bldg., Const.
Carthage - \$75,000
- 24.Salt Storage Facilities
Statewide - \$532,000
- 25.Repair/Supply Facility, Const.
Hatteras North Dock - \$721,000
- 26.DMV - Bldg. Renovation & Addition
North Wilkesboro - \$198,000
- 27.DMV - Roof Replacements

Senate Subcommittee on Transportation

Statewide - \$263,000
28.DMV- Exterior Renovations
Statewide - \$238,000
29.DMV - Interior Renovations
Statewide - \$182,000
30.DMV - Bldg. Renovations & Addition
Sanford - \$378,000
31.DMV - Renovation & Addition
Graham - \$60,000
32.DMV - Computer Room Renovation
Raleigh - \$99,000
33.Land Purchase, 0.75 Acre
Hayesville - \$100,000
34.New Division Office, Land Purchase & Des.
North Wilkesboro - \$366,000
35.Renovate Maintenance Facility
Onslow County - \$100,000

(5600) Federal Construction

27 Reduce Federal Aid Match

Reduce Highway Fund appropriations used to match Federal Aid. (\$8,783,547) NR

(5940 & 5970) State Aid - Rail and Public Transit

28 Public Transportation Improvements

To provide additional funds for the improvement of passenger rail service and support of local public transportation systems.	\$12,600,000	R	\$12,600,000
	\$13,400,000	NR	

Division of Motor Vehicles

(0520) Vehicle Registration

29 Adjust Operating Expenses

Professional Fees (2310)	(\$ 40,000)	\$300,000	R	\$300,000	R
Insurance and Bond Premium (2351)	(\$ 30,000)				
Uniforms, Arms, Etc (2412)	(\$ 1,409)				
Branch Agent Commissions (2314)	\$268,909				
Data Processing Equipment (2510)	\$ 40,000				
Hwy Trust Fund Trans. (0914)	\$ 62,500				
Net	\$300,000				

30 Increase Receipts

Registration Info. Receipts (0985)	\$225,000	(\$260,000)	R	(\$260,000)	R
Acknowledgment Fees (0986)	\$ 35,000				
Net	\$260,000				

31 Service and Maintenance of Equipment

Increased service and maintenance costs for data processing equipment.	\$150,000	R	\$165,000	R

32 Branch Agent Transaction Volume

	\$2,565,263	R	\$3,633,359	R

Transportation

Senate Subcommittee on Transportation

Increased costs related to larger number of transactions performed by Branch Agents. Branch Agent transaction rate remains unchanged.

33 Increase Highway Trust Fund Receipts	(\$1,016,780)	R	(\$1,210,329)	R
Highway Trust Fund receipts increase due to growth in Highway Use Tax transactions.				
34 Branch Agent Rate Increase	\$1,366,482	R	\$1,475,802	R
Branch Agent rate increases from \$1.20 per transaction to \$1.35 for non-Highway Use Tax transactions.				
35 License Plates and Stickers	\$226,291	R	\$392,763	R
Increased costs related to larger number of license plates.				

(0530) Driver Licensing

36 Adjust Operating Expenses	\$0	R	\$0	R
Repairs and Services to Equip. (2342) (\$ 8,000)				
Repairs and Services to DP Equip.(2347) (\$ 9,000)				
Office supplies (2410) (\$70,000)				
Photographic Supplies (2473) (\$ 5,000)				
Printing and Binding (2411) \$75,000				
Driver License Photo Equipment (2524) \$17,000				
Net \$ 0				
37 Automated Testing System			\$30,000	R
Install automated testing equipment in 10 offices.				
	\$270,000	NR	\$230,000	NR
38 Renovate 11 Driver License Offices				
The following offices are scheduled for renovation:				
\$494,722 NR				
East Greensboro, Asheboro, Clyde, Concord, Greenville, Monroe, Morehead City, Morganton, Rocky Mount, Taylorsville and Whiteville				
39 Automated Customer Queuing System	\$9,500	R	\$39,500	R
Install Queuing Systems in 20 Driver License offices.				
	\$360,000	NR		
40 Photo Equipment	\$191,444	R	\$399,598	R
Increased costs of leasing digitized photo equipment due to increases in number of transactions performed.				
41 Graduated Driver License Implementation	\$101,789	R	\$255,607	R
Expenditures to implement graduated driver license legislation.				
	\$20,865	NR	\$28,595	NR
	3.00		7.00	
42 Driver License Office Staffing	\$904,940	R	\$1,138,735	R
Additional staffing necessary to meet customer demands.				
	\$95,060	NR	\$23,765	NR

Senate Subcommittee on Transportation

\$95,060
28.00

\$23,765
35.00

(0540) School Bus and Traffic Safety

43 Adjust Operating Expenses

\$0 R

\$0 R

Dues, Subscriptions, Promo. (2352) (\$5,000)
Repairs and Services to Equip. (2342) (\$2,000)
In-State Transportation (2237) \$7,000
Net \$ 0

44 Driver Improvement Clinics

\$18,500 R

\$18,500 R

To enable drivers to complete clinic in one day.

\$35,100 NR

(0550) Traffic Records

45 Increase Receipts

(\$7,400) R

(\$7,400) R

Reimbursement NHSTA (0959) \$7,400

(0560) International Registration Plan

46 Adjust Operating Expenses

(\$4,700) R

(\$4,700) R

Travel and Subsistence (2238-9) (\$5,000)
Telephone and Telegraph (2322) (\$2,000)
In-State Transportation (2237) \$2,000
Hwy Trust Fund Trans. (0914) \$ 300
Net (\$4,700)

(0570) Enforcement

47 Adjust Operating Expenses

\$0 R

\$0 R

Educational Expenses (2233) (\$ 2,186)
Repairs and Service DP Equip. (2347) (\$ 36,000)
Motor Vehicle Operations (2469) (\$ 2,331)
In-State Subsistence (2236) (\$213,184)
Rent of Other Equipment (2523) (\$ 10,000)
In-State Transportation (2237) \$189,184
Out of State Subsistence (2238) \$ 12,000
Out of State Transportation (2239) \$ 6,000
Other Travel Expenses (2240) \$ 6,000
Training Data Processing (2250) \$ 2,186
Professional Fees (2310) \$ 10,000
Shop Supplies and Small Tools (2474) \$ 2,331
Data Processing Equipment (2510) \$ 57,500
Safety Inspection Invest. (2637) (\$ 21,500)
Net \$ 0

48 Equipment

To provide funds to purchase portable scales, scale racks,
and 800 MHZ radios.

\$814,630 NR

Senate Subcommittee on Transportation

(0590) Motor Vehicle Exhaust Emission Inspec.

49 Adjust Expenditures and Receipts

\$0 R \$0 R

To budget additional receipts and expenditures for this fee supported program, based on program requirements

	97/98	98/99
Expenditures	\$3,959,086	\$1,478,941
Receipts	(\$3,959,086)	(\$1,478,941)
Net	0	0

Reserves

(0000) Reserves

50 Mid-State Visitor Center Feasibility Study

Funds are appropriated to the Department of Transportation to be allocated to the Fayetteville Area Convention and Visitor's Bureau for a feasibility study for a regional Mid-State Visitor's Center.

\$75,000 NR

51 Minority Contractor Development

To provide funds to the Department of Transportation for the development of minority contractors.

\$300,000 R \$500,000 R

52 State Fire Protection Grant Fund

Highway Fund portion of grants to local fire units for protection of State facilities.

\$150,000 R \$150,000 R

(6270) Crime Control and Public Safety

53 Criminal Justice Information Network (CJIN)

Provide funds for installation of 18 data transmitters and purchase of 200 mobile data units.

\$4,106,600 NR \$156,600 NR

(6310) Dept. of Public Instruction

54 Increased Driver Education Cost

Increased Driver Education Cost due to revised 9th grade Average Daily Membership (ADM) estimates.

\$922,607 R \$939,955 R

(6810) Compensation Increases

55 Reduction of Reserve for Compensation Increases

The reserve amount provided in 1996 for the 4.5% FY 96/97 compensation increase was more than was needed to pay for the annualized cost of the increase. As a result, compensation funds can be reduced by \$250,000.

(\$250,000) R (\$250,000) R

56 Legislative Salary Increase

Provides funds for a 3% salary increase for all employees p

\$12,569,514 R \$12,569,514 R

Senate Subcommittee on Transportation

aid from Highway Fund appropriations.

(6820) New DMV Building

57 New DMV Building

Provides design funds for new DMV Building.

\$1,000,000 NR

(6825) Computer Replacement

58 Computer Replacement Reserve

Provides funds to allow for ongoing replacement of obsolete personal computers.

\$1,000,000 NR \$1,000,000 NR

(6826) New DMV Systems

59 Collisions Reports Re-engineering

Provide funds for the re-engineering of the way data is collected relating to automobile accidents.

\$1,774,500 NR \$1,742,527 NR

60 International Registration Plan (IRP)

Provide funds for enhancements to outdated IRP software.

\$1,270,600 NR \$1,766,000 NR

Total Legislative Changes

\$44,394,900 R \$46,433,159

\$44,994,639 NR \$10,522,487 NR

Position Changes

28.00 39.00

Revised Budget

\$1,171,787,244 \$1,144,625,737

General Fund

Statewide Reserves

FY 97-98**FY 98-99****1 Reserve for Compensation Increase (Begins 7-1-97)**

\$306,139,421 R \$306,139,421 R

Teachers and Instructional

Support (4% - 9%) \$181,020,912

Principals & Asst.Principals (3%) 6,221,187

Other Public School Employees (3%) 22,013,892

Agency Teachers (4%-9%) 2,514,968

Science & Math Teachers (Avg. of 8%) 245,304

University EPA (3%) 24,995,484

Community College EPA (3%) 13,711,302

Other State Employees (3%) 55,416,372

2 Reduction in Debt Service

(\$23,659,410) R (\$14,677,000) R

Total Reserves

\$282,480,011 R \$291,462,421 R

Statewide Capital

FY 97-98

FY 98-99

AGRICULTURE**1 State Fair-Multi Purpose Events Building**

Funds for planning and site development.

\$1,000,000 NR

2 Piedmont Triad Farmer's Market

Planning funds for the Wholesale/Retail Building.

\$300,000 NR

3 Eastern Agricultural Center

Funding for continued development of the center.

\$3,500,000 NR

4 Southeastern Farmer's Mkt. & Agriculture Center

Funding for continued development of the center.

\$1,000,000 NR

BOARD OF GOVERNORS**5 UNC - Public Television**

Funding to replace and upgrade the Columbia Transmitter, Tower and ancillary equipment.

\$7,144,500 NR

6 Elizabeth City

Funding for the completion of the Fine Arts building.

\$3,000,000 NR

7 A&T

Additional funding for the General Classroom and Lab building.

\$4,000,000 NR

8 UNC-Chapel Hill

Funding for an addition to the Institute of Government Knapp building.

\$4,000,000 NR

9 UNC-Chapel Hill

Funding for an addition to Beard Hall - School of Pharmacy

\$8,824,600 NR

10 UNC-Chapel Hill

Planning funds for the NC Botanical Gardens

\$350,000 NR

11 UNC - Chapel Hill

Funding for the expansion of the Carolina Living and Learning Center.

\$1,274,275 NR

Statewide Reserves

Senate Capital Report

12 UNC- Greensboro

Additional funding for the Science Lab and Classroom building.

\$8,000,000 NR

13 UNC - Pembroke

Funding for the construction of a new residence hall.

\$5,979,500 NR

14 UNC - Asheville

Additional funding for the Kellogg Center.

\$500,000 NR

15 NC State

Funding to complete the Eastern 4-H Environmental education Center.

\$5,545,300 NR

16 NC State

Funding to finalize the construction drawings for the J.C. Raulston Arboretum.

\$87,000 NR

17 ECU

Funding to complete expansion of the Dowdy-Ficklen Stadium.

\$7,000,000 NR

18 UNC - Charlotte

Construction of a new building and relocation of equipment for the Polymer's Extension Program.

\$1,450,000 NR

19 NC State

Funding for the expansion of the CMAST Building.

\$2,363,000 NR

COMMUNITY COLLEGES

20 Center for Applied Textile Technology

Maintenance & Storage facility \$62,800
Planning, design, site development
for the Lab and Administration bldg. \$437,200

\$500,000 NR

CORRECTIONS

21 Alexander County

Planning funds for the development of a single cell facility.

\$300,000 NR

22 Carteret County

Funding for a multi-purpose modular building.

\$400,000 NR

CRIME CONTROL & PUBLIC SAFETY

23 Charlotte National Guard Armory

Funding for the State share of the construction costs.

\$1,260,300 NR

CULTURAL RESOURCES

Statewide Reserves

Senate Capital Report

24 Maritime Museum

Funding for land acquisition for the museum.

\$1,500,000 NR

25 Museum of Cape Fear

Funding for continued development of the museum.

\$1,100,000 NR

26 Museum of the Albemarle

Funding for planning and site development.

\$1,000,000 NR

27 Roanoke Island Commission

Funding for exhibits at the Festival Park.

\$1,400,000 NR

ENVIRONMENT, HEALTH & NATURAL RESOURCES

28 Water Resources Development Projects

\$6,343,000 NR

29 Natural Science Museum

Funding for exhibits for the museum.

\$7,600,000 NR

30 N.C. Aquariums

Funding for the expansion of one aquarium.

\$11,500,000 NR

31 Forest Resources

Funding for an addition to the equipment building at Wayne County Forestry Headquarters.

\$100,000 NR

HUMAN RESOURCES

32 Eastern School for the Deaf & Hard of Hearing

Planning funds for an additional dormitory.

\$500,000 NR

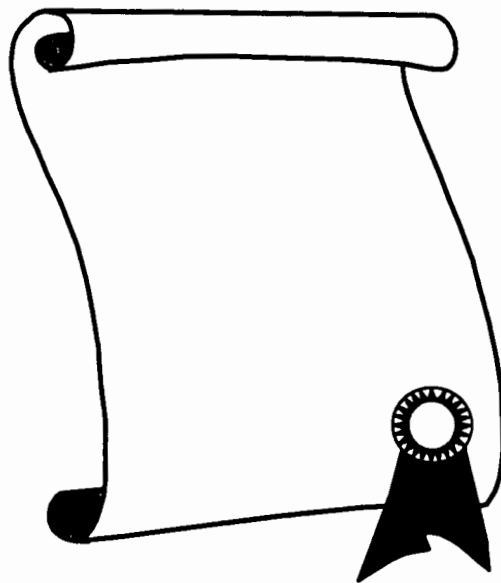
Total Reserves

\$98,821,475 NR

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SENATE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

APRIL 22, 1997



Senator Howard Lee
Co-Chairman

Senator Leslie Winner
Co-Chairman

Public Education

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$4,400,046,882	\$4,480,110,794

Legislative Changes

Excellent Schools Funds

1 ABC Incentive Funds

ABC Incentive funds for schools that achieve standards established by the State Board of Education.

\$67,500,000 NR

2 Principals ABC Bonus

Provide funds for a 1% nonrecurring bonus to principals in schools that exceed the State Board of Education expectations under the ABC Program.

\$2,073,729 NR

3 Additional Pay for Mentor Teachers

Provide additional funds to the State Board of Education to pay for mentor teachers.

\$3,500,000 NR

4 Extra Pay for New Teacher Development

Provide additional funds to the State Board of Education to pay for additional days for new teachers for training and staff development.

\$800,000 NR

5 Staff Development Reading and Math/ABC Assistance

Provide funds to the State Board of Education to for staff development in reading as required under the ABC program and math education. Funds are also used for the ABC assistance teams in low performing school systems.

\$6,800,000 R \$6,800,000 R

6 Vacation Days Used as Teacher Workdays

Pay teachers for vacation days that are used as required teacher workdays and extra duties.

\$10,100,000 R \$11,400,000 R

Public Schools

7 School Technology Funds

Provides additional funds for the School Technology Trust Fund.

\$20,000,000 NR

8 Reduction in Middle School Class Size Grade

Reduce class size for middle school students below grade level in achievement.

\$3,500,000 R \$3,500,000 R

9 Low Wealth Supplemental Funding

Increase supplemental funding for low wealth school systems.

\$3,000,000 R \$3,000,000 R

Senate Subcommittee on Education

10 Small School Supplemental Funding	\$2,000,000	R	\$2,000,000	
Increase supplemental funding for small school systems.				
11 Instructional Supplies, Materials, and Equipment	\$3,000,000	NR		
Provide nonrecurring funds for additional instructional supplies, materials, and equipment in local school systems.				
12 A+ Schools	\$500,000	NR		
Appropriate nonrecurring funds for FY1997-98 to continue the A+ schools pilot project.				
13 Special Education Funds	\$500,000	NR		
To provide funds to the State Board of Education for children with special needs assigned to group homes within a school system after the state headcount that was the basis for funding during the 1997-98 fiscal year.				
14 Schools Attuned Program	\$643,100	R	\$643,100	R
Appropriates funds to the State Board of Education for the Schools Attuned Program. The program is designed to assist elementary and middle school teachers to recognize and be responsive to the learning styles and learning strengths of all children, regardless of whether they have potential or diagnosed learning dysfunctions.				
15 Revise Average Daily Membership and Average Salary	\$4,818,618	R	\$2,622,174	
Revise average daily membership projections to reflect changes in the expected number of students in various grade levels in FY1997-98 and FY1998-99. Also reflects an increase of 400 private school students entering charter schools in FY1997-98.				
16 Adjustment in Average Salary	(\$7,704,040)	R	(\$7,825,991)	R
Adjust projected average salary for school employees in FY1997-98 and FY1998-99 to December 1996 actual salaries.				
17 Adjustment in Average Salary	(\$20,415,665)	R	(\$20,779,145)	R
Adjust projected average salary for school employees in FY1997-98 and FY1998-99 to September 1996 actual salaries.				
18 Career Development Hold Harmless	(\$2,551,197)	R	(\$2,551,197)	R
Eliminate hold harmless funding for former career development pilot units. Due to projected salary increase these funds will no longer be needed.				
19 Communities in Schools Funds	\$100,000	NR		
To provide funds to the Rocky Mount Communities in Schools program.				
20 Avid Program Pilots	\$150,000	R	\$150,000	R
Provide funds for the AVID Program pilot project. This pilot project in three school systems is designed to increase enrollment of low income students in post secondary education.				

Senate Subcommittee on Education

21 Expand Technology in Schools	\$500,000	R	\$500,000	R
Provides funds for a pilot project on the expansion of technology on the public schools.				
22 Liability Insurance	(\$800,000)	R	(\$800,000)	R
Eliminate funding for teacher liability insurance.				
23 Reduce School Bus Purchases	(\$8,057,041)	R	(\$8,571,306)	R
Reduce by 180 the number of school buses purchased in FY1997-98 and FY1998-99.				
24 Total Quality Education	\$450,000	NR		
Provides fund to continue the Total Quality Education initiative. Other funds to support this program come from the North Carolina Business Committee on Education.				
25 Communities in Schools	\$300,000	R	\$300,000	R
Provide funds for the expansion of the Communities in Schools Program.				
26 Governor's School	\$150,000	R	\$150,000	R
Provide additional funds to support operations of the Governor's School.				
27 Cued Speech Funds	\$185,000	R	\$185,000	R
Appropriate funds to Cued Speech for preschool and transitional and resource services.				
28 Positions to Assist Local School Construction	\$200,000	R	\$200,000	R
Provide funds to the Department of Public Instruction to contract for architectural services, mechanical engineering services, and accounting services to assist in the review of school construction projects that result from the recent statewide school bond referendum.				
29 Support Charter Schools	\$103,147	R	\$103,147	R
Appropriate funds to the State Board of Education to provide assistance and oversight of the charter school program.				
30 Uniform Education System Funds	\$2,551,197	R	\$2,551,197	R
Provide funds to the State Board of Education to support the Uniform Education Reporting System and the accountability efforts of the board.				
31 National Board for Professional Teaching Standards	\$567,330	R	\$567,330	R
Continue to support North Carolina teachers in the process of attempting to achieve certification by the National Board for Professional Teaching Standards.				

Senate Subcommittee on Education

Total Legislative Changes	(\$3,959,551)	R	(\$5,855,691)	R
	\$98,423,729	NR		
Position Changes				
Revised Budget	\$4,494,511,060		\$4,474,255,103	

UNC System

GENERAL FUND

FY 97-98

FY 98-99

Recommended Continuation Budget

\$1,418,358,030

\$1,425,342,510

Legislative Changes

A.Academic Campuses

32 Overhead Receipts

Revise overhead receipts estimates up to levels anticipated during 1996-97

(\$381,521) NR

33 UNC-Charlotte

Reduction in Reserve for New Buildings:
The library addition will be completed later than planned, and will be occupied in late 1997-98.

(\$349,631) NR

B.Schedule of Priorities

34 Enrollment Changes

Projected enrollment for 1997-98 is lower than the number of students budgeted for 1996-97 by 969 full-time equivalents (FTE); provides for an additional 925 fulltime equivalent students in second year of biennium, and to account for a shift to more in-state students.

(\$1,895,403) NR
-59.20

\$3,744,391 R

61.00

35 Funding Equity

Provides funding for 5 campuses (ASU, ECU, UNC-C, UNC-G, UNC-W) found to be relatively under funded compared to other campuses in a study conducted at the direction of the General Assembly

\$21,000,000 R

\$21,000,000 R

36 Information Technology

Improvements in computing and telecommunications, access to resources such as computer labs, library collections, distance learning, etc.

\$5,000,000 R

\$5,000,000 R

\$1,200,000 NR

37 Libraries

Improvements in library collections, services, and staffing; initial development of NC Virtual Library with community colleges and State Library.

\$4,000,000 R

\$4,000,000 R

38 Rewarding Teaching Excellence

Provides 1/2% salary bonus funds to reward excellent teachers among the teaching faculty. Awards are generally limited to 25% or less of those eligible.

\$3,161,380 NR

Senate Subcommittee on Education

39 University Outreach to the Public Schools	\$1,785,000	R	\$1,185,000	
Funding to:				
a. Increase clinical experience for prospective teachers and involvement of classroom teachers;				
b. Increase number of Principal Fellows;				
c. Improve coordination of professional development programs for school professionals with priorities of State Board of Education;				
d. Implement Early Math Placement Program in high schools to improve math preparation.				
e. Support for "Reading Together", a tutorial program for second graders.				
40 New Degree Programs	\$2,325,000	R	\$2,325,000	R
Funds to complete expansion of allied health initiatives in speech and language pathology and occupational and physical therapy, new doctoral programs at UNC-Charlotte, and other programs previously authorized for planning by the UNC Board of Governors.				
41 Graduate Education and Research			\$7,700,659	R
Eliminate the requirement that 10% of overhead receipts received from research grants are budgeted to support General Fund operations on campuses.				
42 Area Health Education Centers	\$2,750,000	R	\$2,750,000	R
Funds will increase family medicine residencies and provide more community based training experiences for mid-level practitioners and pharmacy students				
43 Administrative Support for New Processes	\$600,000	R	\$600,000	R
Improvements in data collection and analysis for assessment, evaluation, and budgeting purposes.				
44 Distinguished Professorships	\$3,500,000	NR		
Additional State matching funds for the establishment of endowed chairs for outstanding faculty. State funds are matched 2 for 1 by private dollars.				
45 Interinstitutional Programs	\$794,000	R	\$794,000	R
Funding for NC School of the Arts Summer Institute, Institute on Aging, computer support for the State Education Assistance Authority, and NC Scholastic Media Association Project.				
	2.00		2.00	
C. Related Educational Programs				
46 Scholarship Fund Balances	(\$1,850,790)	NR		
Reduce appropriations and use accumulated cash balances in non-reverting trust funds due to cash repayments; revert balance in old scholarship fund				
47 Aid to Private Medical Schools	(\$329,000)	R	(\$365,000)	R
Continue assistance for same level of enrollments as actual numbers for 1996-97				

Senate Subcommittee on Education

48 Board of Governors Dental Scholars Hold inflationary increases to 3% annually	(\$43,696)	R	(\$52,332)	R
49 Board of Governors Medical Scholars Hold inflationary increases to 3% annually	(\$38,735)	R	(\$20,700)	R
50 Aid to Students Attending Private Colleges Increase Legislative Tuition Grant from \$1,300 to \$1,450 per year for each fulltime NC undergraduate; increase need-based scholarship funding from \$600 per fulltime equivalent (FTE) NC student to \$750 per NC FTE student.	\$7,864,668	R	\$7,864,668	R

D.Agricultural Programs

51 Turfgrass Research Funding to continue efforts on behalf of turfgrass industry	\$250,000	NR		
52 Cunningham Farm Research Center Non-recurring funds for development of Cunningham Farm site near Kinston as a specialty crops research and market development center for NC State	\$500,000	NR		
53 Agricultural Research Additional funding for enhancement of agricultural production and life sciences industries while sustaining and improving environmental quality	\$500,000	R	\$500,000	R

E.UNC Hospitals

54 UNC Hospitals Reduction Reduce UNC Hospitals General Fund operating support.	(\$3,610,860)	R	(\$3,610,860)	R

F.Studies

55 Pfisteria Research Funds to provide enhanced facilities and resources for pfisteria research at NC State.	\$500,000	NR		
56 Isotope Study of Neuse and Cape Fear River Basins Funding to complete isotope study to identify sources of nitrogen in each river basin.	\$1,500,000	NR		
57 State Infrastructure Impact Study Funds to analyze the impact of State infrastructure policies and decisions on local governments ability to plan for growth and sustainable development	\$75,000	NR		

G.Other

Arbitration Settlement Payment Funds to assist NC Central with payment of arbitrated contract settlement for fiber optic network	\$540,000	NR		

Senate Subcommittee on Education

59 Law Enforcement Officers Training

Funding to educate law enforcement managers at NC State

\$150,000 NR

60 Autism Services

Additional funding for Division TEACCH at UNC-Chapel Hill School of Medicine for operating support of field offices and for Carolina Living and Learning Center

\$232,585 R \$232,585 R

61 Centennial Celebration

Funds to celebrate the 100th anniversary of Appalachian State University

\$200,000 NR

62 Manufacturing Extension Partnership

Funds to match increase in federal grant to expand services to manufacturers through NC State

\$900,000 NR

63 Botanical Gardens

Additional operating support for Botanical Gardens at UNC-Chapel Hill

\$200,000 R \$200,000 R
5.00 5.00

64 Natural Resources Leadership Institute

Funds for NC State to teach leadership and problem-solving skills to North Carolinians involved in natural resources policy and management

\$150,000 NR

65 Cancer Research Funds

Additional funds for cancer research at Lineberger Cancer Research Center at UNC-Chapel Hill

\$1,000,000 R \$1,000,000

66 International Program

Funding for NC School of the Arts students Arts Abroad program

\$200,000 NR

67 Fish Hatchery Research

Funds to continue fish hatchery research for the red drum and flounder species

\$200,000 NR

Total Legislative Changes

\$44,028,962 R \$54,847,411 R

\$8,549,035 NR

Position Changes

-52.20 68.00

Revised Budget

\$1,470,936,027 \$1,480,189,921

Community Colleges

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$489,218,944		\$489,576,870	
Legislative Changes				
68 State Board Reserve Fund	(\$250,000)	R	(\$250,000)	R
Reduce the State Board Reserve Fund from \$900,000 to \$650,000 as requested by the Governor.				
69 Curriculum Improvement Projects	(\$113,709)	R	(\$113,709)	R
Reduce the State funds in this program by the amount reverted due to the availability of federal funds for this purpose.				
70 JTPA Administrative Funds	(\$17,216)	R	(\$17,216)	R
Reduce the administrative funds allocated to colleges that offer JTPA class size projects from federal funds.				
71 New Industry Equipment for Regional Coordinators	(\$300,000)	R	(\$300,000)	R
Reduce the funds available to buy equipment for the Department of Community Colleges regional coordinators to move across the state as needed. These funds have been underspent for several years and can be reduced.				
72 Community Services Block Grant	(\$86,581)	R	(\$86,581)	R
Reduce funds in the Community Services Block Grant that offers hobby and leisure classes to the community.				
73 Enrollment Increase	\$1,715,534	R	\$1,715,534	R
Funds the enrollment increases for the community college system.				
74 Occupational Extension	\$9,993,517	R	\$9,993,517	R
Enhance the occupational extension formula to provide more funds for job skill training courses. This raises the occupational extension unit value toward the curriculum value in accordance with the recommendation of the State Board of Community Colleges and funds benefits for half of the occupational extension positions in the formula.				
75 New and Expanding Industry Funds	\$6,000,000	NR		
These funds will provide money for customized training projects to attract new industry and to support training needs of existing industries that expand their workforce.				

Senate Subcommittee on Education

76 Equipment and Books

\$10 million for the purchase of additional equipment,
\$1,950,000 for library books and \$500,000 for the State
Board of Community Colleges to participate in the NC-LIVE
project with UNC and the State Library which reduces the
duplication of expenditures for library resources.

\$12,450,000 NR

77 Reward Excellence in Community College Teaching

Funds to provide a bonus to community college faculty who
have demonstrated excellence in teaching. These funds equate
to a .5% average salary bonus for faculty.

\$1,300,000 NR

78 Fayetteville Tech. Comm. College Model Program

Funds for Fayetteville Technical Community College to
establish a model early childhood education center for
Cumberland County.

\$300,000 NR

Total Legislative Changes

\$10,941,545 R \$10,941,545 R

\$20,050,000 NR

Position Changes

Revised Budget

\$520,210,489

\$500,518,415

10

CODE NO. 97DPI-S002A-P

Requested by: Senators Winner, Lee

CAREER DEVELOPMENT

Section @. (a) The State Board of Education shall use funds available for the 1997-98 and 1998-99 fiscal years to ensure that individual employees do not receive less on a monthly basis in salary and State-funded bonuses during the 1997-98 fiscal year or during the 1998-99 fiscal year than they received on a monthly basis during the 1994-95 fiscal year, so long as the employees qualify for bonuses under the local differentiated pay plan. The State Board of Education may also use funds appropriated to State Aid to Local School Administrative Units for the 1997-98 and 1998-99 fiscal years as is necessary to hold individual employees harmless as provided in this subsection.

(b) Funds appropriated for local school administrative units receiving career development funds for the 1996-97 fiscal year that did not revert on June 30, 1997, shall not be used for expenses other than the costs of holding individual employees harmless as provided in subsection (a) of this section.

Requested by: Senators Winner, Lee

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

Section @. (a) Funds for Supplemental Funding. -- The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to Aid to Local School Administrative Units for the 1997-98 fiscal year and the 1998-99 fiscal year to be used for supplemental funds for schools.

(b) Use of Funds for Supplemental Funding. -- Local school administrative units shall use funds received pursuant to this section only to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, instructional supplies and equipment, staff development, and textbooks; provided, however, local school administrative units may use these funds for salary supplements for instructional personnel and instructional support personnel.

(c) Definitions. -- As used in this section:

- (1) "Anticipated county property tax revenue availability" means the county adjusted property tax base multiplied by the effective State average tax rate.
- (2) "Anticipated total county revenue availability" means the sum of the:
 - a. Anticipated county property tax revenue availability,
 - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
 - c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
 - d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
 - e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277A,
 - f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-213 and G.S. 105-213.1, and

- g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) "County adjusted property tax base" shall be computed as follows:
- a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
 - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
 - c. Add to the resulting amount the:
 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
 3. Personal property value for the county.
- (7) "County adjusted property tax base per square mile" means the county adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:

- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
 - c. Compute the percentage that the county adjusted property tax base per square mile is of the State adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
- (10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public

schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

- (14) "State average adjusted property tax base per square mile" means the sum of the county adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(d) Eligibility for Funds. -- Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

(e) Allocation of Funds. -- Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative unit located in whole or in part in the county shall be allocated to each local school administrative unit, located in whole or in part in the county, based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. -- The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

(g) Minimum Effort Required. -- Counties that had effective tax rates in the 1994-95 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1995-96 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws.

(h) Nonsupplant requirement. -- A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For t

1997-99 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

(i) Reports. -- The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1998, on its analysis of whether counties supplanted funds.

(j) Department of Revenue Reports. -- The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Senators Winner, Lee

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

1 Section @. (a) Funds for small school systems. --
2 Except as provided in subsection (b) of this section, the State
3 Board of Education shall allocate funds appropriated for small
4 school system supplemental funding (i) to each county school
5 administrative unit with an average daily membership of less than
6 3,150 students and (ii) to each county school administrative unit
7 with an average daily membership of from 3,150 to 4,000 students
8 if the county in which the local school administrative unit is
9 located has a county adjusted property tax base per student that
10 is below the State adjusted property tax base per student and if
11 the total average daily membership of all local school
12 administrative units located within the county is from 3,150 to
13 4,000 students. The allocation formula shall:
14 (1) Round all fractions of positions to the next whole
15 position.
16 (2) Provide five and one-half additional regular
17 classroom teachers in counties in which the average
18 daily membership per square mile is greater than
19 four, and seven additional regular classroom
20 teachers in counties in which the average daily
21 membership per square mile is four or less.
22 (3) Provide additional program enhancement teachers
23 adequate to offer the standard course of study.
24 (4) Change the duty-free period allocation to one
25 teacher assistant per 400 average daily membership.
26 (5) Provide a base for the consolidated funds allotment
27 of at least \$235,000, excluding textbooks.
28 (6) Allot vocational education funds for grade 6 as
29 well as for grades 7-12.
30 If funds appropriated for each fiscal year for small school
31 system supplemental funding are not adequate to fund fully the
32 program, the State Board of Education shall reduce the amount
33 allocated to each county school administrative unit on a pro rata
34 basis. This formula is solely a basis for distribution of
35 supplemental funding for certain county school administrative
36 units and is not intended to reflect any measure of the adequacy
37 of the educational program or funding for public schools. The
38 formula is also not intended to reflect any commitment by the

1 General Assembly to appropriate any additional supplemental funds
2 for such county administrative units.

3 (b) **Nonsupplant requirement.** -- A county in which a
4 local school administrative unit receives funds under this
5 section shall use the funds to supplement local current expense
6 funds and shall not supplant local current expense funds. For the
7 1997-99 fiscal biennium, the State Board of Education shall not
8 allocate funds under this section to a county found to have used
9 these funds to supplant local per student current expense funds.
10 The State Board of Education shall make a finding that a county
11 has used these funds to supplant local current expense funds in
12 the prior year, or the year for which the most recent data are
13 available, if:

14 (1) The current expense appropriation per student of
15 the county for the current year is less than
16 ninety-five percent (95%) of the average of the
17 local current expense appropriations per student
18 for the three prior fiscal years; and

19 (2) The county cannot show (i) that it has remedied the
20 deficiency in funding, or (ii) that extraordinary
21 circumstances caused the county to supplant local
22 current expense funds with funds allocated under
23 this section.

24 The State Board of Education shall adopt rules to implement this
25 section.

26 (c) **Phase-out provision.** -- If a local school
27 administrative unit becomes ineligible for funding under this
28 formula solely because of an increase in population or an
29 increase in the county adjusted property tax base per student of
30 the county in which the local school administrative unit is
31 located, funding for that unit shall be phased-out over a two-
32 year period. For the first year of ineligibility, the unit shall
33 receive the same amount it received for the prior fiscal year.
34 For the second year of ineligibility, it shall receive half of
35 that amount.

36 (d) **Definitions.** -- As used in this section:

37 (1) "Average daily membership" means within two percent
38 (2%) of the average daily membership as defined in
39 the North Carolina Public Schools Allotment Policy
40 Manual, adopted by the State Board of Education.

41 (2) "County adjusted property tax base per student"
42 means the total assessed property valuation for
43 each county, adjusted using a weighted average of
44 the three most recent annual sales assessment ratio

1 studies, divided by the total number of students
2 average daily membership who reside within the
3 county.

4 (2a) "Local current expense funds" means the most recent
5 county current expense appropriations to public
6 schools, as reported by local boards of education
7 in the audit report filed with the Secretary of the
8 Local Government Commission pursuant to G.S. 115C-
9 447.

10 (3) "Sales assessment ratio studies" means sales
11 assessment ratio studies performed by the
12 Department of Revenue under G.S. 105-289(h).

13 (4) "State adjusted property tax base per student"
14 means the sum of all county adjusted property tax
15 bases divided by the total number of students in
16 average daily membership who reside within the
17 State.

18 (4a) "Supplant" means to decrease local per student
19 current expense appropriations from one fiscal year
20 to the next fiscal year.

21 (5) "Weighted average of the three most recent annual
22 sales assessment ratio studies" means the weighted
23 average of the three most recent annual sales
24 assessment ratio studies in the most recent years
25 for which county current expense appropriations and
26 adjusted property tax valuations are available. If
27 real property in a county has been revalued one
28 year prior to the most recent sales assessment
29 ratio study, a weighted average of the two most
30 recent sales assessment ratios shall be used. If
31 property has been revalued the year of the most
32 recent sales assessment ratio study, the sales
33 assessment ratio for the year of revaluation shall
34 be used.

35 (e) Reports. -- The State Board of Education shall
36 report to the Joint Legislative Education Oversight Committee
37 prior to May 1, 1998, on the results of its analysis of whether
38 counties supplanted funds.

1 CODE NO. 97DPI-S005-P

2

3 Requested by: Senators Winner, Lee

4

5 LITIGATION RESERVE

1 Section @. (a) Funds in the State Board of Education's
2 Litigation Reserve that are not expended or encumbered on June
3 30, 1997, shall not revert on July 1, 1997, but shall remain
4 available for expenditure until June 30, 1999.

5 (b) The State Board of Education may expend up to five
6 hundred thousand dollars (\$500,000) for the 1997-98 fiscal year
7 from unexpended funds for certified employees' salaries to pay
8 expenses related to pending litigation.

9 (c) Subsection (a) of this section becomes effective
10 June 30, 1997.

1 CODE NO. 97DPI-S006A-P

2

3 Requested by: Senators Winner, Lee

4

5 **EXCEPTIONAL CHILDREN FUNDS**

6 Section @. The funds appropriated for exceptional
7 children in this act shall be allocated as follows:

8 (1) Each local school administrative unit shall receive
9 for academically gifted children the sum of seven
10 hundred ten dollars and sixty-one cents (\$710.61)
11 per child for four percent (4.0%) of the 1997-98
12 allocated average daily membership in the local
13 school administrative unit, regardless of the
14 number of children identified as academically
15 gifted in the local school administrative unit. The
16 total number of children for which funds shall be
17 allocated pursuant to this subdivision is 49,045
18 for the 1997-98 school year.

19 (2) Each local school administrative unit shall receive
20 for exceptional children other than academically
21 gifted children the sum of two thousand one hundred
22 thirty-one dollars and eighty-seven cents
23 (\$2,131.87) per child for the lesser of (i) all
24 children who are identified as exceptional children
25 other than academically gifted children or (ii)
26 twelve and five-tenths percent (12.5%) of the 1997-
27 98 allocated average daily membership in the local
28 school administrative unit. The maximum number of
29 children for which funds shall be allocated
30 pursuant to this subdivision is 142,572 for the
31 1997-98 school year.

32 The dollar amounts allocated under this subsection for
33 exceptional children shall also increase in accordance with
34 legislative salary increments for personnel who serve exceptional
35 children.

1 CODE NO. 97DPI-S007-P

2

3 Requested by: Senators Winner, Lee

4

5 **MINIMUM VACATION LEAVE FOR BUS DRIVERS**

1 Section @. Notwithstanding any other provision of law,
2 all regular school bus drivers, who have been employed for at
3 least one academic year and who are not entitled to more than one
4 day of paid vacation leave, are entitled to one day of paid
5 vacation leave in each subsequent school year. An employee who
6 is terminated or resigns before taking the leave day is not
7 entitled to compensation for the day.

1 CODE NO. 97DPI-S010-P

2

3 Requested by: Senators Jenkins, Winner, Lee

4

5 **TRANSFER OF FUNDS FOR CHILDREN WITH SPECIAL NEEDS TO PROGRAMS FOR**
6 **ACADEMICALLY OR GIFTED STUDENTS AUTHORIZED.**

7 Section @. G.S. 115C-105.25(b) reads as rewritten:

8 "(b) Subject to the following limitations, local boards of
9 education may transfer and may approve transfers of funds between
10 funding allotment categories:

11 (1) In accordance with a school improvement plan
12 accepted under G.S. 115C-105.27, State funds
13 allocated for teacher assistants may be transferred
14 only for personnel (i) to serve students only in
15 kindergarten through third grade, or (ii) to serve
16 students primarily in kindergarten through third
17 grade when the personnel are assigned to an
18 elementary school to serve the whole school. Funds
19 allocated for teacher assistants may be transferred
20 to reduce class size or to reduce the student-
21 teacher ratio in kindergarten through third grade
22 so long as the affected teacher assistant positions
23 are not filled when the plan is amended or approved
24 by the building-level staff entitled to vote on the
25 plan or the affected teacher assistant positions
26 are not expected to be filled on the date the plan
27 is to be implemented. Any State funds appropriated
28 for teacher assistants that were converted to
29 certificated teachers before July 1, 1995, in
30 accordance with Section 1 of Chapter 986 of the
31 1991 Session Laws, as rewritten by Chapter 103 of
32 the 1993 Session Laws, may continue to be used for
33 certificated teachers.

34 (2) In accordance with a school improvement plan
35 accepted under G.S. 115C-105.27, (i) State funds
36 allocated for classroom materials/instructional
37 supplies/equipment may be transferred only for the
38 purchase of textbooks; (ii) State funds allocated
39 for textbooks may be transferred only for the
40 purchase of instructional supplies, instructional
41 equipment, or other classroom materials; and (iii)
42 State funds allocated for noninstructional support
43 personnel may be transferred only for teacher
44 positions.

- 1 (3) No funds shall be transferred into the central
2 office allotment category.
- 3 (4) Funds allocated for ~~children with special needs and~~
4 ~~funds allocated for~~ driver's education shall not be
5 transferred.
- 6 (4a) Funds allocated for children with special needs may
7 be transferred only for academically or
8 intellectually gifted students so long as the
9 amount transferred is no greater than the amount of
10 non-State funds used for children with special
11 needs, other than federal funds appropriated for
12 children with special needs. No local school
13 administrative unit shall transfer funds allocated
14 for children with special needs unless the amount
15 the school unit budgets for children with special
16 needs is at least equal to State dollars and
17 federal dollars for handicapped children.
- 18 (5) Funds allocated for classroom teachers may be
19 transferred only for teachers of exceptional
20 children, for teachers of at-risk students, and for
21 authorized purposes under the textbooks allotment
22 category and the classroom materials/instructional
23 supplies/equipment allotment category.
- 24 (6) Funds allocated for vocational education may be
25 transferred only in accordance with any rules that
26 the State Board of Education considers appropriate
27 to ensure compliance with federal regulations.
- 28 (7) Funds allocated for career development shall be
29 used in accordance with Section 17.3 of Chapter 324
30 of the 1995 Session Laws.
- 31 (8) Funds allocated for academically or intellectually
32 gifted students may be used only (i) for
33 academically or intellectually gifted students;
34 (ii) to implement the plan developed under G.S.
35 115C-150.7; or (iii) in accordance with an accepted
36 school improvement plan, for any purpose so long as
37 that school demonstrates it is providing
38 appropriate services to academically or
39 intellectually gifted students assigned to that
40 school in accordance with the local plan developed
41 under G.S. 115C-150.7."

1 CODE NO. 97DPI-S011A-P

2

3 Requested by: Senators Winner, Lee

4

5 DELETE REPORT ON GUARANTEED ENERGY SAVINGS CONTRACTS

1 Section @. Section 9 of Chapter 775 of the 1993 Session

2 Laws is repealed.

1 CODE NO. 97DPI-S014-P

2

3 Requested by: Senators Winner, Lee

4

5 SCHOOL PAY DATE FLEXIBILITY PILOT PROGRAM

1 Section @. The State Board of Education may continue a
2 pilot program to grant no more than four local boards of
3 education additional flexibility in setting the pay dates for
4 their 10-month employees. Notwithstanding the provisions of G.S.
5 115C-302(a) and G.S. 115C-316(a), local school administrative
6 units participating in the pilot may pay 10-month employees for a
7 full month of employment when days employed are less than a full
8 month at the beginning or the end of the teachers' contracts. No
9 local school administrative unit shall be required to participate
10 in the pilot. A local board participating in the pilot shall
11 bear all of the cost of recouping funds prepaid for work never
12 done and the cost of these funds that cannot be recouped.

13 The State Board of Education shall report to the Joint
14 Legislative Education Oversight Committee on the pilot program
15 prior to September 15, 1998.

1 CODE NO. 97DPI-S016-P

2

3 Requested by: Senators Winner, Lee

4

5 SCHOOL RESOURCE OFFICERS IN MIDDLE SCHOOLS

1 Section @. (a) Local boards of education may use funds
2 from the Alternative Schools/At-Risk Student allotment to form
3 partnerships with the Communities In Schools Program or to
4 contract with the Communities In Schools Program for services.

5 (b) Local boards of education shall not use these State
6 funds in the Alternative Schools/At-Risk Student allotment to
7 supplant local funds.

8 (c) The State Board of Education may use up to two
9 hundred thousand dollars (\$200,000) of the funds in the
10 Alternative Schools/At-Risk Student allotment to implement G.S.
11 115C-12(24).

1 CODE NO. 97DPI-S017-P

2

3 Requested by: Senators Winner, Lee, Foxx

4

5 **ADVANCED PLACEMENT TESTS**

1 Section @. (a) Advanced Placement tests are taken by
2 many high school students who are seeking college credit for
3 coursework completed in high school. The Board of Governors of
4 The University of North Carolina is encouraged to develop a
5 standardized system of credit for the Advanced Placement test
6 scores to ensure that college credit granted for Advanced
7 Placement courses is equitable and predictable.

8 (b) The Board of Governors of The University of North
9 Carolina shall encourage the University system to assist the
10 public school systems of the State to provide education for
11 teachers who are instructors of Advanced Placement courses.

12 (c) Notwithstanding any other provision of law, the
13 State Board of Community Colleges shall allow a college to earn
14 regular budget FTEs for a college level course taught to high
15 school students even though the course instructor is a local high
16 school teacher under contract, provided the following criteria
17 are met:

18 (1) The course does not duplicate or supplant the
19 Advanced Placement courses or the other college
20 level course offerings of the high school.

21 (2) The contractual responsibilities of the high school
22 teacher employed as an instructor for the course do
23 not supplant the regular classroom and teaching
24 responsibilities of the teacher.

25 (3) The State Board of Community Colleges is satisfied
26 that the substance, quality, and level at which the
27 course is taught merits it being considered a
28 college level course.

29 (d) The State Board of Education and the State Board of
30 Community Colleges shall report to the Joint Legislative
31 Education Oversight Committee by March 1, 1998, regarding the
32 cooperative effort being made to encourage high school students
33 to complete college general education courses through the
34 community college system. The report shall include information
35 about the curricula designed to encourage this effort, the number
36 of students enrolled in college courses, and the fiscal impact of
37 these efforts.

1 CODE NO. 97DPI-S019-P

2

3 Requested by: Senators Winner, Lee

4

5 DATA ON TEACHER ASSISTANTS' YEARS OF EXPERIENCE, CREDENTIALS, AND
6 PLACEMENT ON LOCALLY ADOPTED SALARY SCHEDULES

7 Section @. The State Board of Education shall collect
8 data on teacher assistants' years of experience in the public
9 schools and in State and local government and the degrees that
10 they hold. The State Board shall report the results of its study
11 to the Joint Legislative Education Oversight Committee prior to
12 February 15, 1998.

13 The State Board of Education shall also collect data on
14 locally adopted salary schedules for teacher assistants and the
15 distribution of teacher assistants on the locally adopted
16 schedules. The State Board shall report the results of its study
17 to the Joint Legislative Education Oversight Committee prior to
18 February 15, 1998.

1 CODE NO. 97DPI-S020-P

2

3 Requested by: Senators Winner, Lee

4

5 CLASS-SIZE COMPUTATION FOR K-2

1 Section @. Teacher positions provided by the 1993 and
2 1995 General Assemblies to reduce class size in kindergarten,
3 first grade, and second grade shall be used by local school
4 administrative units (i) to provide class size in kindergarten,
5 first grade, and second grade to be 23 or fewer students or (ii)
6 to hire reading teachers within kindergarten through third grade
7 or otherwise reduce the student-teacher ratio within kindergarten
8 through third grade.

9 For the purpose of calculating the maximum allowable
10 class size for kindergarten, first grade, and second grade, the
11 ratio of teachers to students shall be 1 to 26.

1 CODE NO. 97DPI-S021-P

2

3 Requested by: Senators Winner, Lee

4

5 ABC'S PERFORMANCE RECOGNITION FOR PERSONNEL SERVING KINDERGARTEN
6 THROUGH TWELFTH GRADE ONLY

7 Section @. G.S. 115C-105.36 reads as rewritten:

8 "§ 115C-105.36. Performance recognition.

9 (a) The personnel serving students in kindergarten through
10 twelfth grade in schools that achieve a level of expected growth
11 greater than one hundred percent (100%) at a level to be
12 determined by the State Board of Education are eligible for
13 financial awards in amounts set by the State Board. Schools and
14 personnel shall not be required to apply for these awards. For
15 the purpose of this section, 'personnel' includes the principal,
16 assistant principal, instructional personnel, instructional
17 support personnel, and teacher assistants assigned to that
18 school.

19 (b) The State Board shall establish a procedure to allocate
20 the funds for these awards to the local school administrative
21 units in which the eligible schools are located. Funds shall
22 become available for expenditure July 1 of each fiscal year
23 Funds shall remain available until November 30 of the subsequent
24 fiscal year for expenditure for:

25 (1) Awards to the ~~personnel~~, personnel serving students
26 in kindergarten through grade 12; or

27 (2) The purposes authorized in a plan that has been:

28 a. Developed and voted on by the personnel in the
29 same manner that a school improvement plan is
30 approved under G.S. 115C-105.27;

31 b. Approved by a majority of the personnel who
32 vote on the plan; and

33 c. Submitted to and approved by the local board
34 of education.

35 The local board shall approve this plan unless the plan
36 involves expenditures of funds that are not for a public purpose
37 or that are otherwise unlawful."

1 CODE NO. 97DPI-S022-P

2

3 Requested by: Senators Winner, Lee

4

5 SCHOOL LAW REVISION SUBCOMMITTEE EXTENDED

6 Section @. (a) The cochairs of the Joint Legislative
7 Education Oversight Committee may appoint a subcommittee to
8 revise the public school laws.

9 The subcommittee shall consist of equal numbers of
10 members appointed by the Senate chair and the House chair.
11 Either chair may appoint to the subcommittee members, including
12 public members, who are not also members of the Committee.

13 Members of the subcommittee who are not members of the
14 Committee may participate fully in all subcommittee business,
15 including all deliberations and votes; however, these members are
16 not members of the Committee for any other purpose.

17 (b) The subcommittee shall:

18 (1) Conduct a comprehensive review of the public school
19 laws;

20 (2) Identify laws that are outdated, vague,
21 unnecessary, or otherwise in need of revision; and

22 (3) Revise the public laws so they are consistent with
23 the North Carolina Constitution and with the goals
24 of the General Assembly and the State Board of
25 Education in order to improve student performance,
26 increase local flexibility and control, and promote
27 economy and efficiency.

1 CODE NO. 97DPI-S023-P

2

3 Requested by: Senators Winner, Lee

4

5 AVID PROGRAM

1 Section @. Of the funds appropriated to the State Board
2 of Education, the sum of one hundred fifty thousand dollars
3 (\$150,000) for the 1997-98 fiscal year and the sum of one hundred
4 fifty thousand dollars (\$150,000) for the 1998-99 fiscal year
5 shall be used to implement Advancement Via Individual
6 Determination (AVID) pilot programs in three local school
7 administrative units. The purpose of the AVID pilot programs
8 shall be to improve the academic performance of underachieving
9 students so that they will become eligible to attend
10 postsecondary education institutions. Local school
11 administrative units selected as pilot units shall state how they
12 plan to evaluate the success of the program.

13 The State Board of Education shall allocate the funds to
14 the pilot programs in proportion to the number of students
15 proposed to be served.

1 CODE NO. 97DPI-S024-P

2

3 Requested by: Senators Winner, Lee

4

5 DISTANCE LEARNING PROGRAM

1 Section @. Notwithstanding any other provision of law,
2 funds appropriated to the State Board of Education and to State
3 Aid to Local School Administrative Units for the Distance
4 Learning Program shall be used for distance learning educational
5 purposes, as directed by the State Board of Education.

1 CODE NO. 97DPI-S026C-P

2

3 Requested by: Senators Winner, Lee

4

5 CRIME CONTROL GRANTS FOR THE N.C. CENTER FOR THE PREVENTION OF
6 SCHOOL VIOLENCE

7 Section @. The Secretary of Crime Control and Public
8 Safety shall continue to make grants for the 1997-99 fiscal
9 biennium for the operating expenses of the North Carolina Center
10 for the Prevention of School Violence. If grant funds are not
11 available for this purpose, the Board of Governors of The
12 University of North Carolina may use funds within its budget for
13 the expenses of the Center.

1 CODE NO. 97DPI-S029-P

2

3 Requested by: Senators Winner, Lee

4

5 CHARTER SCHOOL ACCOUNTABILITY REQUIREMENTS

1 Section @. G.S. 115C-238.29F(f) reads as rewritten:

2 "(f) Accountability. --

3 (1) The school is subject to the financial audits, the
4 audit procedures, and the audit requirements
5 adopted by the State Board of Education for charter
6 schools. These audit requirements may include the
7 requirements of the School Budget and Fiscal
8 Control Act.

9 (2) The school shall comply with the reporting
10 requirements established by the State Board of
11 Education in the Uniform Education Reporting
12 System.

13 (3) The school shall report at least annually to the
14 chartering entity and the State Board of Education
15 the information required by the chartering entity
16 or the State Board."

1 CODE NO. 97DPI-S030A-P

2

3 Requested by: Senator Perdue, Winner, Lee

4

5 CIVIL PENALTY AND FORFEITURE FUND ESTABLISHED

1 Section @. Chapter 115C of the General Statutes is
2 amended by adding a new Article to read:

3 "ARTICLE 31A.

4 "Civil Penalty and Forfeiture Fund.

5 "§ 115C-457.1. Creation of Fund; administration.

6 (a) There is created the Civil Penalty and Forfeiture Fund.
7 The Fund shall consist of the clear proceeds of all civil
8 penalties and civil forfeitures that are collected by a State
9 agency and are payable to the County School Fund pursuant to
10 Article IX, Section 7 of the Constitution.

11 (b) The Fund shall be administered by the Office of State
12 Budget and Management. The Fund and all interest accruing to the
13 Fund shall be faithfully used exclusively for maintaining free
14 public schools.

15 "§ 115C-457.2. Remittance of moneys to the Fund.

16 The clear proceeds of all civil penalties and civil forfeitures
17 that are collected by a State agency and are payable to the
18 County School Fund pursuant to Article IX, Section 7 of the
19 Constitution shall be remitted to the Office of State Budget and
20 Management by the officer having custody of the funds within 10
21 days after the close of the calendar month in which the revenues
22 were received or collected. The clear proceeds of such funds
23 include the full amount of all such penalties and forfeitures
24 collected under authority conferred by the State, diminished only
25 by the actual costs of collection, not to exceed ten percent
26 (10%) of the amount collected.

27 "§ 115C-457.3. Transfer of funds to the State School Technology
28 Fund.

29 The Office of State Budget and Management shall transfer funds
30 accruing to the Civil Penalty and Forfeiture Fund to the State
31 School Technology Fund. These funds shall be allocated to local
32 school administrative units on the basis of average daily
33 membership."

1 CODE NO. 97DPI-S031-P

2

3 Requested by: Senators Winner, Lee

4

5 AVAILABILITY OF FUNDS ALLOCATED FOR STAFF DEVELOPMENT

1 Section @. G.S. 115C-417 reads as rewritten:

2 "\$ 115C-417. Availability of funds allocated for staff
3 development.

4 Funds allocated by the State Board of Education for staff
5 development at the local level shall become available for
6 expenditure on ~~September 1~~ July 1 of each fiscal year and shall
7 remain available for expenditure until ~~August 31~~ December 31 of
8 the subsequent fiscal year."

1 CODE NO. 97DPI-S032-P

2

3 Requested by: Senators Winner, Lee

4

5 LATERAL ENTRY PROGRAM

6 Section @. The State Board of Education shall establish
7 an advisory committee to assist it in studying the lateral entry
8 program, a program which encourages lateral entry into the
9 profession of teaching by skilled individuals from the private
10 sector. In the course of the study, the State Board shall
11 consider the recruitment, retention, training, and evaluation of
12 persons who enter the teaching profession by lateral entry. The
13 State Board shall place special emphasis on lateral entry of
14 teachers at the high school level who have significant post-
15 bachelors degree experience in the field in which they desire to
16 teach.

17 The State Board of Education shall report the results of
18 its study to the Joint Legislative Education Oversight Committee
19 prior to April 15, 1998.

1 CODE NO. 97DPI-S041-P

2

3 Requested by: Senators Winner, Lee

4

5 FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

1 Section @. (a) Funds appropriated to the Department of
2 Public Instruction in this act shall be used to pay for the
3 National Board for Professional Teaching Standards (NBPTS)
4 participation fee and for up to three days of approved paid leave
5 for teachers participating in the NBPTS program during the 1997-
6 98 school year and the 1998-99 fiscal year for State-paid
7 teachers who (i) have completed three years of teaching in North
8 Carolina schools operated by local boards of education, the
9 Department of Human Resources, the Department of Correction, or
10 The University of North Carolina, or affiliated with The
11 University of North Carolina, prior to application for NBPTS
12 certification, and (ii) who have not previously received State
13 funds for participating in any certification area in the NBPTS
14 program. Teachers participating in the program shall take paid
15 leave only with the approval of their supervisors.

16 A teacher for whom the State pays the participation fee
17 (i) who does not complete the process or (ii) who completes the
18 process but does not teach in a North Carolina public school for
19 at least one year after completing the process, shall repay the
20 certification fee to the State. Repayment is not required if
21 the process is not completed or the teacher fails to teach for
22 one year due to the death or disability of the teacher or other
23 extenuating circumstances as may be recognized by the State
24 Board.

25 (b) The State Board shall adopt policies and guidelines
26 to implement this section.

1 CODE NO. 97DPI-S033A-P

2

3 Requested by: Senators Winner, Lee

4

5 OUT-OF-STATE TEACHER CERTIFICATION

1 Section @. The State Board of Education shall review
2 the issue of certifying out-of-state teachers to determine
3 whether the current standards are too restrictive to permit
4 qualified teachers who are trained in other states from being
5 certified in North Carolina. The State Board of Education shall
6 report the results of this review to the Joint Legislative
7 Education Oversight Committee prior to April 15, 1998.

1 CODE NO. 97DPI-S036-P

2

3 Requested by: Senators Winner, Lee

4

5 **PUBLIC-PRIVATE PARTNERSHIP TO EXPAND TECHNOLOGY IN PUBLIC SCHOOLS**

1 Section @. (a) Of the funds appropriated to the State
2 Board of Education, the sum of five hundred thousand dollars
3 (\$500,000) for the 1997-98 fiscal year and the sum of five
4 hundred thousand dollars (\$500,000) for the 1998-99 fiscal year
5 shall be used to establish a public-private partnership to
6 encourage, promote, and expand technology in North Carolina
7 Public Schools.

8 (b) The purposes of the public-private partnership are
9 to enlist public, private, and volunteer sectors to develop
10 creative means of bringing technology to North Carolina Public
11 School classrooms at minimal cost and expense to the State and
12 its taxpayers:

- 13 (1) Help schools wire classrooms with high-speed data
14 wire that enables them to connect to school
15 networks as well as the Internet.
- 16 (2) Develop a plan to increase the number of computers,
17 computing equipment, and networking equipment in
18 North Carolina Public Schools.
- 19 (3) Develop a plan that will assure every school can
20 connect to the Internet so that this tool is made
21 available equally to all children in North Carolina
22 Public Schools.
- 23 (4) Help develop programs to train teachers and other
24 educators in the use of technology.
- 25 (5) Develop Internet-based learning programs designed
26 to assist teachers in the job of helping young
27 people learn.
- 28 (6) Test and evaluate the benefits of each of the
29 projects; investigate and develop other means of
30 using computer-based technology in classrooms; and
31 assure that this information is available to
32 educators.
- 33 (c) Pursuant to subdivision (2) of subsection (b) of
34 this section, a vocational education computer recycling pilot
35 program shall be established. The purposes of the pilot program
36 are to:
- 37 (1) Develop and implement high school vocational
38 education programs that train students to test,

1 repair, reconfigure, upgrade, and maintain donated
2 computers.

3 (2) Enhance a community's opportunities for economic
4 development by providing vocational education
5 students with educational, job, and hireability
6 skills as well as skills in computer technology.

7 (3) Provide upgraded computers to schools, consistent
8 with State-approved local school technology plans
9 at a cost of four hundred dollars (\$400.00) to six
10 hundred dollars (\$600.00) per unit rather than new
11 computers costing around three thousand dollars
12 (\$3,000) each.

13 (4) Help communities support their schools by
14 encouraging business and industry to donate
15 computer components to schools or sell them at
16 greatly reduced prices.

17 (5) The State Board of Education, after consultation
18 with ExplorNet, shall select seven local
19 administrative units to participate in the computer
20 recycling program. In selecting the pilot units,
21 the State Board shall consider (i) indicators of
22 the readiness of a unit to participate in the
23 program, (ii) the degree of community support for
24 such a program, and (iii) indicators of the need
25 for the program in the community, such as lack of
26 comparable training or resources in the community.

27 (6) The Information Resources Management Commission, in
28 consultation with the State Board of Education,
29 shall review and modify its standards for technical
30 components of local school technology purchases to
31 facilitate the implementation of the programs.

32 (d) The State Board of Education shall contract with
33 the nonprofit corporation, ExplorNet, to administer the programs.

34 (e) The provisions of Article 3 of Chapter 143 of the
35 General Statutes do not apply to contracts for supplies,
36 materials, equipment, and contractual services to implement these
37 programs. The Department of Administration may make its services
38 available to the State Board of Education, when requested by the
39 State Board of Education.

40 (f) The State Board of Education shall evaluate the
41 educational components of the programs.

42 The State Board's contract with ExplorNet shall require
43 ExplorNet to evaluate the technical components of the program and
44 to submit the results of its evaluation to the Information

1 Resources Management Commission for review and comment by May 15,
2 1999. The Information Resources Management Commission shall
3 submit the evaluation done by ExplorNet and the Commission's
4 comments on it to the State Board of Education by August 15,
5 1999.

6 The State Board of Education shall report the results of
7 these evaluations to the Joint Legislative Education Oversight
8 Committee by September 15, 1999.

1 CODE NO. 97DPI-S037-P

2

3 Requested by: Senators Winner, Lee

4

5 UNIFORM EDUCATION REPORTING SYSTEMS FUNDS

1 Section @. Funds appropriated for the 1997-99 fiscal
2 biennium for the Uniform Education Reporting System shall be used
3 for the maintenance, enhancement, or purchase of financial
4 personnel or for student information software, in order to
5 support the State Board of Education's responsibilities under
6 G.S. 115C-12(18).

1 CODE NO. 97DPI-S038B-P

2

3 Requested by: Senators Winner, Lee

4

5 LEGISLATORS MAY SERVE ON SCHOOL TECHNOLOGY COMMISSION

1 Section @. (a) G.S. 115C-102.5 reads as rewritten:

2 "§ 115C-102.5. Commission on School Technology created;
3 membership.

4 (a) There is created the Commission on School Technology. The
5 Commission shall be located administratively in the Department of
6 Public Instruction but shall exercise all its prescribed
7 statutory powers independently of the Department of Public
8 Instruction.

9 (b) The Commission shall consist of the following ~~16~~ 18
10 members:

- 11 (1) The State Superintendent of Public Instruction or a
12 designee;
- 13 (2) One representative of The University of North
14 Carolina, appointed by the President of The
15 University of North Carolina;
- 16 (3) One representative of the North Carolina Community
17 College System, appointed by the President of the
18 North Carolina Community College System;
- 19 (4) The Deputy Controller for the Information Resources
20 Management Commission in the Office of the State
21 Controller;
- 22 (5) Four members appointed by the Governor;
- 23 (6) ~~Four~~ Six members appointed by the General Assembly
24 upon the recommendation of the President Pro
25 Tempore of the Senate in accordance with G.S. 120-
26 121, two of whom shall be members of the Senate.
27 ~~one of whom~~ One of these six members shall be
28 recommended by the President of the Senate to serve
29 as cochair; and
- 30 (7) ~~Four~~ Six members appointed by the General Assembly
31 upon the recommendation of the Speaker of the House
32 of Representatives in accordance with G.S. 120-121,
33 two of whom shall be members of the House of
34 Representatives. ~~one of whom~~ One of these six
35 members shall be recommended by the Speaker of the
36 House of Representatives to serve as cochair.

37 In appointing members pursuant to subdivisions (5), (6), and (7)
38 of this subsection, the appointing entities shall select
39 individuals with technical or applied knowledge or experience in

1 learning and instructional management technologies or individual
2 with expertise in curriculum or instruction who have successfully
3 used learning and instructional management technologies.

4 No producers, vendors, or consultants to producers or vendors
5 of learning or instructional management technologies shall serve
6 on the Commission.

7 Members shall serve for two-year terms. Vacancies in terms of
8 members appointed by the Governor shall be filled by the
9 appointing officer. Vacancies in terms of members appointed by
10 the General Assembly shall be filled in accordance with G.S. 120-
11 122. Persons appointed to fill vacancies shall qualify in the
12 same manner as persons appointed for full terms.

13 ~~(c) Notwithstanding G.S. 120-123 and subsection (b) of this~~
14 ~~section, the Commission shall also include one member of the~~
15 ~~Senate appointed by the President Pro Tempore of the Senate and~~
16 ~~one member of the House of Representatives appointed by the~~
17 ~~Speaker of the House of Representatives. These members shall be~~
18 ~~voting members. The term of office of these members shall end~~
19 ~~November 1, 1994.~~

20 (d) Members of the Commission who are also members of the
21 General Assembly shall be paid subsistence and travel expenses at
22 the rate set forth in G.S. 120-3.1. Members of the Commission who
23 are officials or employees of the State shall receive travel
24 allowances at the rate set forth in G.S. 138-6. All other members
25 of the Commission shall be paid the per diem and allowances set
26 forth in G.S. 138-5.

27 (e) The Department of Public Instruction, the Department of
28 Community Colleges, and the Office of the State Controller shall
29 provide requested professional and clerical staff to the
30 Commission. The Commission may also employ professional and
31 clerical staff and may hire outside consultants to assist it in
32 its work. The Commission shall use an outside consultant to
33 perform a requirements analysis for learning and instructional
34 management technologies on a statewide basis that is based on
35 information gathered from each local school administrative unit
36 and that considers the needs of teachers, students, and
37 administrators."

38 (b) G.S. 115C-102.6B reads as rewritten:

39 "\$ 115C-102.6B. Approval of State school technology plan.

40 (a) The Commission shall present the State school technology
41 plan it develops to the Joint Legislative Commission on
42 Governmental Operations and the Joint Legislative Education
43 Oversight Committee for their comments prior to January 1, 1995.
44 At least every two years thereafter, the Commission shall develop

1 any necessary modifications to the State school technology plan
2 and present them to the Joint Legislative Commission on
3 Governmental Operations and the Joint Legislative Education
4 Oversight Committee.

5 (b) After presenting the plan or any proposed modifications to
6 the plan to the Joint Legislative Commission on Governmental
7 Operations and the Joint Legislative Education Oversight
8 Committee, the Commission shall submit the plan or any proposed
9 modifications to (i) the Information Resources Management
10 Commission for its approval of the technical components of the
11 plan set out in G.S. 115C-102.6A(1) through (4), and (ii) the
12 State Board of Education for ~~its approval of~~ information purposes
13 only. The State Board shall adopt a plan that includes the
14 components of the a plan set out in G.S. 115C-103.6A (1) through
15 (16).

16 At least one-fourth of the members of any technical committee
17 that reviews the plan for the Information Resources Management
18 Commission shall be people actively involved in primary or
19 secondary education.

20 (c) If no changes are made to the plan or the proposed
21 modifications to the plan after the submission to the Information
22 Resources Management Commission and the State Board of Education,
23 the plan or the proposed modifications shall take effect upon
24 approval by the Information Resources Management Commission and
25 the State Board of Education."

26 (c) G.S. 120-123(60) reads as rewritten:

27 "(60) The Commission on School Technology, as
28 established by ~~G.S. 115C-102.5, except as~~
29 ~~provided in G.S. 115C-102.5(c).~~ G.S. 115C-
30 102.5."

1 CODE NO. 97DPI-S034A-P

2

3 Requested by: Senators Winner, Lee

4

5 NORTH CAROLINA STANDARDS AND ACCOUNTABILITY COMMISSION

1 Section @. (a) The North Carolina Standards and
2 Accountability Commission has completed the initial phase of its
3 work and submitted a report to the State Board of Education.
4 Therefore, effective August 1, 1997, Article 8A of Chapter 115C
5 of the General Statutes is repealed. However, the task of
6 integrating the Commission's recommendations into the standards
7 and assessments system of the State Board of Education remains to
8 be completed.

9 Recognizing the important role of the Commission's work,
10 including the support of the business community as evidenced by
11 the recent Business Summit on Education, there is established the
12 Committee on Standards and Accountability. This Committee shall
13 advise the State Board of Education regarding integration of the
14 recommendations of the Standards and Accountability Commission
15 into the Board's student performance standards. The Committee
16 shall be composed of 13 members, nine appointed by the Governor,
17 two appointed by the President Pro Tempore of the Senate, and two
18 appointed by the Speaker of the House of Representatives. Of the
19 Governor's nine appointments, one shall be for a chair of the
20 Committee. The chair shall be a person in North Carolina who
21 understands the connection of high and rigorous standards with
22 student preparation for the world of work and other post-high
23 school opportunities.

24 Funds appropriated to the Standards and Accountability
25 Commission for the 1997-99 fiscal biennium shall be used by the
26 State Board of Education to continue to develop standards,
27 accountability and assessment systems in light of the
28 recommendations of the Standards and Accountability Commission.

1 CODE NO. 97DPI-S040-P

2

3 Requested by: Senators Winner, Lee, Rand

4

5 **SPECIAL NEEDS CHILDREN FUNDS**

1 Section @. Of the funds appropriated to the State Board
2 of Education, the sum of five hundred thousand dollars (\$500,000)
3 for the 1997-98 fiscal year shall be allocated to local
4 educational agencies for children with special needs reassigned
5 to group homes but not included in the head count of children
6 with special needs upon which the original funding for local
7 educational agencies was based or for children with special needs
8 in counties with special populations that frequently fluctuate in
9 numbers such as military personnel. The State Board of Education
10 shall allocate these funds upon applications made by local
11 educational agencies.

1 CODE NO. 97DPI-S043-P

2

3 Requested by: Senator Perdue

4

5 **TEACHER APPRENTICESHIP PROGRAM**

1 Section @. The State Board of Education shall use funds
2 appropriated from the Worker Training Trust Fund in Section __ of
3 this act to design and implement a public school teacher
4 apprenticeship program. Notwithstanding any other provision of
5 law, individuals who participate in the program may be granted a
6 provisional teaching certificate by the State Board of Education
7 for no more than five years and shall be required to obtain
8 certification before contracting for a sixth year of service with
9 any local administrative unit in this State.

10 The State Board of Education shall collaborate with and
11 may contract with the Governor's Commission on Workforce
12 Preparedness on designing and implementing the program.

1 CODE NO. 97DPI-S035B-P

2

3 Requested by: Senators Winner, Lee

4

5 **SAFE SCHOOLS**

1 Section @. (a) Of the funds appropriated to State Aid
2 to Local School Administrative Units, the State Board of
3 Education may use up to five hundred thousand dollars (\$500,000)
4 for the 1997-98 fiscal year and up to five hundred thousand
5 dollars (\$500,000) for the 1998-99 fiscal year to provide safety
6 intervention teams to schools to assist those schools in
7 restoring safety and order. Upon the request of a local board of
8 education, a superintendent, a principal, a school improvement
9 team, or a parent-teacher organization at a school, the State
10 Board of Education is authorized to provide a safety intervention
11 team to a school. The team may consist of teachers, retired
12 teachers, school administrators, retired school administrators,
13 and others who have demonstrated their ability to restore and
14 maintain order in public schools. The team shall spend a
15 sufficient amount of time at the school to assess the problems at
16 the school, assist school personnel with resolving those
17 problems, and work with school personnel and others to develop a
18 long-term plan for restoring and maintaining order and discipline
19 at the school. The team shall also make recommendations to the
20 local board of education and the superintendent on actions the
21 board and the superintendent should consider taking to resolve
22 problems at the school. The team shall revisit the school as
23 needed to monitor the school's progress in implementing the plan
24 and in restoring and maintaining order and discipline in the
25 school. If appropriate, the team may make further
26 recommendations to the local board of education and the
27 superintendent on additional actions, including dismissal of
28 teachers or administrators, to resolve problems at the school.
29 If the school fails to make adequate progress on its
30 implementation of a long-term plan, the team recommends the
31 dismissal of any teacher or administrator, and the local board
32 fails to take action on the dismissal recommendation, then the
33 team may make the dismissal recommendation to the State Board of
34 Education. Upon receipt of a dismissal recommendation, the State
35 Board shall follow the procedure established in G.S. 115C-
36 325(q)(1) or G.S. 115C-325(q)(2), whichever is applicable, for
37 the dismissal of the teacher or administrator.

38 (b) Chapter 115C of the General Statutes is amended by
39 adding a new Article to read:

1 "ARTICLE 27A.

2 "Management and Placement of Disruptive Students.

3 "§ 115C-397.1. Management and placement of disruptive students.

4 If, after a teacher has requested assistance from the principal
5 two or more times due to a student's disruptive behavior, the
6 teacher finds that the student's disruptive behavior continues to
7 interfere with the academic achievement of that student or other
8 students in the class, then the teacher may refer the matter to
9 the school-based committee established at that school as
10 authorized by the State Board of Education in its Procedures
11 Governing Programs and Services for Children with Special Needs.
12 The teacher may request that additional classroom teachers
13 participate in the committee's proceedings. For the purposes of
14 this section, the student's parent, guardian, or legal custodian
15 shall participate in the proceedings of the committee concerning
16 the student; the local board of education may impose a civil
17 penalty not to exceed one hundred dollars (\$100.00) on a parent,
18 guardian, or legal custodian who does not participate.
19 Furthermore, a student is not required to be screened, evaluated,
20 or identified as a child with special needs under this section.
21 The committee shall review the matter and shall take one or more
22 of the following actions: (i) advise the teacher on managing the
23 student's behavior more effectively, (ii) recommend to the
24 principal the transfer of the student to another class within the
25 school, (iii) recommend to the principal a multidisciplinary
26 diagnosis and evaluation of the student, (iv) recommend to the
27 principal that the student be assigned to an alternative learning
28 program, or (v) recommend to the principal that the student
29 receive any additional services that the school or the school
30 unit has the resources to provide for the student. If the
31 principal does not follow the recommendation of the committee,
32 the principal shall provide a written explanation to the
33 committee, the teacher who referred the matter to the committee,
34 and the superintendent, of any actions taken to resolve the
35 matter and of the reason the principal did not follow the
36 recommendation of the committee.

37 This section shall be in addition to and supplemental to
38 disciplinary action taken in accordance with any other law. The
39 recommendation of the committee is final and may not be appealed
40 under G.S. 115C-45(c). Nothing in this section shall authorize a
41 student to refer a disciplinary matter to this committee or to
42 have the matter of the student's behavior referred to this
43 committee before any discipline is imposed on the student."

1 (c) (1) Of the funds appropriated to State Aid to Local
2 School Administrative Units, the sum of three
3 million five hundred thousand dollars (\$3,500,000)
4 for the 1997-98 fiscal year and the sum of three
5 million five hundred thousand dollars (\$3,500,000)
6 for the 1998-99 fiscal year shall be used to
7 provide additional teachers for middle school
8 children who are academically below grade level.
9 Middle school children are children in a school
10 that serves grades six, seven, and eight, and no
11 other grades.

12 The State Board of Education shall allocate
13 these teacher positions to pilot middle schools on
14 the basis of the number of students in grade six
15 who scored at proficiency Level I on the end-of-
16 grade test in mathematics, on the end-of-grade test
17 in reading, or on both, at the end of their last
18 school year. The funds must be used in schools
19 that have at least 50 such students at a ratio of
20 one teacher to every 50 students. No partial
21 positions shall be allocated.

22 (2) The purpose of these funds is to improve the
23 academic performance and the behavior of these
24 students during the first school year after
25 elementary school by placing them in classes with a
26 low student-to-teacher ratio for either all of
27 their core academic subjects or for the subject or
28 subjects in which they are below grade level. In
29 order to accomplish this purpose, local school
30 administrative units shall use (i) the teachers
31 allocated for these students pursuant to the
32 regular teacher allotment and (ii) the teachers
33 allocated for these students under this section
34 only to improve the academic performance and the
35 behavior of these students. Local boards of
36 education shall adopt rules to ensure that each
37 student for whom funds for additional teacher
38 positions are allocated under this section shall be
39 assigned a teacher who is responsible for
40 monitoring the academic progress of the student.

41 (3) Of the funds appropriated in this section, the
42 State Board of Education may use up to twenty-five
43 thousand dollars (\$25,000) to evaluate the
44 effectiveness of these smaller classes in improving

1 academic performance and discipline in middle
2 schools.

3 (d) G.S. 115C-366 is amended by adding the following
4 new subsections to read:

5 "(a3) Before the admission of a student to any public school
6 in North Carolina, the local board shall require the student's
7 parent, guardian, custodian, or other person satisfactory to the
8 local board to provide a statement made under oath or affirmation
9 before a qualified official indicating whether the student is, at
10 the time, under suspension or expulsion from attendance at a
11 private or public school in this or any other state or has been
12 convicted of a felony in this or any other state.

13 (a4) Notwithstanding any other law, a local board may deny
14 admission to or place reasonable conditions on the admission of a
15 student who has been suspended from a school under G.S. 115C-391
16 or who has been suspended from a school for conduct that could
17 have led to a suspension from a school within the local school
18 administrative unit where the student is seeking admission until
19 the period of suspension has expired. Also, a local board may
20 deny admission to or place reasonable conditions on the admission
21 of a student who has been expelled from a school under G.S. 115C-
22 391 or who has been expelled from a school for behavior that
23 indicated the student's continued presence in school constitute
24 a clear threat to the safety of other students or employees or
25 who has been convicted of a felony in this or any other state.
26 If the local board denies admission to a student who has been
27 expelled or convicted of a felony, the student may request the
28 local board to reconsider that decision in accordance with G.S.
29 115C-391(d)."

30 (e) Article 54 of Chapter 7A of the General Statutes is
31 amended by adding the following new section to read:

32 "§ 7A-675.1. Notification of schools when juveniles are alleged
33 or found to be delinquent.

34 (a) Notwithstanding G.S. 7A-675, the juvenile court counselor
35 shall deliver verbal and written notification of the following
36 actions to the principal of the school that the juvenile attends:

- 37 (1) A petition is filed under G.S. 7A-560 that alleges
38 delinquency for an offense that would be a felony
39 if committed by an adult;
40 (2) The judge transfers jurisdiction over a juvenile to
41 superior court under G.S. 7A-608;
42 (3) The judge dismisses under G.S. 7A-637 the petition
43 that alleges delinquency for an offense that would
44 be a felony if committed by an adult;

1 (4) The judge issues a dispositional order under
2 Article 52 of Chapter 7A of the General Statutes
3 including, but not limited to, an order of
4 probation that requires school attendance,
5 concerning a juvenile alleged or found delinquent
6 for an offense that would be a felony if committed
7 by an adult; or

8 (5) The judge modifies or vacates any order or
9 disposition under G.S. 7A-664 concerning a juvenile
10 alleged or found delinquent for an offense that
11 would be a felony if committed by an adult.

12 Notification of the school principal in person or by telephone
13 shall be made before the beginning of the next school day.
14 Delivery of the written notification shall be made as soon as
15 practicable but at least within five days of the action.
16 Delivery shall be made in person or by certified mail.
17 Notification that a petition has been filed shall describe the
18 nature of the offense. Notification of a dispositional order, a
19 modified order, a vacated order, or a transfer to superior court
20 shall describe the judge's action and any applicable disposition
21 requirements. As used in this subsection, the term 'offense'
22 shall not include any offense under Chapter 20 of the General
23 Statutes.

24 (b) If the principal of the school the juvenile attends
25 returns any notification as required by G.S. 115C-404 and if the
26 juvenile court counselor learns that the juvenile is transferring
27 to another school, the juvenile court counselor shall deliver the
28 notification to the principal of the school to which the juvenile
29 is transferring. Delivery shall be made as soon as practicable
30 and shall be made in person or by certified mail.

31 (c) Principals shall handle any notification delivered under
32 this section in accordance with G.S. 115C-404.

33 (d) For the purpose of this section, 'school' means any public
34 or private school in the State that is authorized under Chapter
35 115C of the General Statutes."

36 (f) Article 29 of Chapter 115C of the General Statutes
37 is amended by adding a new section to read:

38 "§ 115C-404. Use of juvenile court information.

39 (a) Written notifications received in accordance with G.S. 7A-
40 675.1 are confidential records, are not public records as defined
41 under G.S. 132-1, and shall not be made part of the student's
42 official record under G.S. 115C-402. Immediately upon receipt,
43 the principal shall maintain these documents in a safe, locked
44 record storage that is separate from the student's other school

1 records. The principal shall maintain these documents until the
2 principal receives notification that the judge dismissed the
3 petition under G.S. 7A-637, the judge transferred jurisdiction
4 over the student to superior court under G.S. 7A-608, or the
5 judge granted the student's petition for expunction of the
6 records. At that time, the principal shall shred, burn, or
7 otherwise destroy the documents to protect the confidentiality of
8 this information. In no case shall the principal make a copy of
9 these documents.

10 (b) Documents received under this section may be used only to
11 protect the safety of the student or others and to improve the
12 educational opportunities in the school. Upon receipt of each
13 document, the principal shall share the document with those
14 individuals who have (i) direct guidance, teaching, or
15 supervisory responsibility for the student, and (ii) a specific
16 need to know in order to protect the safety of the student or
17 others. Those individuals shall indicate in writing that they
18 have read the document and that they agree to maintain its
19 confidentiality. Failure to maintain the confidentiality of
20 these documents as required by this section is grounds for
21 dismissal of an employee who is not a career employee and is
22 grounds for dismissal of an employee who is a career employee, in
23 accordance with G.S. 115C-325(e)(1)i.

24 (c) If the student graduates, withdraws from school, is
25 suspended for the remainder of the school year, is expelled, or
26 transfers to another school, the principal shall return the
27 documents to the juvenile court counselor and, if applicable,
28 shall provide the counselor with the name and address of the
29 school to which the student is transferring."

30 (g) G.S. 15A-505 reads as rewritten:

31 "§ 15A-505. Notification of ~~minor's parent.~~ parent and school.

32 (a) A ~~law-enforcement~~ law enforcement officer who charges a
33 minor with a criminal offense shall notify the minor's parent or
34 guardian of the charge, as soon as practicable, in person or by
35 telephone. If the minor is taken into custody, the law
36 enforcement officer or the officer's immediate superior shall
37 notify a parent or guardian in writing that the minor is in
38 custody within 24 hours of the minor's arrest. If the parent or
39 guardian of the minor cannot be found, then the officer or the
40 officer's immediate superior shall notify the minor's next-of-kin
41 of the minor's arrest as soon as practicable.

42 (b) The notification provided for by subsection (a) of this
43 section shall not be required if:

44 (1) The minor is emancipated;

1 (2) The minor is not taken into custody and has been
2 charged with a motor vehicle moving violation for
3 which three or fewer points are assessed under G.S.
4 20-16(c), except an offense involving impaired
5 driving, as defined in G.S. 20-4.01(24a); or

6 (3) The minor has been charged with a motor vehicle
7 offense that is not a moving violation.

8 (c) A law enforcement officer who charges a person with a
9 criminal offense that is a felony, except for a criminal offense
10 under Chapter 20 of the General Statutes, shall notify the
11 principal of any school the person attends of the charge as soon
12 as practicable but at least within five days. The notification
13 may be made in person or by telephone. If the person is taken
14 into custody, the law enforcement officer or the officer's
15 immediate supervisor shall notify the principal of any school the
16 person attends. This notification shall be in writing and shall
17 be made within five days of the person's arrest. As used in this
18 subsection, the term 'school' means any public or private school
19 in the State that is authorized under Chapter 115C of the General
20 Statutes."

21 (h) G.S. 115C-12 is amended by adding a new subdivision
22 to read:

23 "(25) Duty to Provide Technical Assistance on School
24 Safety Plans. -- The State Board of Education
25 shall provide technical assistance to local school
26 administrative units on developing, implementing,
27 and evaluating local plans to maintain, improve,
28 or restore order and discipline within their
29 schools."

30 (i) The Board of Governors of The University of North
31 Carolina shall develop a plan for ensuring that school
32 administrator and teacher preparation and continuing education
33 programs provide their students with the training and experience
34 they need to maintain and restore safety and order in schools.

35 The Board of Governors shall report on the plan, prior
36 to February 15, 1998, to the Joint Legislative Education
37 Oversight Committee.

38 (j) The State Board of Education shall review and
39 consider modifications to its school facility guidelines in light
40 of research on the relationship between (i) school design
41 components, especially school size, and (ii) school climate and
42 order.

43 The State Board shall also develop recommendations to
44 local boards of education on modifications to the design or

1 organization of existing schools that would improve school
2 climate and order.

3 The State Board of Education shall report to the Joint
4 Legislative Education Oversight Committee prior to February 15,
5 1998, on actions taken to implement the provisions of this
6 section.

7 (k) Prior to August 15, 1997, the State Board of
8 Education shall review and modify, if necessary, its policies and
9 procedures on data kept and reports made on acts of violence in
10 school and on students suspended or expelled from school, to
11 ensure that data and reports are accurate and consistent on a
12 statewide basis. The State Board shall report to the Joint
13 Legislative Education Oversight Committee prior to March 15,
14 1998, on the impact of its efforts to attain accurate and
15 consistent reports.

16 (1)(1) There is created the At-Risk Students Task Force
17 under the State Board of Education. The Task Force
18 shall consist of the Chair of the State Board of
19 Education, the Superintendent of Public
20 Instruction, the Secretary of Human Resources, the
21 State Health Director, and the Director of the
22 Administrative Office of the Courts. Each officer
23 may designate one representative from that
24 officer's department or office to represent that
25 officer on the Task Force. These officers also may
26 appoint additional members who represent other
27 State and local public agencies to the Task Force.
28 The Chair of the State Board of Education, or the
29 Chair's designee, shall serve as the Chair of the
30 Task Force. The Department of Public Instruction
31 and the Department of Human Resources shall provide
32 staff and clerical support to the Task Force. The
33 State Board of Education shall fund the Task Force
34 within funds available to it.

35 (2) The Task Force shall develop a plan to develop
36 interagency agreements between local school
37 administrative units and other local public
38 agencies, including, among others, health
39 departments, departments of social services, mental
40 health agencies, and courts, in order to provide
41 cooperative services to students who are at risk of
42 school failure, at risk of participation in
43 juvenile crime, or both.

(3) The Task Force shall report its plan, along with any suggested statutory revisions, to the Joint Legislative Education Oversight Committee by October 15, 1997, at which time the Task Force shall terminate.

(m) G.S. 143B-152.5 reads as rewritten:

"§ 143B-152.5. Grants review and selection.

(a) The Department shall develop and disseminate a request for applications and establish procedures to be followed in developing and submitting applications to establish local S.O.S. programs and administering grants to establish local S.O.S. programs. This information shall include examples of the design and types of S.O.S. programs that evaluations have shown are likely to be successful in improving the academic performance of the participants or in reducing disruptive or illegal behavior.

(b) The Secretary of Human Resources shall appoint a State task force to assist the Secretary in reviewing grant applications. The State task force shall include representatives of the Department of Human Resources, the Department of Public Instruction, local school administrative units, educators, parents, the juvenile justice system, social services, and governmental agencies providing services to children, and other members the Secretary considers appropriate. In appointing the State task force, the Secretary shall consult with the Superintendent of Public Instruction in an effort to coordinate the membership of this State task force, the State task force appointed by the Secretary pursuant to G.S. 143B-152.14, and the State task force appointed by the Superintendent pursuant to G.S. 115C-238.42.

In reviewing grant applications, the Secretary and the State task force may consider (i) the severity of the local problems as determined by the needs assessment data, (ii) the likelihood that the locally designed plan will result in high quality after-school services for school-aged children, (iii) evidence of local collaboration and coordination of services, (iv) any innovative or experimental aspects of the plan that will make it a useful model for replication in other neighborhoods and communities, and (v) evidence that similarly designed programs have been efficient and effective in improving the academic performance of the participants or in reducing disruptive or illegal behavior, and (vi) any other factors which affect the well-being of school-aged children.

(c) In determining the amount of funds an applicant receives, the Secretary and the State task force may consider (i) the

1 number of children to be served, (ii) the number and percentage
2 of children to be served who participate in the subsidized lunch
3 program, (iii) the number and percentage of school-aged children
4 with two working parents or one single parent to be served, (iv)
5 the availability of other resources or funds, and (v) the amount
6 needed to implement the proposal.

7 (d) The Secretary shall award the grants."

8 (n) G.S. 143B-152.7(a) reads as rewritten:

9 "(a) The Department of Human Resources shall develop and
10 implement an evaluation system that will assess the efficiency
11 and effectiveness of the S.O.S. Program. The Department shall
12 design this system to:

13 (1) Provide information to the Department and to the
14 General Assembly on how to improve and refine the
15 programs;

16 (1a) Develop information for dissemination to potential
17 grant applicants on the design of programs that
18 experience has shown are likely to be successful;

19 (2) Enable the Department and the General Assembly to
20 assess the overall quality, efficiency, and impact
21 of the existing programs;

22 (3) Enable the Department and the General Assembly to
23 determine whether to modify the S.O.S. Program; and

24 (4) Provide a detailed fiscal analysis of how State
25 funds for these programs were used."

26 (o) G.S. 115C-12(24) reads as rewritten:

27 "(24) Duty to Develop Guidelines for Alternative
28 Learning Programs, Provide Technical
29 Assistance on Implementation of Programs, and
30 Evaluate Programs. -- The State Board of
31 Education shall adopt guidelines for assigning
32 students to alternative learning programs.
33 These guidelines shall include (i) a
34 description of the programs and services that
35 are recommended to be provided in alternative
36 learning programs and (ii) a process for
37 ensuring that an assignment is appropriate for
38 the student and that the student's parents are
39 involved in the decision.

40 The State Board of Education shall provide
41 technical support to local school administrative
42 units to assist them in developing and implementing
43 plans for alternative learning programs.

1 The State Board of Education shall recommend
2 to local boards of education ways to measure the
3 academic achievement of students while they are in
4 the alternative learning programs or in remedial
5 learning programs.

6 The State Board shall evaluate the
7 effectiveness of alternative learning programs and,
8 in its discretion, of any other programs funded
9 from the Alternative Schools/At-Risk Student
10 allotment. Local school administrative units shall
11 report to the State Board of Education on how funds
12 in the Alternative Schools/At-Risk Student
13 allotment are spent and shall otherwise cooperate
14 with the State Board of Education in evaluating the
15 alternative learning programs. The State Board of
16 Education shall report annually to the Joint
17 Legislative Education Oversight Committee,
18 beginning in December 1996, on the results of this
19 evaluation."

20 (p) The State Board of Education and the Secretary of
21 the Department of Human Resources shall appoint an advisory
22 committee to consider the advisability of and to develop a
23 proposal for creating regional residential schools for students
24 with emotional and behavioral problems so severe that the public
25 schools cannot serve them. The advisory committee shall clearly
26 define the population and the age limits of the population for
27 whom such a residential school would be appropriate, estimate the
28 number of students in that population, devise a plan for building
29 and operating such schools, and estimate the costs and benefits
30 of such schools. The advisory committee shall consider whether
31 any existing State facilities would be available and appropriate
32 to house such a school. The advisory committee shall report the
33 results of its study, including its recommendation on the
34 advisability of creating these schools, to the State Board of
35 Education and the Secretary of the Department of Human Resources
36 prior to January 15, 1998. The State Board of Education and the
37 Secretary of Human Resources shall report the results of the
38 study to the Joint Legislative Education Oversight Committee
39 prior to February 15, 1998.

40 (q) G.S. 115C-391(a) reads as rewritten:

41 "(a) Local boards of education shall adopt policies not
42 inconsistent with the provisions of the Constitutions of the
43 United States and North Carolina, governing the conduct of
44 students and establishing procedures to be followed by school

1 officials in suspending or expelling any student, or
2 disciplining any student if the offensive behavior could result
3 in suspension, expulsion, or the administration of corporal
4 punishment. The policies that shall be adopted for the
5 administration of corporal punishment shall include at a minimum
6 the following conditions:

- 7 (1) Corporal punishment shall not be administered in a
8 classroom with other children present;
- 9 (2) The student body shall be informed beforehand what
10 general types of misconduct could result in
11 corporal punishment;
- 12 (3) Only a teacher, substitute teacher, principal, or
13 assistant principal may administer corporal
14 punishment and may do so only in the presence of a
15 principal, assistant principal, teacher, substitute
16 teacher, teacher assistant, or student teacher, who
17 shall be informed beforehand and in the student's
18 presence of the reason for the punishment; and
- 19 (4) An appropriate school official shall provide the
20 child's parent or guardian with notification that
21 corporal punishment has been administered, and upon
22 request, the official who administered the corporal
23 punishment shall provide the child's parent or
24 guardian a written explanation of the reasons and
25 the name of the second school official who was
26 present.

27 ~~The~~ Each local board shall publish all the policies mandated by
28 this ~~subsection~~ section and make them available to each student
29 and his parent or guardian at the beginning of each school year.

30 (a) Notwithstanding any policy adopted pursuant to this
31 section, school personnel may use reasonable force, including
32 corporal punishment, to control behavior or to remove a person
33 from the scene in those situations when necessary:

- 34 (1) To quell a disturbance threatening injury to
35 others;
- 36 (2) To obtain possession of weapons or other dangerous
37 objects on the person, or within the control, of a
38 student;
- 39 (3) For self-defense; ~~or~~
- 40 (4) For the protection of persons or ~~property~~
41 property; or
- 42 (5) To maintain order on school property, in the
43 classroom, or at a school-related activity on or
44 off school property."

1 (r) G.S. 115C-391 is amended by adding the following
2 new subsection to read:
3 "(h) Notwithstanding any other law, no officer or employee of
4 the State Board of Education or of a local board of education
5 shall be civilly liable for using reasonable force, including
6 corporal punishment, in conformity with State law, State or local
7 rules, or State or local policies regarding the control,
8 discipline, suspension, and expulsion of students. Furthermore,
9 the burden of proof is on the claimant to show that the amount of
10 force used was not reasonable."

1 CODE NO. 97DPI-S013A-P

2

3 Requested by: Senators Plyler, Perdue, Odom

4

5 SCHOOL-BASED ADMINISTRATOR SALARIES

1 Section @. (a) Funds appropriated to the Reserve for
2 Salary Increases shall be used for the implementation of the
3 salary schedule for school-based administrators as provided in
4 this section. These funds shall be used for State-paid employees
5 only.

6 (b) The salary schedule for school-based administrators
7 shall apply only to principals and assistant principals. The
8 salary schedule for the 1997-98 fiscal year, commencing July 1,
9 1997, is as follows:

10

11

12 Asst.

13 Step Prin. Prin.I Prin.II Prin.III Prin.IV Prin.V Prin.VI Prin.VII

14

15 0	--	--	--	--	--	--	--	--
16 1	--	--	--	--	--	--	--	--
17 2	--	--	--	--	--	--	--	--
18 3	--	--	--	--	--	--	--	--
19 4	\$2,602	--	--	--	--	--	--	--
20 5	2,655	--	--	--	--	--	--	--
21 6	2,708	--	--	--	--	--	--	--
22 7	2,762	--	--	--	--	--	--	--
23 8	2,817	\$2,817	--	--	--	--	--	--
24 9	2,873	2,873	--	--	--	--	--	--
25 10	2,930	2,930	\$2,989	--	--	--	--	--
26 11	2,989	2,989	3,049	--	--	--	--	--
27 12	3,049	3,049	3,110	\$3,172	--	--	--	--
28 13	3,110	3,110	3,172	3,235	\$3,300	--	--	--
29 14	3,172	3,172	3,235	3,300	3,366	\$3,433	--	--
30 15	3,235	3,235	3,300	3,366	3,433	3,502	--	--
31 16	3,300	3,300	3,366	3,433	3,502	3,572	\$3,643	--
32 17	3,366	3,366	3,433	3,502	3,572	3,643	3,716	\$3,791
33 18	3,433	3,433	3,502	3,572	3,643	3,716	3,791	3,867
34 19	3,502	3,502	3,572	3,643	3,716	3,791	3,867	3,944
35 20	3,572	3,572	3,643	3,716	3,791	3,867	3,944	4,023
36 21	3,643	3,643	3,716	3,791	3,867	3,944	4,023	4,103
37 22	3,716	3,716	3,791	3,867	3,944	4,023	4,103	4,185
38 23	3,791	3,791	3,867	3,944	4,023	4,103	4,185	4,269
39 24	3,867	3,867	3,944	4,023	4,103	4,185	4,269	4,355

1	25	3,944	3,944	4,023	4,103	4,185	4,269	4,355	4,442
2	26	4,023	4,023	4,103	4,185	4,269	4,355	4,442	4,531
3	27	4,103	4,103	4,185	4,269	4,355	4,442	4,531	4,622
4	28	4,185	4,185	4,269	4,355	4,442	4,531	4,622	4,714
5	29	4,269	4,269	4,355	4,442	4,531	4,622	4,714	4,808
6	30	4,355	4,355	4,442	4,531	4,622	4,714	4,808	4,904
7	31	4,442	4,442	4,531	4,622	4,714	4,808	4,904	5,002
8	32	--	4,531	4,622	4,714	4,808	4,904	5,002	5,102
9	33	--	--	4,714	4,808	4,904	5,002	5,102	5,204
10	34	--	--	4,808	4,904	5,002	5,102	5,204	5,308
11	35	--	--	--	5,002	5,102	5,204	5,308	5,414
12	36	--	--	--	5,102	5,204	5,308	5,414	5,522
13	37	--	--	--	--	5,308	5,414	5,522	5,632
14	38	--	--	--	--	--	5,522	5,632	5,745
15	39	--	--	--	--	--	--	5,745	5,860
16	40	--	--	--	--	--	--	5,860	5,977
17	41	--	--	--	--	--	--	--	6,097.

18 (c) The appropriate classification for placement of
19 principals and assistant principals on the salary schedule shall
20 be determined in accordance with the following schedule:

21		Number of Teachers
22	Classification	Supervised
23	Assistant Principal	
24	Principal I	Less than 11 Teachers
25	Principal II	11-21 Teachers
26	Principal III	22-32 Teachers
27	Principal IV	33-43 Teachers
28	Principal V	44-54 Teachers
29	Principal VI	55-65 Teachers
30	Principal VII	More than 65 Teachers

31
32 The number of teachers supervised includes teachers and assistant
33 principals paid from State funds only; it does not include
34 teachers or assistant principals paid from non-State funds or the
35 principal or teacher assistants.

36 (d) A principal shall be placed on the step on the
37 salary schedule that reflects total number of years of experience
38 as a certificated employee of the public schools and an
39 additional step for every three years of experience as a
40 principal.

41 (e) Principals and assistant principals with
42 certification based on academic preparation at the six-year
43 degree level shall be paid a salary supplement of one hundred
44 twenty-six dollars (\$126.00) per month and at the doctoral degree

1 level shall be paid a salary supplement of two hundred fifty
2 three dollars (\$253.00) per month.

3 (f) There shall be no State requirement that
4 superintendents in each local school unit shall receive in State-
5 paid salary at least one percent (1%) more than the highest paid
6 principal receives in State salary in that school unit:
7 Provided, however, the additional State-paid salary a
8 superintendent who was employed by a local school administrative
9 unit for the 1992-93 fiscal year received because of that
10 requirement shall not be reduced because of this subsection for
11 subsequent fiscal years that the superintendent is employed by
12 that local school administrative unit so long as the
13 superintendent is entitled to at least that amount of additional
14 State-paid salary under the rules in effect for the 1992-93
15 fiscal year.

16 (g) Longevity pay for principals and assistant
17 principals shall be as provided for State employees.

18 (h)(1) If a principal is reassigned to a higher job
19 classification because the principal is transferred
20 to a school within a local school administrative
21 unit with a larger number of State-allotted
22 teachers, the principal shall be placed on the
23 salary schedule as if the principal had served the
24 principal's entire career as a principal at the
25 higher job classification.

26 (2) If a principal is reassigned to a lower job
27 classification because the principal is transferred
28 to a school within a local school administrative
29 unit with a smaller number of State-allotted
30 teachers, the principal shall be placed on the
31 salary schedule as if the principal had served the
32 principal's entire career as a principal at the
33 lower job classification.

34 This subdivision applies to all transfers on or
35 after the ratification date of this act, except
36 transfers in school systems that have been created,
37 or will be created, by merging two or more school
38 systems. Transfers in these merged systems are
39 exempt from the provisions of this subdivision for
40 one calendar year following the date of the merger.

41 (i) Except as provided in subsection (h) of this
42 section, the salary of a principal or assistant principal shall
43 not be less for the 1997-98 fiscal year than it was for the 1993-

1 94 fiscal year solely as a result of placement on the salary
2 schedule established in this section.

3 (j) The State Board may authorize local boards of
4 education to pay persons for one year at the entry-level step of
5 the assistant principal's salary schedule if they (i) are serving
6 as assistant principals, (ii) have completed one year of a
7 masters in school administration program, and (iii) are not
8 certified as assistant principals.

9

10 Requested by: Senators Plyler, Perdue, Odom

11 **SCHOOL CENTRAL OFFICE SALARIES**

12 Section @. (a) The following monthly salary ranges
13 apply to public school superintendents, assistant
14 superintendents, associate superintendents,
15 directors/coordinators, supervisors, and finance officers for the
16 1997-98 fiscal year, beginning July 1, 1997:

17	(1) School Administrator I:	\$2,818 - \$4,669
18	(2) School Administrator II:	\$2,991 - \$4,956
19	(3) School Administrator III:	\$3,174 - \$5,260
20	(4) School Administrator IV:	\$3,302 - \$5,473
21	(5) School Administrator V:	\$3,435 - \$5,694
22	(6) School Administrator VI:	\$3,645 - \$6,044
23	(7) School Administrator VII:	\$3,792 - \$6,288

24 The local board of education shall determine the appropriate
25 category and placement for each assistant superintendent,
26 associate superintendent, director/coordinator, supervisor, or
27 finance officer, within the salary ranges and within funds
28 appropriated by the General Assembly for central office
29 administrators and superintendents. The category in which an
30 employee is placed shall be included in the contract of any
31 employee hired on or after July 1, 1997.

32 (b) The following monthly salary ranges apply to public
33 school superintendents for the 1997-98 fiscal year, beginning
34 July 1, 1997:

35	(1) Superintendent I (Up to 2,500 ADM):	\$4,025	-
36		\$6,673	
37	(2) Superintendent II (2,501 - 5,000 ADM):	\$4,272	-
38		\$7,081	
39	(3) Superintendent III (5,001 - 10,000 ADM):	\$4,533	-
40		\$7,514	
41	(4) Superintendent IV (10,001 - 25,000 ADM):	\$4,811	-
42		\$7,974	
43	(5) Superintendent V (Over 25,000 ADM):	\$5,106	-
44		\$8,462	

1 The local board of education shall determine the appropriate
2 category and placement for the superintendent based on the
3 average daily membership of the local school administrative unit
4 and within funds appropriated by the General Assembly for central
5 office administrators and superintendents.

6 Notwithstanding the provisions of this subsection, a
7 local board of education may pay an amount in excess of the
8 applicable range to a superintendent who is entitled to receive
9 the higher amount under Section ____ of this act.

10 (c) Longevity pay for superintendents, assistant
11 superintendents, associate superintendents,
12 directors/coordinators, supervisors, and finance officers shall
13 be as provided for State employees.

14 (d) Superintendents, assistant superintendents,
15 associate superintendents, directors/coordinators, supervisors,
16 and finance officers with certification based on academic
17 preparation at the six-year degree level shall receive a salary
18 supplement of one hundred twenty-six dollars (\$126.00) per month
19 in addition to the compensation provided for pursuant to this
20 section. Superintendents, assistant superintendents, associate
21 superintendents, directors/coordinators, supervisors, and finance
22 officers with certification based on academic preparation at the
23 doctoral degree level shall receive a salary supplement of two
24 hundred fifty-three dollars (\$253.00) per month in addition to
25 the compensation provided for under this section.

26 (e) The State Board shall not permit local school
27 administrative units to transfer State funds from other funding
28 categories for salaries for public school central office
29 administrators.

30 (f) The Director of the Budget shall transfer from the
31 Reserve for Salary Increases created in this act for fiscal year
32 1997-98, beginning July 1, 1997, funds necessary to provide an
33 average annual salary increase of three percent (3%), including
34 funds for the employer's retirement and social security
35 contributions, commencing July 1, 1997, for all permanent full-
36 time personnel paid from the Central Office Allotment. The State
37 Board of Education shall allocate these funds to local school
38 administrative units. The local boards of education shall
39 establish guidelines for providing their salary increases to
40 these personnel.

41

42 Requested by: Senators Plyler, Perdue, Odom

43 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

1 Section @. The Director of the Budget may transfer
2 from the Reserve for Salary Increases created in this act for
3 fiscal year 1997-98, commencing July 1, 1997, funds necessary to
4 provide a salary increase of three percent (3%), including funds
5 for the employer's retirement and social security contributions,
6 commencing July 1, 1997, for all noncertified public school
7 employees whose salaries are supported from the State's General
8 Fund. Local boards of education shall increase the rates of pay
9 for all such employees who were employed during fiscal year 1996-
10 97 and who continue their employment for fiscal year 1997-98 by
11 at least three percent (3%), commencing July 1, 1997. These
12 funds shall not be used for any purpose other than for the salary
13 increases and necessary employer contributions provided by this
14 section.

15 The Director of the Budget may transfer from the salary
16 increase reserve fund created in this act for fiscal year 1997-
17 98, beginning July 1, 1997, funds necessary to provide the salary
18 increases for noncertified public school employees whose salaries
19 are supported from the State's General Fund in accordance with
20 the provisions of this section.

1 CODE NO. 97DPI-S012B-P

2

3 Requested by: Senators Plyler, Perdue, Odom

4

5 **TEACHER SALARY SCHEDULES**

1 Section ②. (a) Effective for the 1997-98 school year,
2 the Director of the Budget may transfer from the Reserve for
3 Salary Increases for the 1997-98 fiscal year funds necessary to
4 implement the teacher salary schedule set out in subsection (b)
5 of this section, including funds for the employer's retirement
6 and social security contributions and funds for annual longevity
7 payments at one percent (1%) of base salary for 10 to 14 years of
8 State service, one and one-half percent (1.5%) of base salary for
9 15 to 19 years of State service, two percent (2%) of base salary
10 for 20 to 24 years of State service, and four and one-half
11 percent (4.5%) of base salary for 25 or more years of State
12 service, commencing with July 1, 1997, for all teachers whose
13 salaries are supported from the State's General Fund. These
14 funds shall be allocated to individuals according to rules
15 adopted by the State Board of Education and the Superintendent of
16 Public Instruction. The longevity payment shall be paid in a
17 lump sum once a year.

18 (b)(1) For the 1997-98 school year, the following
19 monthly salary schedules shall apply to certified
20 personnel of the public schools who are classified
21 as teachers. The schedule contains 30 steps with
22 each step corresponding to one year of teaching
23 experience.

24

25 **1997-98 Monthly Salary Schedule**

26

27 Years of	"A" Teachers	"G" Teachers	"A" Teachers	"G" Teachers
28 Experience			with NBPTS	with NBPTS
29			Certification	Certification
30 0	\$2,215	\$2,353	\$2,480	\$2,635
31 1	2,257	2,398	2,527	2,685
32 2	2,300	2,444	2,576	2,737
33 3	2,436	2,588	2,728	2,898
34 4	2,495	2,651	2,794	2,969
35 5	2,543	2,702	2,848	3,026
36 6	2,592	2,754	2,903	3,084
37 7	2,641	2,806	2,957	3,142
38 8	2,706	2,875	3,030	3,222
39 9	2,756	2,928	3,086	3,275

1	10	2,808	2,984	3,144	3,342
2	11	2,861	3,040	3,204	3,404
3	12	2,915	3,097	3,264	3,468
4	13	2,970	3,156	3,326	3,534
5	14	3,026	3,215	3,389	3,600
6	15	3,083	3,276	3,452	3,669
7	16	3,141	3,337	3,517	3,737
8	17	3,201	3,401	3,585	3,809
9	18	3,262	3,466	3,653	3,881
10	19	3,325	3,533	3,724	3,956
11	20	3,388	3,600	3,794	4,032
12	21	3,452	3,668	3,866	4,108
13	22	3,517	3,737	3,939	4,185
14	23	3,584	3,808	4,014	4,264
15	24	3,653	3,881	4,091	4,346
16	25	3,723	3,956	4,169	4,430
17	26	3,794	4,031	4,249	4,514
18	27	3,867	4,109	4,331	4,602
19	28	3,941	4,187	4,413	4,689
20	29+	4,017	4,268	4,499	4,780

(2) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers.

(c) Effective for the 1997-98 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "G" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

1 Certified psychologists with certification based
2 academic preparation at the six-year degree level shall receive a
3 salary supplement of one hundred twenty-six dollars (\$126.00) per
4 month in addition to the compensation provided for certified
5 psychologists. Certified psychologists with certification based
6 on academic preparation at the doctoral degree level shall
7 receive a salary supplement of two hundred fifty-three dollars
8 (\$253.00) per month in addition to the compensation provided for
9 certified psychologists.

10 (d) Effective for the 1997-98 school year, speech
11 pathologists who are certified as speech pathologists at the
12 masters degree level and audiologists who are certified as
13 audiologists at the masters degree level and who are employed in
14 the public schools as speech and language specialists and
15 audiologists shall be paid on the school psychologist salary
16 schedule.

17 Speech pathologists with certification based on academic
18 preparation at the six-year degree level shall receive a salary
19 supplement of one hundred twenty-six dollars (\$126.00) per month
20 in addition to the compensation provided for speech pathologists.
21 Speech pathologists with certification based on academic
22 preparation at the doctoral degree level shall receive a salary
23 supplement of two hundred fifty-three dollars (\$253.00) per month
24 in addition to the compensation provided for speech pathologists.

1 CODE NO. 97DPI-S027A-P

2

3 Requested by: Senators Winner, Lee

4

5 FUNDS TO IMPLEMENT THE ABC'S OF PUBLIC EDUCATION PROGRAM

1 Section @. (a) Of the funds appropriated to State Aid
2 to Local School Administrative Units, the State Board of
3 Education may use up to sixty-seven million five hundred thousand
4 dollars (\$67,500,000) for the 1997-98 fiscal year to provide
5 incentive funding for schools that meet or exceed the projected
6 levels of improvement in student performance, in accordance with
7 the ABC's of Public Education Program. In accordance with State
8 Board of Education policy, incentive awards in schools that
9 achieve higher than expected improvements may be up to: (i) one
10 thousand dollars (\$1,000) for each teacher and for certified
11 personnel; and (ii) five hundred dollars (\$500.00) for each
12 teacher assistant. In accordance with State Board of Education
13 policy, incentive awards in schools that meet the expected
14 improvements may be up to: (i) five hundred dollars (\$500.00) for
15 each teacher and for certified personnel; and (ii) two hundred
16 fifty dollars (\$250.00) for each teacher assistant.

17 (b) Of the funds appropriated to State Aid to Local
18 School Administrative Units, the State Board of Education may use
19 up to two million seventy-three thousand seven hundred twenty-
20 nine dollars (\$2,073,729) for the 1997-98 fiscal year to provide
21 a bonus equal to one percent (1%) of salary to each principal of
22 a school that exceeds expected improvements.

23 (c) The State Board of Education may use funds
24 appropriated to State Aid to Local School Administrative Units
25 for assistance teams to low-performing schools.

1 CODE NO. 97DPI-S025A-P

2

3 Requested by: Senators Winner, Lee

4

5 **EXTRA PAY FOR MENTOR TEACHERS**

6 Section @. Of the funds appropriated to State Aid to
7 Local School Administrative Units, the sum of three million five
8 hundred thousand dollars (\$3,500,000) for the 1997-98 fiscal year
9 shall be used to provide every newly certified teacher with a
10 qualified and well-trained mentor. These funds shall be used to
11 compensate each mentor at the rate of (i) one hundred dollars
12 (\$100.00) per month for a maximum of 10 months for serving as a
13 mentor during the school year, and (ii) one hundred dollars
14 (\$100.00) for serving as a mentor for one day prior to the
15 beginning of the school year.

16

17 Requested by: Senators Winner, Lee

18

19 **EXTRA PAY FOR NEW TEACHER DEVELOPMENT**

20 Section @. Of the funds appropriated to State Aid to
21 Local School Administrative Units, the sum of eight hundred
22 thousand dollars (\$800,000) for the 1997-98 fiscal year shall be
23 used to provide every newly certified teacher with three extra
24 days of employment for orientation and classroom preparation.
25 These funds shall be used to compensate each newly certified
26 teacher at the daily pay rate of an entry-level teacher.

27

28 Requested by: Senators Winner, Lee

29

30 **EXTRA PAY FOR PROFESSIONAL DEVELOPMENT**

31 Section @. Of the funds appropriated to State Aid to
32 Local School Administrative Units, the sum of six million eight
33 hundred thousand dollars (\$6,800,000) for the 1997-98 fiscal year
34 and the sum of six million eight hundred thousand dollars
35 (\$6,800,000) for the 1998-99 fiscal year shall be used for
36 assistance teams to low-performing schools and for professional
37 development relating to the State Board's reading plan under the
38 ABC Plan, mathematics education, and other areas as determined by
39 the State Board of Education.

40 The General Assembly encourages the State Board to
41 contract with the North Carolina Teacher Academy for teachers
42 participating in assistance teams to low-performing schools.

43 The State Board shall report to the Joint Legislative Education
44 Oversight Committee prior to April 15, 1998, and prior to April

1 15, 1999, on any contract with the North Carolina Teacher
2 Academy.

3

4 Requested by: Senators Winner, Lee

5

6 PUBLIC SCHOOL CALENDAR CHANGES/EXTRA PAY FOR EXTRA DAYS AND EXTRA
7 DUTIES

8 Section @. (a) G.S. 115C-84 is repealed.

9 (b) G.S. 115C-84.1 is repealed.

10 (c) Part 2 of Article 8 of Chapter 115C of the General
11 Statutes is amended by adding a new section to read:

12 "§ 115C-84.2. School calendar.

13 (a) School Calendar. -- Each local board of education shall
14 adopt a school calendar consisting of 220 days all of which must
15 fall within the fiscal year. A school calendar shall include the
16 following:

17 (1) A minimum of 180 days and 1,000 hours of
18 instruction covering at least nine calendar months.
19 The local board shall designate when the 180
20 instructional days shall occur. The number of
21 instructional hours in an instructional day may
22 vary according to local board policy and does not
23 have to be uniform among schools in the
24 administrative unit. Local boards may approve
25 school improvement plans that include days with
26 varying amounts of instructional time. If school
27 is closed early due to inclement weather, the day
28 and the scheduled amount of instructional hours may
29 count towards the required minimum. The school
30 calendar should include a plan for making up days
31 and instructional hours missed when schools are not
32 opened due to inclement weather.

33 (2) A minimum of 10 annual vacation leave days.

34 (3) The same or an equivalent number of legal holidays
35 occurring within the school calendar as those
36 designated by the State Personnel Commission for
37 State employees.

38 (4) Ten days, as designated by the local board, for use
39 as teacher workdays, additional instructional days,
40 or other lawful purposes. A local board may
41 delegate to the individual schools some or all of
42 the 10 days to schedule under subdivision (5) of
43 this subsection. A local board may schedule
44 different purposes for different personnel on any

1 given day and is not required to schedule the same
2 dates for all personnel.

3 (5) The remaining days shall be scheduled by each
4 individual school in any or all of the following
5 methods: (i) by the school improvement team in
6 consultation with the school's principal, (ii) in
7 the school improvement plan, (iii) by an amendment
8 to the school improvement plan, and (iv) by
9 agreement between the individual teacher and the
10 school's principal. Days may be scheduled for any
11 of the purposes allowed under subdivision (4) of
12 this subsection. Days may be scheduled for
13 different purposes for different personnel and
14 there is no requirement to schedule the same dates
15 for all personnel.

16 Local boards of education shall consult with parents and the
17 employed public school personnel in the development of the
18 school calendar.

19 (b) Limitations. -- The following limitations apply when
20 developing the school calendar:

21 (1) The total number of teacher workdays shall not
22 exceed 200 days.

23 (2) Teachers may not be required to work during the
24 month of July unless: (i) the school is a year-
25 round school; or (ii) the teacher is employed for a
26 term in excess of 10 months.

27 (3) School shall not be held on Sundays.

28 (c) Emergency Conditions. -- During any period of emergency in
29 any section of the State where emergency conditions make it
30 necessary, the State Board of Education may order general, and if
31 necessary, extended recesses or adjournment of the public
32 schools.

33 (d) Opening and Closing Dates. -- Local boards of education
34 shall determine the dates of opening and closing the public
35 schools under subdivision (a)(1) of this section. A local board
36 may revise the scheduled closing date if necessary in order to
37 comply with the minimum requirements for instructional days or
38 instructional time. Different opening and closing dates may be
39 fixed for schools in the same administrative unit."

40 (d) G.S. 115C-302 is repealed.

41 (e) Article 20 of Chapter 115C of the General Statutes
42 is amended by adding a new section to read:

43 "§ 115C-302.1. Salary.

1 (a) Prompt Payment. -- Teachers shall be paid promptly when
2 their salaries are due provided the legal requirements for their
3 employment and service have been met. All teachers employed by
4 any local school administrative unit who are to be paid from
5 local funds shall be paid promptly as provided by law and as
6 State-allotted teachers are paid.

7 (b) Salary Payments. -- State-allotted teachers shall be paid
8 for a term of 10 months. State-allotted months of employment for
9 vocational education to local boards shall be used for the
10 employment of teachers of vocational and technical education for
11 a term of employment to be determined by the local boards of
12 education.

13 Each local board of education shall establish a set date on
14 which monthly salary payments to State-allotted teachers shall be
15 made. This set pay date may differ from the end of the month of
16 service. The daily rate of pay for teachers shall equal one
17 twenty-second of the monthly rate of pay.

18 Teachers may be prepaid on the monthly pay date for days not
19 yet worked. A teacher who fails to attend scheduled workdays or
20 who has not worked the number of days for which the teacher has
21 been paid and who resigns, is dismissed, or whose contract is
22 not renewed shall repay to the local board any salary payments
23 received for days not yet worked. A teacher who has been prepaid
24 and continues to be employed by a local board but fails to attend
25 scheduled workdays may be subject to dismissal under G.S. 115C-
26 325 or other appropriate discipline.

27 Any individual teacher who is not employed in a year-round
28 school may be paid in 12 monthly installments if the teacher so
29 requests on or before the first day of the school year. The
30 request shall be filed in the local school administrative unit
31 which employs the teacher. The payment of the annual salary in 12
32 installments instead of 10 shall not increase or decrease the
33 teacher's annual salary nor in any other way alter the contract
34 made between the teacher and the local school administrative
35 unit. Teachers employed for a period of less than 10 months may
36 not receive their salaries in 12 installments.

37 (c) Vacation. -- Included within the 10-month term shall be
38 annual vacation leave at the same rate provided for State
39 employees, computed at one-twelfth of the annual rate for State
40 employees for each month of employment. Local boards shall
41 provide at least 10 days of annual vacation leave at a time when
42 students are not scheduled to be in regular attendance. However,
43 instructional personnel who do not require a substitute may use
44 annual vacation leave on days that students are in attendance.

1 Vocational and technical education teachers who are employed for
2 11 or 12 months may, with prior approval of the principal, work
3 on annual vacation leave days designated in the school calendar
4 and may use those annual vacation leave days during the eleventh
5 or twelfth month of employment.

6 On a day that pupils are not required to attend school due to
7 inclement weather, but employees are required to report for a
8 workday, a teacher may elect not to report due to hazardous
9 travel conditions and to take an annual vacation day or to make
10 up the day at a time agreed upon by the teacher and the teacher's
11 immediate supervisor or principal. On a day that school is
12 closed to employees and pupils due to inclement weather, a
13 teacher shall work on the scheduled makeup day.

14 All vacation leave taken by the teacher will be upon the
15 authorization of the teacher's immediate supervisor and under
16 policies established by the local board of education. Annual
17 vacation leave shall not be used to extend the term of
18 employment.

19 Teachers may accumulate annual vacation leave days without any
20 applicable maximum until June 30 of each year. On June 30 of each
21 year, any teacher or other personnel paid on the teacher salary
22 schedule with more than 30 days of accumulated annual vacation
23 leave shall, at the teacher's option, have the excess
24 accumulation converted to either sick leave or pay, so that only
25 30 days are carried forward to July 1 of the same year.

26 Upon separation from service due to resignation, dismissal,
27 reduction in force, or death, an employee shall be paid in a lump
28 sum for accumulated annual leave not to exceed a maximum of 30
29 days. Upon separation from service due to service retirement,
30 any teacher or other personnel paid on the teacher salary
31 schedule with more than 30 days of accumulated annual vacation
32 leave may, at the teacher's option, have some or all of the
33 excess accumulation converted to sick leave for creditable
34 service towards retirement. A retiring teacher's accumulated
35 annual leave, including any excess accumulated annual leave that
36 is not converted to sick leave, shall be paid in a lump sum.
37 Employees going onto term disability may exhaust annual leave
38 rather than be paid in a lump sum.

39 Notwithstanding any provisions of this subsection to the
40 contrary, no person shall be entitled to pay for any vacation day
41 not earned by that person.

42 (d) Personal Leave. -- Teachers earn personal leave at the
43 rate of .20 days for each full month of employment not to exceed
44 two days per year. Personal leave may be accumulated to

1 maximum of five days. Personal leave may be used only upon the
2 authorization of the teacher's immediate supervisor, but if the
3 request is made at least five days in advance, the teacher cannot
4 be required to provide a reason for the request. Unless approved
5 by the principal, a teacher may not take personal leave on the
6 first day the teacher is required to report for the school year,
7 on required teacher workdays, or on the day before or the day
8 after holidays or scheduled vacation days. Teachers may transfer
9 personal leave days between local school administrative units.
10 The local school administrative unit shall credit a teacher who
11 has separated from service and is reemployed within 60 months
12 from the date of separation with all personal leave accumulated
13 at the time of separation. Local school administrative units may
14 not advance personal leave. Teachers using personal leave
15 receive full salary less the required substitute deduction.

16 (e) Teachers in Year-Round Schools. -- Compensation for
17 teachers employed in year-round schools shall be the same as
18 teachers paid for a 10-month term, but those days may be
19 scheduled over 12 calendar months. Annual leave, sick leave,
20 workdays, holidays, salary, and longevity for teachers who are
21 employed at year-round schools shall be equivalent to those of
22 other teachers employed for the same number of months,
23 respectively. Teachers paid for a term of 10 months in year-
24 round schools shall receive their salary in 12 equal
25 installments.

26 (f) Overpayment. -- Each local board of education shall
27 sustain any loss by reason of an overpayment to any teacher paid
28 from State funds.

29 (g) Social Security. -- All of the foregoing provisions of
30 this section shall be subject to the requirement that at least
31 fifty dollars (\$50.00), or other minimum amount required by
32 federal social security laws, of the compensation of each school
33 employee covered by the Teachers' and State Employees' Retirement
34 System or otherwise eligible for social security coverage shall
35 be paid in each of the four quarters of the calendar year.

36 (h) Service in Armed Forces. -- The State Board of Education,
37 in fixing the State standard salary schedule of teachers as
38 authorized by law, shall provide that teachers who entered the
39 armed or auxiliary forces of the United States after September
40 16, 1940, and who left their positions for such service shall be
41 allowed experience increments for the period of such service as
42 though the same had not been interrupted thereby, in the event
43 such persons return to the position of teachers, principals, and
44 superintendents in the public schools of the State after having

1 been honorably discharged from the armed or auxiliary forces of
2 the United States.

3 (i) Teachers Paid From Other Funds. -- Every local board of
4 education may adopt, as to teachers not paid out of State funds,
5 a salary schedule similar to the State salary schedule, but it
6 likewise shall recognize a difference in salaries based on
7 different duties, training, experience, professional fitness, and
8 continued service in the same school system. If a local board of
9 education does not adopt a local salary schedule, the State
10 salary schedule shall apply. No teacher shall receive a salary
11 higher than that provided in the salary schedule, unless by
12 action of the board of education a higher salary is allowed for
13 special fitness, special duties, or under extraordinary
14 circumstances.

15 Whenever a higher salary is allowed, the minutes of the board
16 shall show what salary is allowed and the reason. A board of
17 education may authorize the superintendent to supplement the
18 salaries of all teachers from local funds, and the minutes of the
19 board shall show what increase is allowed each teacher.

20 (j) Longevity Pay. -- Longevity pay shall be based on the
21 annual salary on the employee's anniversary date.

22 (k) Parental Leave. -- A teacher may use annual leave
23 personal leave, or leave without pay to care for a newborn child
24 or for a child placed with the teacher for adoption or foster
25 care. The leave may be for consecutive workdays during the first
26 12 months after the date of birth or placement of the child,
27 unless the teacher and local board of education agree otherwise."

28 (f) G.S. 115C-272(b)(1) reads as rewritten:

29 "(1) Each local board of education shall establish a set
30 date on which monthly salary payments to
31 superintendents shall be made. This set pay date
32 may differ from the end of the calendar month of
33 service. Superintendents shall only be paid for the
34 days employed as of the set pay date. Payment for a
35 full month when days employed are less than a full
36 month is prohibited as this constitutes prepayment.
37 The daily rate of pay shall equal the number of
38 weekdays in the pay period. Included within their
39 term of employment shall be annual vacation leave
40 at the same rate provided for State employees.
41 Included within the 12 months' employment each
42 local board of education shall designate the same
43 or an equivalent number of legal holidays as those

1 designated by the State Personnel Commission for
2 State employees."

3 (g) G.S. 115C-285(b)(1) reads as rewritten:

4 "(1) Classified principals and State-allotted
5 supervisors shall be employed for a term of 12
6 calendar months. Each local board of education
7 shall establish a set date on which monthly salary
8 payments to classified principals and State-
9 allotted supervisors shall be made. This set pay
10 date may differ from the end of the calendar month
11 of service. Classified principals and State-
12 allotted supervisors shall only be paid for the
13 days employed as of the set pay date. Payment for a
14 full month when days employed are less than a full
15 month is prohibited as this constitutes prepayment.
16 The daily rate of pay shall equal the number of
17 weekdays in the pay period. They shall earn annual
18 vacation leave at the same rate provided for State
19 employees. On a day that employees are required to
20 report for a workday but pupils are not required to
21 attend school due to inclement weather, an employee
22 may elect not to report due to hazardous travel
23 conditions and to take one of ~~his~~ the employee's
24 annual vacation days or to make up the day at the
25 time agreed upon by the employee and ~~his~~ the
26 employees's immediate supervisor. They shall be
27 provided by the board the same or an equivalent
28 number of legal holidays as those designated by the
29 State Personnel Commission for State employees."

30 (h) G.S. 115C-316(a)(1) reads as rewritten:

31 "(1) Employees Other than Superintendents, Supervisors
32 and Classified Principals on an Annual Basis. --
33 Each local board of education shall establish a set
34 date on which monthly salary payments to employees
35 other than superintendents, supervisors, and
36 classified principals employed on an annual basis,
37 shall be made. This set pay date may differ from
38 the end of the calendar month of service. ~~These~~
39 ~~employees shall only be paid for the days employed~~
40 ~~as of the set pay date. Payment for a full month~~
41 ~~when days employed are less than a full month is~~
42 ~~prohibited as this constitutes prepayment.~~
43 Employees may be prepaid on the monthly pay date
44 for days not yet worked. An employee who fails to

1 attend scheduled workdays or who has not worked the
2 number of days for which the employee has been paid
3 and who resigns or is dismissed shall repay to the
4 local board any salary payments received for days
5 not yet worked. An employee who has been prepaid
6 and who continues to be employed by a local board
7 but fails to attend scheduled workdays may be
8 subject to dismissal or other appropriate
9 discipline. The daily rate of pay shall equal the
10 number of weekdays in the pay period. Included
11 within their term of employment shall be annual
12 vacation leave at the same rate provided for State
13 employees, computed at one-twelfth (1/12) of the
14 annual rate for state employees for each calendar
15 month of employment. On a day that employees are
16 required to report for a workday but pupils are not
17 required to attend school due to inclement weather,
18 an employee may elect not to report due to
19 hazardous travel conditions and to take one of his
20 the employee's annual vacation days or to make up
21 the day at a time agreed upon by the employee and
22 his the employee's immediate supervisor or
23 principal. On a day that school is closed to
24 employees and pupils due to inclement weather, an
25 employee shall work on the scheduled makeup day.
26 Included within their term of employment each local
27 board of education shall designate the same or an
28 equivalent number of legal holidays as those
29 designated by the State Personnel Commission for
30 State employees."

31 (i) G.S. 115C-316(a)(2) reads as rewritten:

32 "(2) School Employees Paid on an Hourly or Other Basis.
33 -- Salary payments to employees other than those
34 covered in G.S. 115C-272(b)(1), 115C-285(a)(1) and
35 (2), ~~115C-302(a)(1) and (2)~~, 115C-302.1(b), and
36 115C-316(a)(1) shall be made at a time determined
37 by each local board of education. Expenditures for
38 the salary of these employees from State funds
39 shall be within allocations made by the State Board
40 of Education and in accordance with rules and
41 regulations approved by the State Board of
42 Education concerning allocations of State funds:
43 Provided, that school employees employed for a term
44 of 10 calendar months in year-round schools shall

1 be paid in 12 equal installments: Provided further,
2 that any individual school employee employed for a
3 term of 10 calendar months who is not employed in a
4 year-round school may be paid in 12 monthly
5 installments if the employee so requests on or
6 before the first day of the school year. Such
7 request shall be filed in the administrative unit
8 which employs the employee. The payment of the
9 annual salary in 12 installments instead of 10
10 shall not increase or decrease said annual salary
11 nor in any other way alter the contract between the
12 employee and the said administrative unit.
13 Employees may be prepaid on the set pay date for
14 days not yet worked. An employee who fails to
15 attend scheduled workdays or who has not worked the
16 number of days for which the employee has been paid
17 and who resigns or is dismissed shall repay to the
18 local board any salary payments received for days
19 not yet worked. An employee who has been prepaid
20 and who continues to be employed by a local board
21 but fails to attend scheduled workdays may be
22 subject to dismissal or other appropriate
23 discipline. The daily rate of pay shall equal the
24 number of weekdays in the pay period. Included
25 within the term of employment shall be provided for
26 full-time employees annual vacation leave at the
27 same rate provided for State employees, computed at
28 one-twelfth (1/12) of the annual rate for State
29 employees for each calendar month of employment, to
30 be taken under policies determined by each local
31 board of education. On a day that employees are
32 required to report for a workday but pupils are not
33 required to attend school due to inclement weather,
34 an employee may elect not to report due to
35 hazardous travel conditions and to take one of his
36 annual vacation days or to make up the day at a
37 time agreed upon by the employee and his immediate
38 supervisor or principal. On a day that school is
39 closed to employees and pupils due to inclement
40 weather, the employee shall work on the scheduled
41 makeup day. Included within their term of
42 employment, each local board of education shall
43 designate the same or an equivalent number of legal
44 holidays occurring within the period of employment

1 as those designated by the State Personnel
2 Commission for State employees."
3 (j) G.S. 115C-47(5) reads as rewritten:
4 "(5) To Fix Time of Opening and Closing Schools. -- The
5 time of opening and closing the public schools
6 shall be fixed ~~pursuant to the provisions of G.S.~~
7 ~~115C-84(e)~~ under G.S. 115C-84.2."
8 (k) G.S. 115C-47(11) reads as rewritten:
9 "(11) To Determine the ~~Length of the School Day, the~~
10 ~~School Month and the School Term.~~ School Calendar.
11 -- Local boards of education shall determine the
12 school calendar under G.S. 115C-84.2. ~~length of~~
13 ~~the school day, the school month and the school~~
14 ~~term pursuant to the provisions of G.S. 115C-84(a)~~
15 ~~through (c).~~"
16 (l) G.S. 115C-47(21) reads as rewritten:
17 "(21) It is the duty of every local board of education
18 to provide for the prompt monthly payment of all
19 salaries due teachers and other school officials
20 and employees, and of all current bills and other
21 necessary operating expenses. All salaries and
22 bills shall be paid as provided by law for
23 disbursing State and local funds.
24 The local board shall determine salary
25 schedules of employees pursuant to the provisions
26 of G.S. 115C-273, 115C-285(b), ~~115C-302(c)~~, 115C-
27 302.1(i), and 115C-316(b).
28 The authority for boards of education to issue
29 salary vouchers to all school employees, whether
30 paid from State or local funds, shall be a monthly
31 payroll prepared on forms approved by the State
32 Board of Education and containing all information
33 required by the State Board of Education. This
34 monthly payroll shall be signed by the principal
35 of each school."
36 (m) By October 31, 1997, the State Board of Education
37 shall review and revise its rules, policies, and guidelines to
38 make them consistent with this section. The State Board may use
39 its authority under G.S. 150B-21.1 regarding the adoption of
40 temporary rules consistent with this section.
41 (n) Of the funds appropriated to State Aid to Local
42 School Administrative Units, the sum of ten million one hundred
43 thousand dollars (\$10,100,000) for the 1997-98 school year and
44 the sum of eleven million four hundred thousand dollars

1 (\$11,400,000) for the 1998-99 fiscal year shall be used as
2 follows:

3 (1) For the 1997-98 fiscal year, local boards of
4 education may opt to use these funds to (i) pay
5 teachers for working on, and thereby forfeiting,
6 up to three vacation days, in accordance with G.S.
7 115C-302.1(c) or (ii) to pay teachers who assist
8 children with remedial work outside of the regular
9 workday or the regular workweek; and

10 (2) For the 1998-99 fiscal year, local boards of
11 education shall use these funds to pay teachers
12 for working on, and thereby forfeiting, up to five
13 vacation days, in accordance with G.S. 115C-
14 302.1(c).

15 (o) This section becomes effective July 1, 1997. Local
16 boards of education are not required to implement the provisions
17 of G.S. 115C-84.1, as enacted in subsection (a) of this section
18 prior to July 1, 1998. For the 1997-98 fiscal year, the
19 provisions of G.S. 115C-302.1(c), as enacted by subsection (a) of
20 this section, that permit teachers to opt to have excess vacation
21 leave converted to pay apply to only three vacation leave days
22 per year and apply only if a local board of education opts to
23 require the teachers to work on these days. For the 1998-99
24 fiscal year, the provisions of G.S. 115C-302.1(c), as enacted by
25 subsection (a) of this section, that permit teachers to opt to
26 have excess vacation leave converted to pay apply to up to five
27 vacation leave days that the local board requires the teachers to
28 work per year. Local school administrative units may begin
29 planning for the implementation of this act for the 1998-99
30 school year on or after July 1, 1997.

31

CODE NO. 97UNC-S001-P

Requested by: Senators Lee, Winner

WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING FORMULA

1 Section @. Funds appropriated in this act to the Board
2 of Governors of The University of North Carolina for continuation
3 of financial assistance to the medical schools of Duke University
4 and Wake Forest University shall be disbursed on certifications
5 of the respective schools of medicine that show the number of
6 North Carolina residents as first-year, second-year, third-year,
7 and fourth-year students in each medical school as of November 1,
8 1997, and November 1, 1998. Disbursement to Wake Forest
9 University shall be made in the amount of eight thousand dollars
10 (\$8,000) for each medical student who is a North Carolina
11 resident, one thousand dollars (\$1,000) of which shall be placed
12 by the school in a fund to be used to provide financial aid to
13 needy North Carolina students who are enrolled in the medical
14 school. The maximum aid given to any student from this fund in a
15 given year may not exceed the amount of the difference in tuition
16 and academic fees charged by the school and those charged at the
17 School of Medicine at the University of North Carolina at Chapel
18 Hill.

19 Disbursement to Duke University shall be made in the
20 amount of five thousand dollars (\$5,000) for each medical student
21 who is a North Carolina resident, five hundred dollars (\$500.00)
22 of which shall be placed by the school in a fund to be used to
23 provide student financial aid to financially needy North Carolina
24 students who are enrolled in the medical school. No individual
25 student may be awarded assistance from this fund in excess of two
26 thousand dollars (\$2,000) each year. In addition to this basic
27 disbursement for each year of the biennium, a disbursement of one
28 thousand dollars (\$1,000) shall be made for each medical student
29 who is a North Carolina resident in the first-year, second-year,
30 third-year, and fourth-year classes to the extent that enrollment
31 of each of those classes exceeds 30 North Carolina students.

32 The Board of Governors shall establish the criteria for
33 determining the eligibility for financial aid of needy North
34 Carolina students who are enrolled in the medical schools and
35 shall review the grants or awards to eligible students. The
36 Board of Governors shall adopt rules for determining which
37 students are residents of North Carolina for the purposes of
38 these programs. The Board shall also make any regulations as
39 necessary to ensure that these funds are used directly for
40 instruction in the medical programs of the schools and not for
41 religious or other nonpublic purposes. The Board shall encourage
42 the two schools to orient students toward primary care,
43 consistent with the directives of G.S. 143-613(a). The two
44 schools shall supply information necessary for the Board to
45 comply with G.S. 143-613(d).

1
2 CODE NO. 97UNC-S002A-P
3

4 Requested by: Senators Lee, Winner
5

6 AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE

1 Section @. (a) Funds appropriated in this act to the
2 Board of Governors of The University of North Carolina for aid to
3 private colleges shall be disbursed in accordance with the
4 provisions of G.S. 116-19, 116-21, and 116-22. These funds shall
5 provide up to seven hundred fifty dollars (\$750.00) per full-time
6 equivalent North Carolina undergraduate student enrolled at a
7 private institution as of October 1 each year.

8 These funds shall be placed in a separate, identifiable
9 account in each eligible institution's budget or chart of
10 accounts. All funds in this account shall be provided as
11 scholarship funds for needy North Carolina students during the
12 fiscal year. Each student awarded a scholarship from this
13 account shall be notified of the source of the funds and of the
14 amount of the award. Funds not utilized under G.S. 116-19 shall
15 be available for the tuition grant program as defined in
16 subsection (b) of this section.

17 (b) In addition to any funds appropriated pursuant to
18 G.S. 116-19 and in addition to all other financial assistance
19 made available to private educational institutions located within
20 the State, or to students attending these institutions, there is
21 granted to each full-time North Carolina undergraduate student
22 attending an approved institution as defined in G.S. 116-22, a
23 sum, not to exceed one thousand four hundred fifty dollars
24 (\$1,450) per academic year, which shall be distributed to the
25 student as hereinafter provided.

26 The tuition grants provided for in this section shall be
27 administered by the State Education Assistance Authority pursuant
28 to rules adopted by the State Education Assistance Authority not
29 inconsistent with this section. The State Education Assistance
30 Authority shall not approve any grant until it receives proper
31 certification from an approved institution that the student
32 applying for the grant is an eligible student. Upon receipt of
33 the certification, the State Education Assistance Authority shall
34 remit at such times as it shall prescribe the grant to the
35 approved institution on behalf, and to the credit, of the
36 student.

37 In the event a student on whose behalf a grant has been
38 paid is not enrolled and carrying a minimum academic load as of
39 the tenth classroom day following the beginning of the school
40 term for which the grant was paid, the institution shall refund
41 the full amount of the grant to the State Education Assistance
42 Authority. Each approved institution shall be subject to
43 examination by the State Auditor for the purpose of determining
44 whether the institution has properly certified eligibility and
45 enrollment of students and credited grants paid on the behalf of
46 the students.

1 In the event there are not sufficient funds to provide
2 each eligible student with a full grant:

3 (1) The Board of Governors of The University of North
4 Carolina, with the approval of the Office of State
5 Budget and Management, may transfer available funds
6 to meet the needs of the programs provided by
7 subsections (a) and (b) of this section; and

8 (2) Each eligible student shall receive a pro rata
9 share of funds then available for the remainder of
10 the academic year within the fiscal period covered
11 by the current appropriation.

12 Any remaining funds shall revert to the General Fund.

13 (c) Expenditures made pursuant to this section may be
14 used only for secular educational purposes at nonprofit
15 institutions of higher learning. Expenditures made pursuant to
16 this section shall not be used for any student who:

17 (1) Is incarcerated in a State or federal correctional
18 facility for committing a Class A, B, B1, or B2
19 felony; or

20 (2) Is incarcerated in a State or federal correctional
21 facility for committing a Class C through I felony
22 and is not eligible for parole or release within 10
23 years.

24 (d) The State Education Assistance Authority shall
25 document the number of full-time equivalent North Carolina
26 undergraduate students that are enrolled in off-campus programs
27 and the State funds collected by each institution pursuant to
28 G.S. 116-19 for those students. The State Education Assistance
29 Authority shall also document the number of scholarships and the
30 amount of the scholarships that are awarded under G.S. 116-19 to
31 students enrolled in off-campus programs. An "off-campus
32 program" is any program offered for degree credit away from the
33 institution's main permanent campus.

34 The State Education Assistance Authority shall include
35 in its annual report to the Joint Legislative Education Oversight
36 Committee the information it has compiled and its findings
37 regarding this program.

1
2 CODE NO. 97UNC-S003-P
3

4 Requested by: Senators Lee, Winner
5

6 AID TO STUDENTS ATTENDING PRIVATE COLLEGES/LEGISLATIVE TUITION
7 GRANT LIMITATIONS

1 Section @. (a) No Legislative Tuition Grant funds
2 shall be expended for a program at an off-campus site of a
3 private institution, as defined in G.S. 116-22(1), established
4 after May 15, 1987, unless (i) the private institution offering
5 the program has previously notified and secured agreement from
6 other private institutions operating degree programs in the
7 county in which the off-campus program is located or operating in
8 the counties adjacent to that county or (ii) the degree program
9 is neither available nor planned in the county with the off-
10 campus site or in the counties adjacent to that county.

11 An "off-campus program" is any program offered for
12 degree credit away from the institution's main permanent campus.

13 (b) Any member of the armed services as defined in G.S.
14 116-143.3(a), abiding in this State incident to active military
15 duty, who does not qualify as a resident for tuition purposes as
16 defined under G.S. 116-143.1, is eligible for a Legislative
17 Tuition Grant pursuant to this section if the member is enrolled
18 as a full-time student. The member's Legislative Tuition Grant
19 shall not exceed the cost of tuition less any tuition assistance
20 paid by the member's employer.

1
2 CODE NO. 97UNC-S004-P
3

4 Requested by: Senators Lee, Winner
5

6 DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

1 Section @. G.S. 116-41.18(a) reads as rewritten:

2 "(a) Each constituent institution that receives, through
3 private gifts and an allocation by the Board of Governors, funds
4 for the purpose shall, under procedures established by rules of
5 the Board of Governors and the board of trustees of the
6 constituent institution, select a holder of the Distinguished
7 Professorship. Once given, that designation shall be retained by
8 the distinguished professor as long as he remains in the full-
9 time service of the ~~institution.~~ institution as a faculty member,
10 or for more limited lengths of time when authorized by the Board
11 of Governors and the board of trustees at the institution when
12 the Distinguished Professorship is originally established or
13 vacated. When a distinguished professorship becomes vacant, it
14 shall remain assigned to the institution and another
15 distinguished professor shall be selected under procedures
16 established by rules of the Board of Governors and the board of
17 trustees of the constituent institution."

1
2 CODE NO. 97UNC-S005-P
3

4 Requested by: Senators Lee, Winner
5

6 UNC EQUITY FUNDS

1 Section @. The funds appropriated to the Board of
2 Governors of The University of North Carolina for equity funds
3 are to address relative inequities revealed through a study of
4 the constituent institutions in the university system. The
5 General Assembly notes that the study dealt with equity based
6 upon current funding from State appropriations and tuition and
7 did not consider historical equity in funding for physical
8 facilities or funding from non-State sources. Therefore, in
9 making this appropriation, the General Assembly has not concluded
10 that the funding of any institution, including specifically the
11 historically black universities, is sufficient in light of all
12 considerations.

CODE NO. 97UNC-S007C

Requested by: Senators Lee, Winner

MANUFACTURING EXTENSION PARTNERSHIP

1 Section @. Of the funds appropriated to the Board of
2 Governors of The University of North Carolina, the sum of nine
3 hundred thousand dollars (\$900,000) for the 1997-98 fiscal year
4 shall be allocated to North Carolina State University to match
5 additional federal funds for the Manufacturing Extension
6 Partnership Program.

1
2 CODE NO. 97UNC-S008-P
3

4 Requested by: Senators Lee, Winner, Rand, L. Shaw
5

6 **MILITARY RESIDENCY/UNC TUITION**

1 Section @. G.S. 116-4.3(b) reads as rewritten:

2 "(b) Any member of the armed services qualifying for admission
3 to an institution of higher education as defined in G.S.
4 116-143.1(a)(3) but not qualifying as a resident for tuition
5 purposes under G.S. 116-143.1 shall be charged the out-of-State
6 tuition rate; provided, that the out-of-State tuition shall be
7 forgiven to the extent that the out-of-State tuition rate exceeds
8 any amounts payable to the institution or the service member by
9 the service member's employer by reason of enrollment pursuant to
10 such admission while the member is abiding in this State incident
11 to active military duty, plus the amount that represents the
12 percentage of the out-of-State tuition rate paid to the
13 institution or the service member by the service member's
14 employer multiplied by the in-State tuition rate and then
15 subtracted from the in-State tuition rate. Any member of the
16 armed services who does not qualify for any payment by the
17 member's employer shall be classified as a resident for tuition
18 purposes and shall pay the full amount of the in-State tuition
19 rate."

1
2 CODE NO. 97UNC-S009-P
3

4 Requested by: Senators Lee, Winner
5

6 UNC OVERHEAD RECEIPT FLEXIBILITY

1 Section @. G.S. 116-30.2 reads as rewritten:

2 "§ 116-30.2. Appropriations to special responsibility
3 constituent institutions.

4 All General Fund appropriations made by the General Assembly
5 for continuing operations of a special responsibility constituent
6 institution of The University of North Carolina shall be made in
7 the form of a single sum to each budget code of the institution
8 for each year of the fiscal period for which the appropriations
9 are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-
10 23(a2), and G.S. 143-23(a3) and G.S. 120-76(8), each special
11 responsibility constituent institution may expend monies from the
12 overhead receipts special fund budget code and the General Fund
13 monies so appropriated to it in the manner deemed by the
14 Chancellor to be calculated to maintain and advance the programs
15 and services of the institutions, consistent with the directives
16 and policies of the Board of Governors. The preparation,
17 presentation, and review of General Fund budget requests of
18 special responsibility constituent institutions shall be
19 conducted in the same manner as are requests of other constituent
20 institutions. The quarterly allotment procedure established
21 pursuant to G.S. 143-17 shall apply to the General Fund
22 appropriations made for the current operations of each special
23 responsibility constituent institution. All General Fund monies
24 so appropriated to each special responsibility constituent
25 institution shall be recorded, reported, and audited in the same
26 manner as are General Fund appropriations to other constituent
27 institutions."

CODE NO. 97UNC-S010A

Requested by: Senators Lee, Winner

UNC ASSISTANCE TO PUBLIC SCHOOLS

1 Section @. Funding in this act is provided to the Board
2 of Governors of The University of North Carolina for several
3 initiatives to work cooperatively with the public schools to
4 improve public education in North Carolina. The Board of
5 Governors shall redirect the funding provided for educational
6 consortia at eight constituent institutions to these initiatives
7 requested for the 1997-99 biennium. The Board of Governors
8 shall redirect at least one-third of the consortia appropriations
9 during the 1997-98 fiscal year and the balance for the 1998-99
10 fiscal year toward these efforts. The Board of Governors shall
11 also reallocate sufficient funds from other resources to fully
12 fund these initiatives for the 1997-98 fiscal year.
13 Upon request of a constituent institution with a current
14 consortium program, the Board of Governors may direct continual
15 funding to that program.

1
2 CODE NO. 97UNC-S011-P

3
4 Requested by: Senators Lee, Winner, Hartsell

5
6 AREA HEALTH EDUCATION CENTERS FUNDING

1 Section @. Of the funds appropriated in this act to the
2 Board of Governors of The University of North Carolina, the sum
3 of two million seven hundred fifty thousand dollars (\$2,750,000)
4 for the 1997-98 fiscal year and the sum of two million seven
5 hundred fifty thousand dollars (\$2,750,000) for the 1998-99
6 fiscal year shall be allocated to the Area Health Education
7 Centers programs for continuation of the restructuring of
8 educational programs for health care professionals. Of these
9 funds, sufficient funds shall be allocated to the Cabarrus Family
10 Medicine Residency Program to provide assistance comparable to
11 other family medicine residency slots for 16 residencies. The
12 Cabarrus Family Medicine Residency Program shall provide all
13 information required by The University of North Carolina Board of
14 Governors to comply with the reporting requirements of G.S. 143-
15 613.

1
2 CODE NO. 97UNC-S012-P
3

4 Requested by: Senators Lee, Winner
5

6 UNC LIBRARIES FUNDING

1 Section @. Of the funds appropriated to the Board of
2 Governors of The University of North Carolina in this act, the
3 sum of four million dollars (\$4,000,000) shall be allocated each
4 year of the biennium for enhancement of libraries for the
5 constituent institutions. Of this amount, at least one million
6 two hundred thousand dollars (\$1,200,000) each year shall be used
7 for the development of the NC-LIVE project, a cooperative effort
8 of The University of North Carolina, the Department of Community
9 Colleges, and the State Library of North Carolina designed to
10 improve access to information resources across the State and to
11 reduce the duplication of expenditures for library resources.

1
2 CODE NO. 97UNC-S013-P
3

4 Requested by: Senators Lee, Winner
5

6 **COOPERATIVE EXTENSION SERVICES**

7 Section 6. (a) The Joint Legislative Education
8 Oversight Committee and the Board of Governors of The University
9 of North Carolina shall undertake a joint review and study of the
10 role, funding, personnel resources, programs, and other aspects
11 of the Cooperative Extension Services of The University of North
12 Carolina given the changing nature of the agricultural base of
13 the State.

14 (b) The study shall consider all of the following:

15 (1) The role of cooperative extension services in the
16 environmental aspects of agricultural activities
17 and other activities.

18 (2) The reduced or increased needs for various current
19 extension services due to changes in the State's
20 agricultural base.

21 (3) The top priority needs of the State and whether or
22 not current cooperative extension services are
23 aligned with those needs.

24 (4) The duplication, if any, of cooperative extension
25 services with services offered by other entities.

26 (c) The Joint Legislative Education Oversight Committee
27 and the Board of Governors may appoint a subcommittee to work
28 cooperatively on this study. The Chairs of the Joint Legislative
29 Education Oversight Committee shall designate one member of the
30 Subcommittee to serve as a cochair and the Chair of the Board of
31 Governors shall designate one member of the Subcommittee to serve
32 as a cochair.

33 (d) The Subcommittee shall meet at such times and places
34 as the Subcommittee cochairs designate. The facilities of the
35 State Legislative Building and the Legislative Office Building
36 shall be available to the Subcommittee subject to the approval of
37 the Legislative Services Commission. The facilities of the
38 university system shall also be available to the Subcommittee.

39 (e) Subject to the approval of the Legislative Services
40 Commission, the staff resources of the Legislative Services
41 Commission shall be available to the Subcommittee without cost
42 except for travel, subsistence, supplies, and materials. Subject
43 to the approval of the Board of Governors, the staff resources of
44 the Board of Governors shall also be available to the
45 Subcommittee without cost except for travel, subsistence,
46 supplies, and materials which shall be the expense of the Board
47 of Governors.

48 (f) The Joint Legislative Education Oversight Committee
49 and the Board of Governors shall report their findings to the
50 General Assembly by May 1, 1998.

1
2 CODE NO. 97UNC-S014-P
3

4 Requested by: Senators Lee, Winner, Perdue
5

6 REVIEW OF LAND-USE REGULATION

1 Section ②. Of the funds appropriated in this act to the
2 Board of Governors of The University of North Carolina, the sum
3 of seventy-five thousand dollars (\$75,000) shall be allocated for
4 the 1997-98 fiscal year to the University of North Carolina at
5 Chapel Hill for the Center for Urban and Regional Studies to
6 conduct an analysis of the impact of State infrastructure
7 programs, including funding and funding methods, on local
8 governments. The analysis shall also consider the ability of
9 local governments to develop and implement plans for sustainable
10 development and to fully utilize their planning and regulatory
11 authorities to guide development and balanced growth and how
12 these authorities are impacted by State infrastructure decisions.
13 The Departments of Transportation, Commerce, and Environment,
14 Health, and Natural Resources and other State agencies shall
15 provide assistance and information as requested and shall
16 cooperate with the Center in conducting this analysis. The
17 analysis shall be provided by April 30, 1998, to the Office of
18 the Governor, the Chairs of the House of Representatives and
19 Senate Committees on Appropriations, the Environmental Review
20 Commission, and the Joint Legislative Commission on Governmental
21 Operations, with a copy to the Fiscal Research Division of the
22 General Assembly.

111

Requested by: Senators Lee, Winner

COOPERATIVE EXTENSION SERVICES

1 Section @. (a) The Joint Legislative Education
2 Oversight Committee and the Board of Governors of The University
3 of North Carolina shall undertake a joint review and study of the
4 role, funding, personnel resources, programs, and other aspects
5 of the Cooperative Extension Services of The University of North
6 Carolina given the changing nature of the agricultural base of
7 the State.

8 (b) The study shall consider all of the following:

9 (1) The role of cooperative extension services in the
10 environmental aspects of agricultural activities
11 and other activities.

12 (2) The reduced or increased needs for various current
13 extension services due to changes in the State's
14 agricultural base.

15 (3) The top priority agricultural needs of the State
16 and whether or not current cooperative extension
17 services are aligned with those needs.

18 (4) The duplication, if any, of cooperative extension
19 services with services offered by other entities.

20 (c) The Joint Legislative Education Oversight Committee
21 and the Board of Governors may appoint a subcommittee to work
22 cooperatively on this study. The Chairs of the Joint Legislative
23 Education Oversight Committee shall designate one member of the
24 Subcommittee to serve as a cochair and the Chair of the Board of
25 Governors shall designate one member of the Subcommittee to serve
26 as a cochair.

27 (d) The Subcommittee shall meet at such times and places
28 as the Subcommittee cochairs designate. The facilities of the
29 State Legislative Building and the Legislative Office Building
30 shall be available to the Subcommittee subject to the approval of
31 the Legislative Services Commission. The facilities of the
32 university system shall also be available to the Subcommittee.

33 (e) Subject to the approval of the Legislative Services
34 Commission, the staff resources of the Legislative Services
35 Commission shall be available to the Subcommittee without cost
36 except for travel, subsistence, supplies, and materials. Subject
37 to the approval of the Board of Governors, the staff resources of
38 the Board of Governors shall also be available to the
39 Subcommittee without cost except for travel, subsistence,
40 supplies, and materials which shall be the expense of the Board
41 of Governors.

42 (f) The Joint Legislative Education Oversight Committee
43 and the Board of Governors shall report their findings to the
44 General Assembly by May 1, 1998.

45

1
2 CODE NO. 97UNC-S015-P
3

4 Requested by: Senators Lee, Winner
5

6 SCHOLARSHIP FUND BALANCES

1 Section @. The remaining balances in the Social Worker
2 Education Loan Fund shall be transferred to the Nurse Scholars
3 Scholarship Fund account to implement the budget reductions in
4 that program.

1
2 CODE NO. 97UNC-S016-P
3
4 Requested by: Senator Perdue
5

6 UNIVERSITY FIRE SAFETY COSTS LIMITED

1 Section @. G.S. 116-44.7 reads as rewritten:

2 "\$ 116-44.7. Exemption from certain fees and charges.

3 No water system serving a residence hall or fraternity or
4 sorority housing shall levy or collect any water-meter fee,
5 water-hydrant fee, tap fee, or similar service fee on a residence
6 hall or fraternity or sorority house with respect to supporting a
7 supplemental fire safety protection system in excess of the
8 ~~actual~~ marginal cost to the water system to support the fire
9 safety protection system."

1
2 CODE NO. 97UNC-S017A-P
3
4 Requested by: Senators Lee, Winner
5
6 UNIVERSITY OF NORTH CAROLINA SYSTEM -- FUNDS TO REWARD EXCELLENCE
7 IN TEACHING
1 Section @. The Board of Governors of The University of
2 North Carolina shall develop policies for the distribution of an
3 average one-half percent (1/2%) salary bonus for teaching faculty
4 members, to be given to those who have demonstrated excellence in
5 teaching.

1
2 CODE NO. 97UNC-S019-P

3
4 Requested by: Senators Odom, Perdue, Plyler

5
6 UNC OVERHEAD RECEIPTS

1 Section @. Of the funds appropriated to the Board of
2 Governors of The University of North Carolina in this act, the
3 sum of seven million seven hundred thousand six hundred fifty-
4 nine dollars (\$7,700,659) shall be allocated for the 1998-99
5 fiscal year to the campuses of the constituent institutions to
6 replace the ten percent (10%) of overhead receipts that currently
7 support General Fund budget code operations.

CODE NO. 97UNC-S020A

Requested by: Senators Odom, Perdue, Plyler

JOHN KERNODLE FUND

1 Section @. Of the funds appropriated to the Board of
2 Governors of The University of North Carolina, the sum of one
3 million dollars (\$1,000,000) shall be allocated to the Lineberger
4 Cancer Research Center at the University of North Carolina at
5 Chapel Hill for cancer research. These funds are appropriated in
6 memory of Dr. John Kernodle.

1
2 CODE NO. 97UNC-S021-P
3

4 Requested by: Senators Odom, Perdue, Plyler
5

6 **UNC MANAGEMENT FLEXIBILITY**

1 Section @. G.S. 116-30.3 reads as rewritten:

2 "**§ 116-30.3. Reversions.**

3 (a) Of the General Fund current operations appropriations
4 credit balance remaining at the end of each fiscal year in each
5 budget code of a special responsibility constituent institution,
6 except for the budget code of the Area Health Education Centers
7 of the University of North Carolina at Chapel Hill, any amount
8 greater than ~~two percent (2%)~~ one percent (1%) of the General
9 Fund appropriation for that fiscal year may be carried forward by
10 the institution to the next fiscal year and may be used for one-
11 time expenditures that will not impose additional financial
12 obligations on the State. Of the General Fund current operations
13 appropriations credit balance remaining in the budget code of the
14 Area Health Education Centers of the University of North Carolina
15 at Chapel Hill, any amount greater than ~~one percent (1%)~~ one-half
16 percent (0.5%) of the General Fund appropriation for that fiscal
17 year may be carried forward in that budget code to the next
18 fiscal year and may be used for one-time expenditures that will
19 not impose additional financial obligations on the State.
20 However, the amount carried forward under this section shall not
21 exceed two and one-half percent (2 1/2%) of the General Fund
22 appropriation. The Director of the Budget, under the authority
23 set forth in G.S. 143-25, shall establish the General Fund
24 current operations credit balance remaining in each budget code
25 of each institution.

26 (b) An institution shall cease to be a special responsibility
27 constituent institution under the following circumstances:

- 28 (1) An institution, other than the Area Health
29 Education Centers of the University of North
30 Carolina, does not revert at least ~~two percent (2%)~~
31 one percent (1%) of its General Fund current
32 operations credit balance remaining in each budget
33 code of that institution, or
34 (2) The Area Health Education Centers of the University
35 of North Carolina at Chapel Hill does not revert at
36 least ~~one percent (1%)~~ one-half percent (0.5%) of
37 its General Fund current operations credit balance
38 remaining in its budget code.

39 However, if the Board of Governors finds that the low reversion
40 rate is due to adverse and unforeseen conditions, the Board may
41 allow the institution to remain a special responsibility
42 constituent institution for one year to come into conformity with
43 this section. The Board may make this exception only one time for
44 any special responsibility constituent institution, and shall
45 report these exceptions to the Joint Legislative Commission on
46 Governmental Operations."

1
2 CODE NO. 97UNC-S022A-P
3

4 Requested by: Senators Odom, Perdue, Plyler
5

6 ACADEMIC ENHANCEMENT FUNDS CLARIFICATION

1 Section @. In Section 16.11 of Chapter 18 of the
2 Session Laws for the 1996 Second Extra Session, the Board of
3 Governors of The University of North Carolina were directed to
4 allocate, for the 1996-97 fiscal year the amount of seventeen
5 million eight hundred thousand dollars (\$17,800,000) between the
6 constituent institutions classified as Research University I
7 campuses in direct proportion to the funds to be raised on each
8 campus for the 1996-97 fiscal year from the tuition increases
9 authorized under Section 15.15 of Chapter 507 of the 1995 Session
10 Laws.

11 There has been no directive as to which budget codes the
12 funds should be credited. Since these funds are part of the
13 continuation budget, each campus shall have the authority to
14 allocate these funds among the General Fund budget codes on that
15 campus based on campus priorities.

CODE NO. 97DOCC-S001-P

Requested by: Senators Lee, Winner

COMMUNITY COLLEGE FUNDING FLEXIBILITY

1 Section @. A local community college may use all State
2 funds allocated to it, except for Literacy Funds and Funds for
3 New and Expanding Industries, for any authorized purpose that is
4 consistent with the college's Institutional Effectiveness Plan.
5 Each local community college shall submit an Institutional
6 Effectiveness Plan that indicates to the State Board of Community
7 Colleges how the college will use this funding flexibility to
8 meet the demands of the local community and maintain a presence
9 in all previously funded categorical programs.

1
2 CODE NO. 97DOCC-S002-P
3

4 Requested by: Senators Lee, Winner
5

6 **COMMUNITY COLLEGE TUITION AND FEE PAYMENTS**

1 Section @. The General Assembly finds that the North
2 Carolina Community College System's change from a three quarter
3 academic year to a two semester academic year may make it
4 difficult for students to pay all of their tuition for a semester
5 in a single payment; therefore, the General Assembly urges the
6 community colleges to exercise the authority granted to them
7 under State Board of Community College rules to permit students
8 to make their payments at prescribed intervals instead of in a
9 lump sum.

///

1
2 CODE NO. 97DOCC-S004-P
3

4 Requested by: Senators Lee, Winner
5

6 **ASSESSMENT OF OCCUPATIONAL EXTENSION FORMULA**

1 Section @. As the State Board of Community Colleges
2 completes Phase Three of its consultant's study on the budget
3 formula, the State Board shall reexamine whether and the extent
4 to which the faculty-student ratio for occupational extension
5 programs should vary by college size. The State Board shall also
6 consider the appropriate funding level for occupational extension
7 programs based on analysis of cost.

8 The State Board shall report the results of its studies
9 to the Joint Legislative Education Oversight Committee prior to
10 April 30, 1998.

1
2 CODE NO. 97DOCC-S005-P
3

4 Requested by: Senators Lee, Winner
5

6 MODIFICATIONS IN THE THE FTE FUNDING FORMULA TO REFLECT
7 FLUCTUATIONS IN ENROLLMENT

1 Section @. The State Board of Community Colleges shall
2 study alternative methods of protecting colleges from the
3 budgetary impact of fluctuations in enrollment. The State Board
4 shall report to the General Assembly on its recommended budget
5 stability proposals and on an appropriate transition period prior
6 to April 30, 1998.

1

2 CODE NO. 97DOCC-S006-P

3

4 Requested by: Senators Lee, Winner

5

6 STUDENT CENSUS DATE

1 Section @. (a) The census date for reporting student
2 membership hours for curriculum and occupational extension
3 classes shall be at the ten percent (10%) point of the class.

4 (b) Subsection (a) of this section does not apply to
5 courses offered on a contact-hour basis.

CODE NO. 97DOCC-S007A

Requested by: Senators Lee, Winner

NEW AND EXPANDING INDUSTRY REPORT DATE MODIFIED

1 Section @. G.S. 115C-5(i) reads as rewritten:

2 "(i) The State Board of Community Colleges shall report to the
3 Joint Legislative Education Oversight Committee on March 1 and
4 ~~September 1~~ October 1 of each year on expenditures for the New
5 and Expanding Industry Program each fiscal year. The report
6 shall include, for each company or individual that receives funds
7 for New and Expanding Industry:

- 8 (1) The total amount of funds received by the company
9 or individual;
- 10 (2) The amount of funds per trainee received by the
11 company or individual;
- 12 (3) The amount of funds received per trainee by the
13 community college training the trainee;
- 14 (4) The number of trainees trained by company and by
15 community college; and
- 16 (5) The number of years the companies or individuals
17 have been funded.

18 ~~The September 1, 1996, report shall include this information~~
19 ~~for the prior three fiscal years."~~

1
2 CODE NO. 97DOCC-S007A-P

3
4 Requested by: Senator Perdue

5
6 NEW AND EXPANDING INDUSTRY GUIDELINES

1 Section @. The North Carolina Community College
2 System's New and Expanding Industry Training (NEIT) Program
3 Guidelines, which were adopted by the State Board of Community
4 Colleges on April 18, 1997, apply to all funds appropriated for
5 the Program after June 30, 1997.

CODE NO. 97DOCC-S003A

Requested by: Senator Plyler

ESTABLISHMENT OF A NEW MULTICAMPUS COMMUNITY COLLEGE TO SERVE ANSON AND UNION COUNTIES AUTHORIZED

1 Section @. (a) On February 21, 1997, the State Board
2 of Community Colleges recommended the establishment of a
3 multicampus college whose administrative and service delivery
4 area will be Anson County and Union County. Under the
5 recommendation of the State Board, the structure of the Board of
6 Trustees shall ensure equal representation to both Anson County
7 and Union County and the new Board of Trustees shall select the
8 name of the new college; therefore, Anson and Union Counties
9 shall act pursuant to G.S. 115D-59 to jointly propose and submit
10 to the State Board of Community Colleges such a contract for the
11 establishment of the new institution to serve the multiple-county
12 administrative area of Anson and Union Counties.

13 (b) Effective the later of July 1, 1997, and the date
14 the State Board of Community Colleges approves the terms of the
15 contract: (i) the new institution to serve the multiple-county
16 administrative area of Anson and Union Counties is established
17 and (ii) Anson Community College is abolished.

18 (c) The State Board of Community Colleges shall provide
19 special oversight during the transition period to the new college
20 structure.

1
2 CODE NO. 97DOCC-S009-P
3
4 Requested by: Senators Lee, Winner
5

6 **COMMUNITY COLLEGE PROGRAM EFFICIENCY**

1 Section @. The State Board of Community Colleges shall
2 direct the community colleges to continue to review classes with
3 low enrollment to determine whether some classes should be
4 terminated or consolidated into other programs to increase the
5 efficiency of the Community College System. The State Board of
6 Community Colleges shall report to the Joint Legislative
7 Education Oversight Committee on the results of this review by
8 November 1, 1998, and November 1, 1999.

1
2 CODE NO. 97DOCC-S010-P
3

4 Requested by: Senator Hartsell
5

6 HOSPITAL-BASED NURSING PROGRAMS

1 Section @. Funds appropriated to the Department of
2 Community Colleges for hospital-based diploma nursing programs
3 shall be made available to both associate degree nursing programs
4 and diploma nursing programs.

1
2 CODE NO. 97DOCC-S013-P
3

4 Requested by: Senators Lee, Winner
5

6 STATE BOARD OF COMMUNITY COLLEGES -- FUNDS TO REWARD EXCELLENCE
7 IN TEACHING

1 Section @. The State Board of Community Colleges shall
2 develop policies for the distribution of an average one-half
3 percent (1/2%) salary bonus for teaching faculty members, to be
4 given to those who have demonstrated excellence in teaching.

1
2 CODE NO. 97DOCC-S016-P
3

4 Requested by: Senators Lee, Winner
5

6 HRD MULTI-ENTRY/MULTI-EXIT CLASSES

1 Section @. (a) The State Board of Community Colleges
2 may allow the Human Resources Development Program to offer multi-
3 entry/multi-exit classes for their students and to count the
4 class hours on a contact-hour basis.

5 (b) Nothing in this section allows these classes to
6 generate budget FTE.

NER / Part 2
/

CODE NO. 97HLTH-S016E

Requested by: Senator Martin of Pitt

NER BLOCK GRANT FUNDS

1 Sec. @. (a) Appropriations from federal block grant
2 funds are made for the fiscal year ending June 30, 1998,
3 according to the following schedule:

4

5 COMMUNITY DEVELOPMENT BLOCK GRANT

6

7 01. State Administration \$ 1,000,000

8

9 02. Urgent Needs and Contingency 2,177,500

10

11 03. Community Empowerment 2,000,000

12

13 04. Economic Development 8,710,000

14

15 05. Community Revitalization 29,000,000

16

17 06. State Technical Assistance 450,000

18

19 07. Housing Development 1,662,500

20

21 TOTAL COMMUNITY DEVELOPMENT

22 BLOCK GRANT - 1998 Program Year \$ 45,000,000

23

24 MATERNAL AND CHILD HEALTH BLOCK GRANT

25

26 01. Healthy Mother/Healthy Children
27 Block Grants to Local Health
28 Departments \$ 9,838,074

29

30 02. High Risk Maternity Clinic Services,
31 Perinatal Education and Training,
32 Childhood Injury Prevention,
33 Public Information and Education, and
34 Technical Assistance to Local Health
35 Departments 1,722,869

36

37 03. Services to Children With Special Health
38 Care Needs 4,954,691

39

40 TOTAL MATERNAL AND CHILD

41 HEALTH BLOCK GRANT \$ 16,515,634

42

43 PREVENTIVE HEALTH SERVICES BLOCK GRANT

44

45 01. Emergency Medical Services \$ 213,128

2

1		
2	02. Hypertension Programs	711,813
3		
4	03. Statewide Health Promotion Programs	2,777,924
5		
6	04. Dental Health for Fluoridation	
7	of Water Supplies	224,170
8		
9	05. Rape Prevention and Rape	
10	Crisis Programs	187,110
11		
12	06. Rape Prevention and Rape Education	935,552
13		
14	07. AIDS/HIV Education, Counseling,	
15	and Testing	66,939
16		
17	08. Office of Minority Health and	
18	Minority Health Council	186,478
19		
20	09. Administrative and Indirect Cost	217,762
21		
22	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$ 5,520,876
23		

24 (b) Decreases in Federal Fund Availability
25 Decreases in federal fund availability shall be
26 allocated as follows:

27 (1) For the Community Development Block Grants -- If
28 federal funds are reduced below the amounts
29 specified above after the effective date of this
30 act, then every program in each of these federal
31 block grants shall be reduced by the same
32 percentage as the reduction in federal funds.

33 (2) For the Maternal and Child Health and Preventive
34 Health Services federal block grant -- If federal
35 funds are reduced less than ten percent (10%) below
36 the amounts specified above after the effective
37 date of this act, then every program in the
38 Maternal and Child Health and in the Preventive
39 Health Services block grants shall be reduced by
40 the same percentage as the reduction in federal
41 funds. If federal funds are reduced by ten percent
42 (10%) or more below the amounts specified above
43 after the effective date of this act, then for the
44 Maternal and Child Health and the Preventive Health
45 Services block grants the Department of
46 Environment, Health, and Natural Resources shall
47 allocate the decrease in funds after considering
48 the effectiveness of the current level of services.

49 (c) Increases in Federal Fund Availability
50 Any block grant funds appropriated by the Congress of
51 the United States in addition to the funds specified in this act
52 shall be expended as follows:

- 1 (1) For the Community Development Block Grant -- Each
 2 program category under the Community Development
 3 Block Grant shall be increased by the same
 4 percentage as the increase in federal funds.
- 5 (2) For the Maternal and Child Health Block Grant --
 6 Thirty percent (30%) of these additional funds
 7 shall be allocated to services for children with
 8 special health care needs and seventy percent (70%)
 9 shall be allocated to local health departments to
 10 assist in the reduction of infant mortality.
- 11 (3) For the Preventive Health Block Grants -- These
 12 additional funds may be budgeted by the appropriate
 13 department, with the approval of the Office of
 14 State Budget and Management, after considering the
 15 effectiveness of the current level of services and
 16 the effectiveness of services to be funded by the
 17 increase, provided the resultant increases are in
 18 accordance with federal block grant requirements
 19 and are within the scope of the block grant plan
 20 approved by the General Assembly.
- 21 (d) Changes to budgeted allocations to the Maternal and
 22 Child Health and the Preventive Health Services block grants due
 23 to increases or decreases in federal funds shall be reported to
 24 the Joint Legislative Commission on Governmental Operations and
 25 the Fiscal Research Division within 30 days of the allocation.
 26 All other increases shall be reported to the Joint Legislative
 27 Commission on Governmental Operations and to the Director of the
 28 Fiscal Research Division.
- 29 (e) Limitations on Community Development Block Grant
 30 Funds
- 31 Of the funds appropriated in this section for the
 32 Community Development Block Grant, the following shall be
 33 allocated in each category for each program year: up to one
 34 million dollars (\$1,000,000) may be used for State
 35 administration; up to two million one hundred seventy-seven
 36 thousand five hundred dollars (\$2,177,500) may be used for Urgent
 37 Needs and Contingency; up to two million dollars (\$2,000,000) may
 38 be used for Community Empowerment; up to eight million seven
 39 hundred ten thousand dollars (\$8,710,000) may be used for
 40 Economic Development; not less than twenty-nine million dollars
 41 (\$29,000,000) shall be used for Community Revitalization; up to
 42 four hundred fifty thousand dollars (\$450,000) may be used for
 43 State Technical Assistance; up to one million six hundred sixty-
 44 two thousand five hundred (\$1,662,500) may be used for Housing
 45 Development. If federal block grant funds are reduced or
 46 increased by the Congress of the United States after the
 47 effective date of this act, then these reductions or increases
 48 shall be allocated in accordance with subsection (b) or (c) of
 49 this section, as applicable. If funds are available from program
 50 income, deobligated funds, or urgent needs and contingency, then
 51 the Department of Commerce shall use up to five hundred thousand
 52 dollars (\$500,000) for an Infrastructure Demonstration Project

4

1 that will focus on innovative approaches to straight piping and
2 pit privy problems.

3 (f) Limitations on Preventive Health Service Block Grant
4 Funds

5 25% of funds allocated for Rape Prevention and Rape
6 Education shall be allocated as grants to nonprofit organizations
7 to provide rape prevention and education programs targeted for
8 middle, junior high, and high school students. Any rape crisis
9 center or other nonprofit organization that receives funds under
10 this section to provide rape education and rape prevention
11 programs to schools shall give priority to schools with an
12 abstinence-based sex education curriculum.

13
14
15
16

5
CODE NO. 97GOV-S001A

Requested by: Senator Martin of Pitt

HOME PROGRAM MATCHING FUNDS

1 Section @. (a) Funds appropriated in this act to the
2 Housing Finance Agency for the federal HOME Program shall be used
3 to match federal funds appropriated for the HOME Program. In
4 allocating State funds appropriated to match federal HOME Program
5 funds, the Agency shall give priority to HOME Program projects,
6 as follows:
7 (1) First priority to projects that are located in
8 counties designated as severely distressed counties
9 under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
10 (2) Second priority to projects that benefit persons
11 and families whose incomes are fifty percent (50%)
12 or less of the median family income for the local
13 area, with adjustments for family size, according
14 to the latest figures available from the U.S.
15 Department of Housing and Urban Development.
16 The Housing Finance Agency shall report to the Joint
17 Legislative Commission on Governmental Operations by April 1 of
18 each year concerning the status of the HOME Program and shall
19 include in the report information on priorities met, types of
20 activities funded, and types of activities not funded.
21 (b) If the United States Congress changes the HOME
22 Program such that matching funds are not required for a given
23 program year, then the Agency shall not spend the matching funds
24 appropriated under this act for that program year.
25 (c) Funds appropriated in this act to match federal
26 HOME Program funds shall not revert to the General Fund on June
27 30, 1998, or on June 30, 1999.

6
1 CODE NO. 97AGRIC-S003-P

2

3 Requested by: Senator Martin of Pitt

4

5 **MOUNTAIN STATE FAIR TO BECOME ENTERPRISE FUND**

1 Section @. The activities of the Western North Carolina
2 Agricultural Center and the Mountain State Fair shall be combined
3 and operated in an enterprise fund. Current appropriated support
4 to the Western North Carolina Agricultural Center shall be
5 transferred on a quarterly basis with the anticipation that
6 appropriated support will only be necessary until the combined
7 operation develops sufficient revenue and operating reserves to
8 become totally self-supporting.

9

7

1 CODE NO. 97AGRIC-S002-P

2

3 Requested by: Senator Martin of Pitt

4

5 **TIMBER SALES FOR MAINTENANCE OF STATE FARMS FORESTLAND**

1 Section @. The Department of Agriculture is authorized
2 to expend up to one hundred thousand dollars (\$100,000) each year
3 for forestry management from funds received from the sale of
4 timber that are deposited with the State Treasurer in a capital
5 improvement account pursuant to G.S. 146-30. The Director of the
6 Budget is authorized to transfer up to one hundred thousand
7 dollars (\$100,000) from the capital improvement account to the
8 Reserve for Forestry Management in the Department of
9 Agriculture's operating budget and to prepare succeeding
10 continuation budget documents to include one hundred thousand
11 dollars (\$100,000) in the Reserve for Forestry Management.

8

1 CODE NO. 97AGRIC-S005-P

2

3 Requested by: Senator Martin of Pitt

4

5 **TRANSFER MARITIME MUSEUM TO CULTURAL RESOURCES**

1 Section @. The 17.25 positions, support, and equipment
2 in the North Carolina Maritime Museum, Department of Agriculture,
3 shall be moved to the Department of Cultural Resources.

Requested by: Senator Martin of Pitt

WESTERN NORTH CAROLINA DEVELOPMENT ASSOCIATION

1 Section @. The Western North Carolina Development
2 Association shall:

- 3 (1) By January 15, 1998, and more frequently as
4 requested, report to the Joint Legislative
5 Commission on Governmental Operations and the
6 Fiscal Research Division the following information:
7 a. State fiscal year 1996-97 program activities,
8 objectives, and accomplishments;
9 b. State fiscal year 1996-97 itemized
10 expenditures and fund sources;
11 c. State fiscal year 1997-98 planned activities,
12 objectives, and accomplishments, including
13 actual results through December 31, 1997; and
14 d. State fiscal year 1997-98 estimated itemized
15 expenditures and fund sources, including
16 actual expenditures and fund sources through
17 December 31, 1997.
- 18 (2) By January 15, 1999, and more frequently as
19 requested, report to the Joint Legislative
20 Commission on Governmental Operations and the
21 Fiscal Research Division the following information:
22 a. State fiscal year 1997-98 program activities,
23 objectives, and accomplishments;
24 b. State fiscal year 1997-98 itemized
25 expenditures and fund sources;
26 c. State fiscal year 1998-99 planned activities,
27 objectives, and accomplishments, including
28 actual results through December 31, 1998; and
29 d. State fiscal year 1998-99 estimated itemized
30 expenditures and fund sources, including
31 actual expenditures and fund sources through
32 December 31, 1998.
- 33 (3) Provide a copy of the Association's annual audited
34 financial statement to the Fiscal Research Division
35 within 30 days of issuance of the statement.

CODE NO. 97AGRIC-S006A

Requested by: Senator Martin of Pitt

INCREASE GRAPEGROWERS FUNDS

1 Section @. G.S. 105-113.81A reads as rewritten:

2 "\$ 105-113.81A. Distribution of part of wine taxes attributable
3 to North Carolina wine.

4 The Secretary shall on a quarterly basis credit to the
5 Department of Agriculture ninety-four percent (94%) of the net
6 proceeds of the excise tax collected on unfortified wine bottled
7 in North Carolina during the previous quarter and ninety-five
8 percent (95%) of the net proceeds of the excise tax collected on
9 fortified wine bottled in North Carolina during the previous
10 quarter, provided except that the amount credited to the
11 Department of Agriculture under this section shall not exceed
12 ninety one hundred fifty thousand dollars ~~(\$90,000)~~ (\$150,000)
13 per fiscal year. The Department of Agriculture shall allocate
14 the funds received under this section to the North Carolina Grape
15 Growers Council to be used to promote the North Carolina grape
16 and wine industry and to contract for research and development
17 services to improve viticultural and enological practices in
18 North Carolina. Any funds credited to the Department of
19 Agriculture under this section that are not expended by June 30
20 of any fiscal year may not revert to the General Fund, but shall
21 remain available to the Department for the uses set forth in this
22 section."

CODE NO. 97AGRIC-S001C

Requested by: Senator Martin of Pitt

AUTHORIZE THE AGRICULTURAL FINANCE AUTHORITY TO USE THE INTEREST FROM THE RESERVE FOR FARM LOANS FOR ADMINISTRATIVE EXPENSES

1 Section @. G.S. 122D-16 reads as rewritten:

2 "**§ 122D-16. Trust funds.** Notwithstanding any other provisions
3 of law to the contrary, all moneys received pursuant to the
4 authority of this Chapter shall be deemed to be trust funds to be
5 held and applied solely as provided in this Chapter. Interest
6 earned from these moneys and interest received from loans made
7 from these moneys may be used for any purpose set out in this
8 Chapter and for the costs of administering this Chapter. The
9 resolution authorizing any obligations or the trust agreement
10 securing ~~the same~~ any obligations may provide that any of ~~such~~
11 these moneys may be temporarily invested pending the disbursement
12 ~~thereof~~ of the moneys and shall provide that any officer with
13 whom, or any bank or trust company with which, such moneys shall
14 be deposited, shall act as trustee of ~~such the~~ moneys and shall
15 hold and apply the ~~same~~ moneys for the purposes ~~hereof~~, under
16 this Chapter, subject to ~~such regulations as this Chapter and~~
17 ~~such resolution or trust agreement may provide.~~ any rules adopted
18 pursuant to this Chapter and any provisions in the provision or
19 trust agreement. ~~Any such moneys or any other~~

20 (b) All moneys of the Authority may be invested in the
21 following:

- 22 (1) Bonds, notes or treasury bills of the United
23 States;
24 (2) Non-convertible debt securities of the following
25 issuers:
26 a. The Federal Home Loan Bank Board;
27 b. The Federal National Mortgage Association;
28 c. The Federal Farm Credit Bank; and
29 d. The Student Loan Marketing Association;
30 (3) Any other obligations not listed above which are
31 guaranteed as to principal and interest by the
32 United States or any of its agencies;
33 (4) Certificates of deposit and other evidences of
34 deposit at state and federal chartered banks and
35 savings and loan associations; provided that any
36 principal amount of such certificate in excess of
37 the amount insured by the federal government or any
38 agency thereof be fully collateralized;

- 1 (5) Obligations of the United States or its agencies
2 under a repurchase agreement for a shorter time
3 than the maturity date of the security itself if
4 the market value of the security itself is more
5 than the amount of funds invested;
- 6 (6) Money market funds whose portfolios consist of any
7 of the foregoing investments;
- 8 (7) A guaranteed investment or similar contract, which
9 provides for the investment of funds at a
10 guaranteed rate of return, with an insurance
11 company or depository financial institution with a
12 claim paying rating of no less than either of the
13 two highest grades given by a nationally recognized
14 rating agency; and
- 15 (8) Any other investment authorized by law for the
16 investment of funds by a unit of local government."

CODE NO. 97ENV-S012

Requested by: Senator Martin of Pitt

ENVIRONMENTAL EDUCATION GRANTS

1 Section @. (a) Of the funds appropriated in this act
2 to the Department of Environment, Health, and Natural Resources,
3 the sum of two hundred thousand dollars (\$200,000) for the 1997-
4 98 fiscal year and the sum of two hundred thousand dollars
5 (\$200,000) for the 1998-99 fiscal year shall be used to encourage
6 and support the development of environmental education library
7 collections throughout the State by providing grants to schools,
8 community organizations, and environmental education centers.
9 (b) The Department shall report to the Joint
10 Legislative Commission on Governmental Operations, the
11 Environmental Review Commission, and the Fiscal Research Division
12 by January 1, 1998, and again by January 1, 1999 on the grant
13 program. The report shall include a list of amounts awarded and
14 project descriptions for each grant recipient.

CODE NO. 97NATRES-S001C

Requested by: Senator Martin of Pitt

GRASSROOTS SCIENCE PROGRAM

Section @. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources for the Grassroots Science Program, the sum of three million one hundred fifty thousand dollars (\$3,150,000) for fiscal year 1997-98 and the sum of six hundred thousand dollars (\$600,000) for fiscal year 1998-99 are allocated as grants-in-aid for each fiscal year as follows:

	1997-98	1998-99
Iredell County Children's Museum	\$56,500	\$50,000
Museum of Coastal Carolina	\$66,750	\$50,000
Rocky Mount Children's Museum	\$109,750	\$50,000
Imagination Station	\$111,000	\$50,000
Western North Carolina Nature Center	\$130,750	\$15,000
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$162,500	\$35,000
Cape Fear Museum	\$188,500	\$50,000
Catawba Science Center	\$190,500	\$50,000
Sci Works Science Center and Environmental Park of Forsyth County	\$231,000	\$50,000
Natural Science Center of Greensboro	\$333,000	\$50,000
Schiele Museum of Natural History	\$383,750	\$50,000
North Carolina Museum of Life and Science	\$398,750	\$50,000
Discovery Place	\$787,250	\$50,000
TOTAL	\$3,150,000	\$600,000

Requested by: Senator Martin of Pitt

ANIMAL WASTE COMPLIANCE PROGRAM REPORT

- 1 Section @. (a) No later than October 15, 1997, and
2 quarterly thereafter, the Department of Environment, Health, and
3 Natural Resources shall submit status reports to the
4 Environmental Review Commission and the Fiscal Research Division.
5 Each report shall include, but not be limited to:
- 6 (1) The number of permits for animal waste management
7 systems, itemized by type of animal subject to such
8 permits, issued since the last report and a total
9 for that calendar year.
 - 10 (2) The number of operations reviews of animal waste
11 management systems that the Division of Soil and
12 Water Conservation has conducted since the last
13 report and a total for that calendar year.
 - 14 (3) The number of operations reviews of animal waste
15 management systems conducted by agencies other than
16 the Division of Soil and Water Conservation that
17 have been conducted since the last report and a
18 total for that calendar year.
 - 19 (4) The number of reinspections associated with
20 operations reviews conducted by the Division of
21 Soil and Water Conservation since the last report
22 and a total for that calendar year.
 - 23 (5) The number of reinspections associated with
24 operations reviews conducted by agencies other than
25 the Division of Soil and Water Conservation since
26 the last report and a total for that calendar year.
 - 27 (6) The number of compliance inspections of animal
28 waste management systems that the Division of Water
29 Quality has conducted since the last report and a
30 total for that calendar year.
 - 31 (7) The number of follow-up inspections associated with
32 compliance inspections conducted by the Division of
33 Water Quality since the last report and a total for
34 that calendar year.
 - 35 (8) The average length of time for each category of
36 reviews and inspections under subdivisions (2)
37 through (7) of this subsection.
 - 38 (9) The number of violations found during each category
39 of review and inspection under subdivisions (2)

1 through (7) of this subsection, the status of
2 enforcement actions taken and pending, and the
3 penalties imposed, collected, and in the process of
4 being negotiated for each such violation.

5 (b) The information to be included in the reports
6 pursuant to subsection (a) of this section shall be itemized by
7 each regional office of the Department, with totals for the State
8 indicated.

CODE NO. 97NATRES-S003A

Requested by: Senators Plyler, Perdue, Odom

**CONTRACT WITH AIR NATIONAL GUARD FOR FOREST FIRE-FIGHTING
EQUIPMENT**

1 Section @. If federal funds are not adequate to fund
2 vehicles and equipment for forest fire-fighting purposes, the
3 Department of Environment, Health, and Natural Resources,
4 Division of Forestry Services, may use funds appropriated in the
5 amount of two million five hundred thousand dollars (\$2,500,000)
6 for the 1997-98 fiscal year to contract with the Department of
7 Crime Control and Public Safety for the use of Air National Guard
8 vehicles and equipment.

18
CODE NO. 97NATRES-S017

Requested by: Senator Plyler

DEFER SOME ANIMAL WASTE MANAGEMENT SYSTEM REQUIREMENTS

1 Section @. Section 19(c)(4) of Chapter 626 of the 1995
2 Session Laws reads as rewritten:

3 "(4) Notwithstanding G.S. 143-215.10C (a) through (d), a
4 dry litter animal waste management system involving
5 30,000 or more birds shall continue to operate on a
6 deemed permitted basis by rule under 15A N.C.A.C.
7 2H.0217 and shall comply with the animal waste
8 management plan testing and record-keeping
9 requirements by January 1, ~~1998~~ 2000."

19
CODE NO. 97NATRES-S018

Requested by: Senator Plyler

ODOR CONTROL STUDY FUNDS

1 Sec. @. (a) Of the funds appropriated to the
2 Department of Environment, Health and Natural Resources for the
3 1996-97 fiscal year and transferred to the Board of Governors of
4 The University of North Carolina for the North Carolina
5 Agricultural Research Service at North Carolina State University
6 for research into economically feasible odor control technologies
7 and for a detailed economic analysis of odor management
8 alternatives, the sum of six hundred thousand dollars (\$600,000)
9 shall not revert to the General Fund on June 30, 1997. These
10 funds shall remain in the budget of North Carolina State
11 University for expenditure by the North Carolina Agricultural
12 Research Service during the 1997-98 fiscal year. These funds may
13 be used for capital expenditures to construct current technology
14 swine production facilities for the purpose of research in
15 adapting or developing new odor control technologies. The use of
16 these funds for capital expenditures shall be authorized without
17 any requirement of matching funds from private sources.

18

CODE NO. 97NATRES-S007-P

Requested by: Senator Martin of Pitt

SOUTH MOUNTAINS GAMELANDS FUNDS

1 Section @. Of the funds appropriated in this act to the
2 Wildlife Resources Commission, the sum of five million dollars
3 (\$5,000,000) for the 1997-98 fiscal year shall be used to assist
4 in the acquisition of gamelands for hunting, fishing, outdoor
5 recreation, and conservation in the South Mountains. The
6 Wildlife Resources Commission may use and seek additional funds
7 from the Wildlife Endowment Fund established in G.S. 143-250.1,
8 private citizens, private nonprofit conservation organizations,
9 the Clean Water Management Fund established in Article 13A of
10 Chapter 113 of the General Statutes, the Natural Heritage Trust
11 Fund established in Article 5A of Chapter 113 of the General
12 Statutes, and local governments to acquire gamelands in the South
13 Mountains. The Wildlife Resources Commission shall work with
14 citizens and local governments to develop a management plan for
15 its gamelands in the South Mountains.

CODE NO. 97ENV-S003B

Requested by: Senator Martin of Pitt

SUPERFUND PROGRAM FUNDS

1 Sec. @. (a) The Department of Environment, Health,
2 and Natural Resources may use available funds, with the approval
3 of the Office of State Budget and Management, in order to provide
4 the ten percent (10%) cost share required for Superfund cleanups
5 on the National Priority List sites and to pay the operating and
6 maintenance costs associated with these cleanups. These funds
7 may be in addition to those appropriated for this purpose.
8 (b) The Department of Environment, Health, and Natural
9 Resources and the Office of State Budget and Management shall
10 report to the Joint Legislative Commission on Governmental
11 Operations the amount and the source of the funds used pursuant
12 to subsection (a) of this section within 30 days of the
13 expenditure of these funds.

1 CODE NO. 97ENV-S001-P

2

3 Requested by: Senator Martin of Pitt

4

5 FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

1 Section @. (a) During the 1997-99 fiscal biennium, the
2 Secretary of Environment, Health, and Natural Resources may
3 contribute from the Inactive Hazardous Sites Cleanup Fund up to
4 ten percent (10%) of the cost each fiscal year, not to exceed
5 fifty thousand dollars (\$50,000) per site, of implementing a
6 voluntary remedial action program at up to three high-priority
7 sites that substantially endanger public health or the
8 environment.

9 (b) No later than April 1 of each year of the 1997-99
10 fiscal biennium, the Department of Environment, Health, and
11 Natural Resources shall report to the General Assembly. Each
12 report shall contain the location of the sites for which a
13 voluntary remedial action program was implemented under
14 subsection (a) of this section, the rationale for the State
15 contributing to the cost of that remedial action, and the amount
16 of the contribution made from the Inactive Hazardous Sites
17 Cleanup Fund.

1 CODE NO. 97ENV-S002-P

2

3 Requested by: Senator Martin of Pitt

4

5 POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL
6 BUSINESSES WITH NEED

1 Section @. The Division of Pollution Prevention and
2 Environmental Assistance shall, to the extent feasible, give
3 greatest priority to small businesses that can demonstrate
4 financial need when the Division of Pollution Prevention and
5 Environmental Assistance awards grants or otherwise provides
6 technical or financial assistance.

24
CODE NO. 97ENV-S011

Requested by: Senator Martin of Pitt

PERMIT INFORMATION CENTER

1 Section @. The Department of Environment, Health, and
2 Natural Resources may use any available funds to operate a permit
3 information center within the Department to improve permit
4 applications, guidance materials, applicant and citizen training,
5 and for other related purposes.

1 CODE NO. 97ENV-S006-P

2

3 Requested by: Senator Martin of Pitt

4

5

6 **AGRICULTURE WASTE RESEARCH REPORTS**

1 Section @. The Primary Investigator or Researcher
2 receiving funding from the State pursuant to Section 2 of Chapter
3 18 of the Session Laws of the 1996 Second Extra Session for each
4 of the following research projects and studies shall provide a
5 progress report to the Environmental Review Commission, the Joint
6 Legislative Commission on Governmental Operations, the Scientific
7 Advisory Council on Water Resources and Coastal Fisheries
8 Management, and the Fiscal Research Division on January 1 and
9 July 1 of each year until the project or study is complete:

- 10 (1) Odor control technology.
11 (2) Sources of nitrogen through isotope markers.
12 (3) Groundwater impacts of lagoons.
13 (4) Atmospheric deposition of nitrogen in the Neuse
14 Estuary.
15 (5) Alternative animal waste technologies.
16 Upon completion of the project or study, the Primary Investigator
17 or Researcher shall provide a final report.

Requested by: Senator Martin of Pitt

TOWN FORK CREEK SOIL CONSERVATION PROJECT

1 Section @. (a) The funds placed in a reserve account in
2 the Department of Environment, Health, and Natural Resources
3 pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session
4 Laws shall not revert until June 30, 1999. Those funds are
5 reallocated as follows:

- 6 (1) Five hundred four thousand five hundred sixty
7 dollars (\$504,560) to the Stokes County Water and
8 Sewer Authority, Inc., for the Germanton Water
9 Project.
- 10 (2) Nine hundred thirty thousand six hundred eighty
11 dollars (\$930,680) to the Stokes County Water and
12 Sewer Authority, Inc., for the Madison Connection
13 Project.
- 14 (3) Eighty thousand dollars (\$80,000) to the Stokes
15 County Water and Sewer Authority, Inc., for the Dan
16 River Project.
- 17 (4) Thirty thousand dollars (\$30,000) to the Department
18 of Environment, Health, and Natural Resources for
19 the Limestone Creek small watershed project in
20 Duplin County.
- 21 (5) Three hundred forty thousand six hundred forty
22 dollars (\$340,640) to the Department of
23 Environment, Health, and Natural Resources for the
24 Deep Creek small watershed project in Yadkin
25 County.

26 (b) The Department of Environment, Health, and Natural
27 Resources and the Stokes County Water and Sewer Authority, Inc.,
28 shall report by October 1, and March 1, of each fiscal year to
29 the Joint Legislative Commission on Governmental Operations, the
30 Fiscal Research Division of the General Assembly, and the Office
31 of State Budget and Management regarding the use of the funds
32 reallocated by this section. Each report shall include all of
33 the following:

- 34 (1) The estimated cost of each project.
- 35 (2) The date that work on each project began or is
36 expected to begin.
- 37 (3) The date that work on each project was completed or
38 is expected to be completed.
- 39 (4) The actual cost of each project.

Requested by: Senator Martin of Pitt

CITIZENS WATER QUALITY MONITORING PROGRAM

1 Section 0. Article 21 of Chapter 143 of the General
2 Statutes is amended by adding a new section to read:

3 "§ 143-215A. Citizen Water Quality Monitoring Program.

4 The Department shall establish the Citizen Water Quality
5 Monitoring Program to provide an avenue for individuals to play a
6 role in and to take personal responsibility for protecting the
7 State's water quality. The goals of the Citizen Water Quality
8 Monitoring Program are to coordinate monitoring activities among
9 volunteers by river basins; to provide adequate training of
10 volunteers and quality assurance of all data collected; and to
11 incorporate the data collected by volunteers into the State's
12 overall management of water quality."

13

CODE NO. 97ENV-S021B

Requested by: Senators Odom, Perdue, and Plyler

ROANOKE/PAMLICO WATER QUALITY FUNDS

1 Section @. Of the funds appropriated to the Department
2 of Environment, Health, and Natural Resources by this act for the
3 1997-98 fiscal year the sum of four hundred thousand dollars
4 (\$400,000) shall be used to establish a water quality monitoring
5 program for the Roanoke-Pamlico estuary system. The Department
6 of Environment, Health, and Natural Resources may enter into
7 contracts for the provision of services for the water quality
8 monitoring program.

CODE NO. 97ENV-S019A

Requested by: Senator Martin of Pitt

RESERVE FOR CAPE FEAR RIVER FUNDS

1 Section @. (a) Of the funds appropriated to the
2 Department of Environment, Health, and Natural Resources in this
3 act, the sum of one million five hundred thousand dollars
4 (\$1,500,000) for the 1997-98 fiscal year shall be placed in a
5 reserve for the Cape Fear River Assembly, Inc., to be used for
6 programs to monitor and improve water quality in the Cape Fear
7 River.

8 (b) The Cape Fear River Assembly, Inc., shall report by
9 1 October 1997 and quarterly thereafter to the Environmental
10 Review Commission and the Joint Legislative Commission on
11 Governmental Operations on the proposed use of any reserve funds
12 prior to encumbering those funds for that use and on the
13 subsequent use of any reserve funds. After the Cape Fear River
14 Assembly, Inc., reports a proposed use to the Joint Legislative
15 Commission on Governmental Operations and the Office of State
16 Budget and Management approves the distribution of funds, the
17 Department shall distribute the funds from the reserve for that
18 use.

CODE NO. 97ENV-S007E

Requested by: Senator Martin of Pitt

WATER QUALITY PERMIT PROGRAMS/RESERVE FUNDS

1 Section @. (a) Of the funds appropriated to the
2 Department of Environment, Health, and Natural Resources by this
3 act for the 1997-98 fiscal year, the sum of one million dollars
4 (\$1,000,000) shall be held in reserve within the Department.

5 (b) Of those funds held in reserve the sum of one hundred fifty
6 thousand dollars (\$150,000) shall be used to replace federal
7 construction grant funds when the federal funds cease for the
8 support of three positions in the Division of Water Quality,
9 Department of Environment, Health, and Natural Resources.

10 (c) The remaining eight hundred fifty thousand dollars
11 (\$850,000) held in reserve is to offset a possible permit receipt
12 shortfall for the water quality programs for unrealized revenue
13 up to two million nine hundred fifty thousand dollars
14 (\$2,950,000).

15 Subject to approval by the Office of State Budget and
16 Management, the Department may use the reserve funds during the
17 1997-98 fiscal year in accordance with this subsection. The
18 eight hundred fifty thousand dollars (\$850,000) in reserve may be
19 used to provide the necessary cash flow for the water quality
20 programs during the fiscal year if receipts during the fiscal
21 year are insufficient to cover water quality program
22 expenditures. The reserve funds shall be used only for the
23 water quality programs administered by the Water Quality Section
24 of the Water Quality Division.

25 At the end of the 1997-98 fiscal year:

26 (1) If the receipts generated by the water quality
27 permit programs for the 1997-98 fiscal year are
28 less than two million nine hundred fifty thousand
29 dollars (\$2,950,000), then the Water Quality
30 Section may retain from the reserve an amount equal
31 to the difference between two million nine hundred
32 fifty thousand dollars (\$2,950,000) and actual
33 water quality permit receipts for the 1997-98
34 fiscal year, not to exceed eight hundred fifty
35 thousand dollars (\$850,000).

36 (2) If the receipts generated by the water quality
37 permit programs for the 1997-98 fiscal year are two
38 million nine hundred fifty thousand dollars
39 (\$2,950,000) or more, then the Water Quality

1 Section shall not retain any funds from the
2 reserve.

3 (d) All receipts, State funds, and federal funds that are
4 budgeted for the Water Quality Section of the Water Quality
5 Division, Department of Environment, Health, and Natural
6 Resources shall be used only for the Water Quality Section and
7 the water quality programs administered by that Section and may
8 not be transferred or used for any other purpose.

9 (e) For purposes of this section, "water quality permits" means
10 all permits issued under Part 1 of Article 21 of Chapter 143 of
11 the General Statutes that are administered by the Water Quality
12 Section of the Water Quality Division, Department of Environment,
13 Health, and Natural Resources.

CODE NO. 97ENV-S017B

Requested by: Senator Martin of Pitt

FEDERAL FUNDS FOR WATER QUALITY INDIRECT COSTS USED FOR WATER QUALITY

1 Section @. Federal funds received by the Department of
2 Environment, Health, and Natural Resources as federal indirect
3 cost receipts associated with the federal Environmental
4 Protection Agency "106" water quality grant may be used by the
5 Water Quality Section of the Water Quality Division for the
6 permit programs and activities administered by that Section.

CODE NO. 97ENV-S023D

Requested by: Senators Odom, Perdue, Plyler

REGIONAL WASTEWATER MANAGEMENT

1 Section @. (a) Of the funds appropriated to the
2 Department of Environment, Health, and Natural Resources by this
3 act, the sum of one million dollars (\$1,000,000) for the 1997-98
4 fiscal year shall be allocated for costs associated with further
5 development of a regional wastewater collection, treatment, and
6 disposal system that uses an innovative technology to reduce
7 nutrient and organic loadings to surface waters.
8 (b) The Department of Environment, Health, and Natural
9 Resources shall report by April 1, 1998, regarding the use of the
10 funds allocated under this section. The report shall be made to
11 the Joint Legislative Commission on Governmental Operations and
12 to the Environmental Review Commission. A written copy of the
13 report shall be provided to the Fiscal Research Division of the
14 General Assembly.

34

CODE NO. 97ENV-S018A

Requested by: Senators Odom, Plyler, and Perdue

**CLEAN WATER TRUST FUND/PRIORITIZE BETWEEN SAVINGS RESERVE ACCOUNT
AND CLEAN WATER MANAGEMENT TRUST FUND.**

1 Section @. (a) G.S. 143-15.3B(a) reads as rewritten:

2 "(a) The Clean Water Management Trust Fund is established in
3 G.S. 113-145.3. The State Controller shall reserve to the Clean
4 Water Management Trust Fund six and one-half percent (6.5%) of
5 any unreserved credit balance remaining in the General Fund at
6 the end of each fiscal ~~year~~, year or thirty million dollars
7 (\$30,000,000), whichever is greater.

8 As used in this section, the term 'unreserved credit balance'
9 means the credit balance amount, as determined on a cash basis,
10 before funds are reserved by the State Controller to the Savings
11 Reserve Account, the Repairs and Renovations Reserve Account, or
12 the Clean Water Management Trust Fund pursuant to this section,
13 G.S. 143-15.3, and G.S. 143-15.3A.

14 (b) G.S. 143-15.3(a) reads as rewritten:

15 "(a) There is established a Savings Reserve Account as a
16 restricted reserve in the General Fund. The State Controller
17 shall reserve to the Savings Reserve Account one-fourth of any
18 unreserved credit balance remaining in the General Fund at the
19 end of each fiscal year until the account contains funds equal to
20 five percent (5%) of the amount appropriated the preceding year
21 for the General Fund operating budget, including local government
22 tax-sharing funds. If the balance in the Savings Reserve Account
23 falls below this level during a fiscal year, the State Controller
24 shall reserve to the Savings Reserve Account for the following
25 fiscal years up to one-fourth of any unreserved credit balance
26 remaining in the General Fund at the end of each fiscal year
27 until the account again equals five percent (5%) of the amount
28 appropriated the preceding year for the General Fund operating
29 budget, including local government tax-sharing funds. If there
30 are insufficient funds in the unreserved credit balance for the
31 Savings Reserve Account, the Repairs and Renovations Reserve
32 Account, and the Clean Water Management Trust Fund, then the
33 requirements of this section shall be complied with first, and
34 any remaining funds shall be reserved to the Repairs and
35 Renovations Reserve Account, in accordance with G.S. 143-15.3A,
36 and the Clean Water Management Trust Fund, in accordance with
37 G.S. 143-15.3B. As used in this section, the term "unreserved
38 credit balance" means the credit balance amount, as determined on

35

1 a cash basis, before funds are reserved by the Controller to the
2 Savings Reserve Account or the Repairs and Renovations Reserve
3 Account pursuant to this section and G.S. 143-15.3A."

4 (c) This section becomes effective June 30, 1997.

1 CODE NO. 97ENV-S004-P

2

3 Requested by: Senator Martin of Pitt

4

5 PARTNERSHIP FOR THE SOUNDS

1 Section @. (a) Subject to subsection (c) of this
2 section, the Partnership for the Sounds shall, no later than
3 January 15, 1998, submit a report to the Joint Legislative
4 Commission on Governmental Operations and the Fiscal Research
5 Division that provides the following information:

6 (1) Program activities, objectives, and accomplishments
7 for the 1996-97 fiscal year;

8 (2) Itemized expenditures and fund sources for the
9 1996-97 fiscal year;

10 (3) Planned activities, objectives, and accomplishments
11 for the 1997-98 fiscal year, including actual
12 results through December 31, 1997; and

13 (4) Estimated itemized expenditures and fund sources
14 for the 1997-98 fiscal year, including actual
15 expenditures and fund sources through December 31,
16 1997.

17 (b) Subject to subsection (c) of this section, the
18 Partnership for the Sounds shall, no later than January 15, 1999,
19 submit a report to the Joint Legislative Commission on
20 Governmental Operations and the Fiscal Research Division that
21 provides the following information:

22 (1) Program activities, objectives, and accomplishments
23 for the 1997-98 fiscal year;

24 (2) Itemized expenditures and fund sources for the
25 1997-98 fiscal year;

26 (3) Planned activities, objectives, and accomplishments
27 for the 1998-99 fiscal year, including actual
28 results through December 31, 1998; and

29 (4) Estimated itemized expenditures and fund sources
30 for the 1998-99 fiscal year, including actual
31 expenditures and fund sources through December 31,
32 1998.

33 (c) The Partnership for the Sounds shall provide
34 additional reports to the Joint Legislative Commission on
35 Governmental Operations or the Fiscal Research Division upon
36 request.

37 (d) The Partnership for the Sounds shall provide a
38 copy of its annual audited financial statement to the Fiscal

37

1 Research Division within 30 days of issuing the financial
2 statement.

1 CODE NO. 97HLTH-S001-P

2

3 Requested by: Senator Martin of Pitt

4

5 **COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY**

1 Section @. (a) For the 1997-98 and 1998-99 fiscal
2 years, the Department of Environment, Health, and Natural
3 Resources may combine and allocate funds appropriated for Aid to
4 Counties in the Acute Communicable Disease Control Fund, the
5 Tuberculosis Control Fund, and the Sexually Transmitted Disease
6 Control Fund into one Acute Communicable Disease Control Aid to
7 Counties Grant. Communicable Disease Aid to Counties funding to
8 local health departments and other authorized recipients will be
9 based on a general communicable disease formula to be developed
10 by the Department of Environment, Health, and Natural Resources.

11 (b) The Department of Environment, Health, and Natural
12 Resources, in conjunction with local health departments, will
13 maintain a system to monitor and identify Aid to Counties
14 communicable disease expenditures by each communicable disease
15 group. The Department shall report to the Joint Legislative
16 Commission on Governmental Operations not later than October 1,
17 1997, and annually thereafter, on Aid to Counties expenditures by
18 county for each communicable disease group and the purpose of the
19 expenditures for the fiscal year. The report shall also include
20 an evaluation of the effectiveness of combining Aid to Counties
21 funding into one grant fund and the effectiveness of the formula
22 used to allocate funds.

CODE NO. 97HLTH-S002A

Requested by: Senator Martin of Pitt

DWI TEST CHANGES

1 Sec. @. (a) For the 1997-98 and 1998-99 fiscal years,
2 any funds collected under G.S. 20-16.5(j) that are designated for
3 the chemical alcohol testing program of the Injury Control
4 Section of the Department of Environment, Health, and Natural
5 Resources and are not needed for that program shall be
6 transferred annually to the Governor's Highway Safety Program for
7 grants to local law enforcement agencies for training and
8 enforcement of the laws on driving while impaired. The
9 Governor's Highway Safety Program shall expend funds transferred
10 to it under this section within 13 months of receipt of the
11 funds. Amounts received by the Governor's Highway Safety Program
12 shall not revert until the June 30 following the 13-month period.
13 (b) Notwithstanding G.S. 143-23(a1)(3), if the total
14 requirements for the 1997-98 and 1998-99 fiscal years for the
15 statewide chemical alcohol testing program exceed funds
16 appropriated in this act for the program, then the Injury Control
17 Section may use funds in accordance with G.S. 20-16.5(j) to fund
18 the chemical alcohol testing program requirements in excess of
19 the General Fund appropriation, provided that total expenditures
20 for the 1997-98 and 1998-99 fiscal years for the chemical alcohol
21 testing program may not exceed amounts collected under G.S. 20-
22 16.5(j) and designated for the chemical alcohol and testing
23 program.

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CODE NO. 97HLTH-S015A

Requested by: Senator Martin of Pitt

STATE TRAINING/ENVIRONMENTAL HEALTH SPECIALISTS

1 Sec. @. The Department of Environment, Health, and
2 Natural Resources shall improve the initial training provided to
3 environmental health specialists serving as agents of the State.
4 The Department shall utilize modern technology and training
5 techniques for improving the training program. The Department
6 shall make a progress report on the training program to the Joint
7 Legislative Commission on Governmental Operations and the Fiscal
8 Research Division not later than July 1, 1998.
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Requested by: Senator Martin of Pitt

EVALUATE SEPTIC TANKS IN THE NEUSE RIVER BASIN

1 Section @. (a) Of the funds appropriated to the
2 Department of Environment, Health, and Natural Resources in this
3 act, the sum of one hundred fifty thousand dollars (\$150,000) for
4 the 1997-98 fiscal year shall be used to evaluate septic tanks in
5 the Neuse River Basin. This evaluation shall include all of the
6 following:
7 (1) The number of septic tanks.
8 (2) The condition of the septic tanks.
9 (3) Any potential groundwater contamination from
10 malfunctioning septic tank systems.
11 (4) The impact of hurricane damage and flooding on
12 septic tank systems.
13 (5) The cost to repair or replace failing septic tanks.
14 (6) Any viable alternatives to septic tanks.
15 (b) No later than April 1, 1998, the Department shall
16 report its findings on septic tanks to the Environmental Review
17 Commission, the Fiscal Research Division, and the Joint
18 Legislative Commission on Governmental Operations. The
19 Environmental Review Commission shall report its findings and
20 recommendations to the General Assembly on the first day of the
21 1997 (1998 Regular Session) Legislative Session.

CODE NO. 97ENV-S024A

Requested by: Senators Odom, Perdue, and Plyler

MONITOR COASTAL WATER QUALITY

1 Section @. (a) Article 8 of Chapter 130A of the General
2 Statutes is amended by adding a new Part to read:

3 "Part 3A. Monitor Water Quality of Coastal Fishing Waters.

4 "§ 130A-233. Definitions.

5 The following definitions apply to this Part:

6 (1) Coastal fishing waters, as defined in G.S.
7 113-129(4).

8 (2) Inland fishing waters, as defined in G.S.
9 113-129(9).

10 "§ 130A-233.i. Monitoring program for State coastal fishing
11 waters; development and implementation of program.

12 For the protection of the public health of swimmers and others
13 who use the State's coastal fishing waters for recreational
14 activities, the Department shall develop and implement a program
15 to monitor the State's coastal fishing waters for contaminants.
16 The monitoring program shall cover all coastal fishing waters up
17 to the point where those waters are classified as inland fishing
18 waters."

19 (b) Of the funds appropriated by this act to the
20 Department of Environment, Health, and Natural Resources the sum
21 of three hundred ninety-seven thousand sixty-six dollars
22 (\$397,066) for the 1997-98 fiscal year and the sum of three
23 hundred thirty-seven thousand five hundred sixty-six dollars
24 (\$337,566) for the 1998-99 fiscal year shall be allocated to the
25 Shellfish Sanitation Branch to develop and implement the
26 monitoring program required by this section.

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CODE NO. 97ENV-S020

Requested by: Senator Martin of Pitt

REISSUE CERTAIN WASTEWATER PERMITS

1 Section @. Notwithstanding the provisions of Article 11
2 of Chapter 130A of the General Statutes to the contrary, the
3 Department of Environment, Health, and Natural Resources or the
4 local health department shall issue an improvement permit and an
5 authorization for wastewater system construction for any
6 wastewater system that was the subject of an improvement permit
7 issued by a local health department between July 1, 1982 and
8 September 30, 1995 that expired prior to the installation of that
9 wastewater system, upon a showing satisfactory to the Department
10 or the local health department, respectively, that all of the
11 following conditions are satisfied:
12 (1) The site and soil conditions are unaltered.
13 (2) The facility, design wastewater flow, and
14 wastewater characteristics are not increased since
15 the expired permit was issued.
16 (3) A wastewater system can be installed that meets the
17 permitting requirements in effect on the date the
18 expired improvement permit was issued.
19 (4) The intended use has not changed.
20 (5) There is no current technology that can reasonably
21 be expected to improve the performance of the
22 system.
23 (6) But for the issuance of an authorization for
24 wastewater system construction under this act, the
25 proposed site cannot be developed for the purpose
26 for which the expired permit was issued.
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CODE NO. 97HLTH-S018B

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Requested by: Senator Martin of Pitt

CHILDHOOD LEAD EXPOSURE CONTROL

1 Sec. @. (a) Of the funds appropriated in this act to the
2 Department of Environment, Health, and Natural Resources, the sum
3 of two hundred thirty-seven thousand seventy-nine dollars
4 (\$237,079) for the 1997-98 fiscal year and the sum of two hundred
5 ten thousand eight hundred seventy-nine dollars (\$210,879) for
6 the 1998-99 fiscal year shall be used to expand the State's
7 Childhood Lead Poisoning Prevention Program.
8 (b) The allocation of funds under subsection (a) of this
9 section is contingent upon the enactment into law of Senate Bill
10 806, 1997 General Assembly.
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Requested by: Senator Martin of Pitt

EXTEND HEART DISEASE AND STROKE PREVENTION TASK FORCE

1 Sec. @. Subsections (l) and (m) of Section 26.9 of
2 Chapter 507 of the 1995 Session Laws read as rewritten:

3 "(l) The Task Force shall submit to the Governor and to the
4 General Assembly a preliminary report by January 1, 1996; an
5 interim report within the first week of the convening of the 1997
6 General Assembly; a second interim report within the first week
7 of the convening of the 1997 General Assembly, Regular Session
8 1998; a third interim report within the first week of the
9 convening of the 1999 General Assembly, and a final report by
10 October 1, 1997, June 30, 1999. The reports shall address the
11 Plan, actions and resources needed to fully implement the Plan,
12 and progress in achieving implementation of the Plan to reduce
13 the occurrence of and burden from heart disease and stroke in
14 North Carolina. The reports shall include an accounting of funds
15 expended and anticipated funding needs for full implementation of
16 recommended plans and programs.

17 (m) Upon submission of its final report to the Governor and
18 the ~~1997~~ 1999 General Assembly, the Task Force shall expire."

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CODE NO. 97HLTH-S019B

Requested by: Senator Martin of Pitt

CANCER CONTROL FUNDS

1 Sec. @. Of the funds appropriated in this act to the
2 Department of Environment, Health, and Natural Resources, the sum
3 of five hundred thousand dollars (\$500,000) for the 1997-98
4 fiscal year shall be allocated for promoting the prevention,
5 early detection, data collection, coordination, and optimal care
6 in the control of cancer. Purposes for which funds appropriated
7 under this section may be used include a total of six full-time
8 limited positions for the Central Cancer Registry, the Division
9 of Health Promotion, and the Advisory Committee on Cancer
10 Coordination and Control. Funds shall be allocated upon the
11 advice of the Advisory Committee on Cancer Coordination and
12 Control. The Department shall report to the Joint Legislative
13 Commission on Governmental Operations and the Fiscal Research
14 Division by February 1, 1998 on the allocation and use of the
15 funds.

16 These funds are appropriated to honor the memory of Dr. John
17 Kernodle.

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Requested by: Senator Martin of Pitt

OSTEOPOROSIS TASK FORCE

1 Sec. @. (a) Of the funds appropriated in this act to
2 the Department of Environment, Health, and Natural Resources,
3 Division of Adult Health Promotion, the sum of two hundred
4 thousand dollars (\$200,000) for the 1997-98 fiscal year shall be
5 allocated for the Osteoporosis Prevention Task Force created
6 under this act.

7 (b) The North Carolina Osteoporosis Prevention Task
8 Force is created in the Division of Health Promotion, Department
9 of Environment, Health, and Natural Resources.

10 (c) The Task Force shall have 25 members. The Governor
11 shall appoint the Chair, and the Vice-chair shall be elected by
12 the Task Force. The Director of the Division of Health Promotion
13 in the Department of Environment, Health, and Natural Resources,
14 the Director of the Division of Medical Assistance in the
15 Department of Human Resources, and the Director of the Division
16 of Aging in the Department of Human Resources, or their
17 designees, shall be members of the Task Force. Appointments to
18 the Task Force shall be made as follows:

19 (1) By the General Assembly upon the recommendation of
20 the President Pro Tempore of the Senate, as
21 follows:

- 22 a. Two members of the Senate;
- 23 b. A representative of a women's health
24 organization;
- 25 c. A local health director;
- 26 d. A certified health educator;
- 27 e. A representative of the North Carolina
28 Association of Area Agencies on Aging; and
- 29 f. A person with osteoporosis.

30 (2) By the General Assembly upon the recommendation of
31 the Speaker of the House of Representatives, as
32 follows:

- 33 a. Two members of the House of Representatives;
- 34 b. A county commissioner;
- 35 c. A licensed dietitian/nutritionist;
- 36 d. A pharmacist;
- 37 e. A registered nurse; and
- 38 f. A person with osteoporosis.

39 (3) By the Governor, as follows:

- 1 a. A practicing family physician, rheumatologist,
2 or endocrinologist;
- 3 b. A president or chief executive officer of a
4 business upon recommendation of a North
5 Carolina wellness council which is a member of
6 the Wellness Councils of America;
- 7 c. A news director of a newspaper or television
8 or radio station;
- 9 d. A representative of a North Carolina affiliate
10 of the National Osteoporosis Foundation;
- 11 e. A representative from the North Carolina
12 Cooperative Extension Service;
- 13 f. A representative of the Governor's Council on
14 Physical Fitness and Health; and
- 15 g. Two members at large.

16 (d) Each appointing authority shall assure insofar as
17 possible that its appointees to the Task Force reflect the
18 composition of the North Carolina population with regard to
19 ethnic, racial, age, gender, and religious composition.

20 (e) The General Assembly and the Governor shall make
21 their appointments to the Task Force not later than 30 days after
22 the adjournment of the 1997 General Assembly, Regular Session
23 1997. A vacancy on the Task Force shall be filled by the
24 original appointing authority, using the criteria set out in this
25 section for the original appointment.

26 (f) The Task Force shall meet at least quarterly or
27 more frequently at the call of the Chair.

28 (g) The Task Force Chair may establish committees for
29 the purpose of making special studies pursuant to its duties, and
30 may appoint non-Task Force members to serve on each committee as
31 resource persons. Resource persons shall be voting members of
32 the committees and shall receive subsistence and travel expenses
33 in accordance with G.S. 138-5 and G.S. 138-6. Committees may
34 meet with the frequency needed to accomplish the purposes of this
35 section.

36 (h) Members of the Task Force shall receive per diem
37 and necessary travel and subsistence expenses in accordance with
38 G.S. 120-3.1, 138-5 and 138-6, as applicable.

39 (i) A majority of the Task Force shall constitute a
40 quorum for the transaction of its business.

41 (j) The Task Force may use funds allocated to it to
42 establish one full-time limited position and for other
43 expenditures needed to assist the Task Force in carrying out its
44 duties.

1 (k) The Osteoporosis Prevention Task Force has the
2 following duties:

- 3 (1) To undertake a statistical and qualitative
4 examination of the incidence of and causes of
5 osteoporosis deaths and risks, including
6 identification of subpopulations at highest risk
7 for developing osteoporosis, and establish a
8 profile of the osteoporosis burden in North
9 Carolina.
- 10 (2) To raise public awareness on the causes and nature
11 of osteoporosis, personal risk factors, value of
12 prevention and early detection, and options for
13 diagnosing and treating the disease.
- 14 (3) To identify priority strategies which are effective
15 in preventing and controlling risks for
16 osteoporosis, and in diagnosing and treating
17 osteoporosis.
- 18 (4) To identify, examine limitations of, and recommend
19 to the Governor and the General Assembly changes to
20 existing laws, regulations, programs, services, and
21 policies to enhance osteoporosis prevention,
22 diagnosis, and treatment for the people of North
23 Carolina.
- 24 (5) To determine and recommend to the Governor and the
25 General Assembly the funding and strategies needed
26 to enact new or to modify existing laws,
27 regulations, programs, services, and policies to
28 enhance osteoporosis prevention, diagnosis, and
29 treatment for the people of North Carolina.
- 30 (6) To develop a statewide comprehensive Osteoporosis
31 Prevention Plan, and strategies for Plan
32 implementation and for promoting the Plan to the
33 general public, State and local elected officials,
34 various public and private organizations and
35 associations, businesses and industries, agencies,
36 potential funding sources, and other community
37 resources.
- 38 (7) To identify strategies to facilitate specific
39 commitments to help implement the Plan from the
40 entities listed in subdivision (6) above.
- 41 (8) To facilitate coordination of and communication
42 among State and local agencies and organizations
43 regarding current or future involvement in

1 achieving the aims of the Osteoporosis Prevention
 2 Plan.
 3 (9) To receive and consider reports and testimony from
 4 individuals, local health departments, community-
 5 based organizations, voluntary health
 6 organizations, and other public and private
 7 organizations statewide, to learn more about their
 8 contributions to osteoporosis diagnosis,
 9 prevention, and treatment, and their ideas for
 10 improving osteoporosis prevention, diagnosis, and
 11 treatment in North Carolina.
 12 (1) The Task Force shall submit a progress report to
 13 the Joint Legislative Commission on Governmental Operations, the
 14 Governor, and the Fiscal Research Division not later than April
 15 1, 1998. The progress report shall address:
 16 a. progress being made in fulfilling the duties
 17 of the Task Force and in developing the
 18 Osteoporosis Prevention Plan,
 19 b. the anticipated time frame for completion of
 20 the Prevention Plan, and
 21 c. recommended strategies or actions to reduce
 22 the occurrence of and burdens suffered from
 23 osteoporosis by citizens of this State.
 24 The Task Force shall submit its final report to the 1999 General
 25 Assembly, the Governor, and The Fiscal Research Division not
 26 later than October 1, 1999.
 27 (m) Upon submission of its final report to the Governor
 28 and the 1999 General Assembly, the Task Force shall expire.
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1 CODE NO. 97HLTH-S003-P

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3 Requested by: Senator Martin of Pitt

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5 IMMUNIZATION PROGRAM FUNDING

1 Section @. (a) Of the funds appropriated to the
2 Department of Environment, Health, and Natural Resources for the
3 1997-99 fiscal biennium for childhood immunization programs for
4 positions, operating support, equipment, and pharmaceuticals, the
5 sum of up to one million dollars (\$1,000,000) each fiscal year
6 may be used for projects and activities that are also designed to
7 increase childhood immunization rates in North Carolina. These
8 projects and activities shall include the following:

9 (1) Outreach efforts at the State and local levels to
10 improve service delivery of vaccines. Outreach
11 efforts may include educational seminars, media
12 advertising, support services to parents to enable
13 children to be transported to clinics, longer
14 operating hours for clinics, and mobile vaccine
15 units; and

16 (2) Continued development of an automated immunization
17 registry.

18 (b) Funds authorized to be used for immunization
19 efforts under subsection (a) of this section shall not be used to
20 fund additional State positions in the Department of Environment,
21 Health, and Natural Resources.

CODE NO. 97HLTH-S004A-P

Requested by: Senator Martin of Pitt

WIC PROGRAM FUNDS

1 Sec. @. Of the funds appropriated to the Department of
2 Environment, Health, and Natural Resources for the Women,
3 Infants, and Children (WIC) Program, the sum of one million two
4 hundred eighty thousand dollars (\$1,280,000) for the 1997-98
5 fiscal year and the sum of one million two hundred eighty
6 thousand dollars (\$1,280,000) for the 1998-99 fiscal year shall,
7 if sufficient federal food funds are available, be used for the
8 WIC Program as follows:

- 9 (1) Not more than \$500,000 in each fiscal year shall be
10 used to establish new WIC Programs in Head Start or
11 other private or public nonprofit agencies to serve
12 additional mothers, infants, and children. The
13 Department shall utilize these funds for local
14 program operations including staff to provide
15 eligibility determination, nutrition education, and
16 health care referrals. In selecting the new WIC
17 Programs, the Department shall consider
18 accessibility to the target population including
19 location and hours of operation.
- 20 (2) Not more than \$250,000 in each fiscal year shall be
21 used to renovate facilities of existing programs
22 where space constraints limit program expansion,
23 and to fund rental costs in areas where accessible
24 donated space is not available. In selecting the
25 facilities the Department shall consider
26 accessibility to the target population including
27 location and extended hours of operation. In
28 determining whether to fund rental of space, the
29 Department shall ensure that options for using
30 donated accessible space have been considered. Not
31 more than \$75,000 of funds allocated under this
32 subdivision for each fiscal year shall be used for
33 rental of space.
- 34 (3) Not more than \$300,000 in each fiscal year shall be
35 used to purchase physician-prescribed special
36 formulas and nutritional supplements for infants,
37 children, and women.

1 (4) Not more than \$60,000 in each fiscal year shall be
2 used to provide the required State match to the WIC
3 farmers' market project.
4 (5) Not more than \$170,000 in each fiscal year shall be
5 used for the purpose of establishing and
6 maintaining a Public Health Nutritionist Internship
7 Program.
8 If sufficient federal food funds are not available then funds
9 appropriated for the WIC Program under this section shall be used
10 to supplement federal food funds and any balance in funds
11 remaining after the supplemental use shall be used in accordance
12 with subdivisions (1) through (5) of this section.
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1 CODE NO. 97HLTH-S009A-P

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3 Requested by: Senator Martin of Pitt

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5 ADOLESCENT PREGNANCY PREVENTION COALITION OF NC/REPORTING

1 Section @. The Adolescent Pregnancy Prevention Coalition
2 of N.C. shall:

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- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.

- (3) Provide to the Fiscal Research Division a copy of the Coalition's annual audited financial statement within 30 days of issuance of the statement.

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CODE NO. 97HLTH-S010A

Requested by: Senator Martin of Pitt

NORTH CAROLINA HEALTHY START FOUNDATION/REPORTING

- 1 Section @. The North Carolina Healthy Start Foundation
2 shall:
3 (1) By January 15, 1998, and more frequently as
4 requested, report to the Joint Legislative
5 Commission on Governmental Operations and the
6 Fiscal Research Division the following information:
7 a. State fiscal year 1996-97 program activities,
8 objectives, and accomplishments;
9 b. State fiscal year 1996-97 itemized
10 expenditures and fund sources;
11 c. State fiscal year 1997-98 planned activities,
12 objectives, and accomplishments including
13 actual results through December 31, 1997; and
14 d. State fiscal year 1997-98 estimated itemized
15 expenditures and fund sources including actual
16 expenditures and fund sources through December
17 31, 1997.
18 (2) Provide to the Fiscal Research Division a copy of
19 the Foundation's annual audited financial statement
20 within 30 days of issuance of the statement.

CODE NO. 97HLTH-S011A

Requested by: Senator Martin of Pitt

1 PREVENT BLINDNESS, INC./REPORTING

1 Section @. Prevent Blindness, Inc. shall:

- 2 (1) By January 15, 1998, and more frequently as
3 requested, report to the Joint Legislative
4 Commission on Governmental Operations and the
5 Fiscal Research Division the following information:
6 a. State fiscal year 1996-97 program activities,
7 objectives, and accomplishments;
8 b. State fiscal year 1996-97 itemized
9 expenditures and fund sources;
10 c. State fiscal year 1997-98 planned activities,
11 objectives, and accomplishments including
12 actual results through December 31, 1997; and
13 d. State fiscal year 1997-98 estimated itemized
14 expenditures and fund sources including actual
15 expenditures and fund sources through December
16 31, 1997.
- 17 (2) By January 15, 1999, and more frequently as
18 requested, report to the Joint Legislative
19 Commission on Governmental Operations and the
20 Fiscal Research Division the following information:
21 a. State fiscal year 1997-98 program activities,
22 objectives, and accomplishments;
23 b. State fiscal year 1997-98 itemized
24 expenditures and fund sources;
25 c. State fiscal year 1998-99 planned activities,
26 objectives, and accomplishments including
27 actual results through December 31, 1998; and
28 d. State fiscal year 1998-99 estimated itemized
29 expenditures and fund sources including actual
30 expenditures and fund sources through December
31 31, 1998.
- 32 (3) Provide to the Fiscal Research Division a copy of
33 the Prevent Blindness, Inc. annual audited
34 financial statement within 30 days of issuance of
35 the statement.
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CODE NO. 97HLTH-S020A

Requested by: Senator Martin of Pitt

FEDERAL ABSTINENCE EDUCATION FUNDS

1 Sec. @. If federal funds are received under the
2 Maternal and Child Health Block Grant for abstinence education,
3 pursuant to Sec. 912 of Public Law 104-193 (42 U.S.C. 710), for
4 the 1997-98 or the 1998-99 fiscal year, or both, then those funds
5 shall be transferred to and administered by the State Board of
6 Education, unless the transfer is prohibited by federal law
7 governing the use and administration of Maternal and Child Health
8 Block Grant funds.

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CODE NO. 97LAB-S002H

Requested by: Senator Martin of Pitt

WORKER TRAINING TRUST FUND APPROPRIATIONS

- 1 Section @. (a) There is appropriated from the Worker
2 Training Trust Fund to the Employment Security Commission of
3 North Carolina the sum of five million eight hundred thirty-nine
4 thousand nine hundred sixty-four dollars (\$5,839,964) for the
5 1997-98 fiscal year and the sum of five million eight hundred
6 thirty-nine thousand nine hundred sixty-four dollars (\$5,839,964)
7 for the 1998-99 fiscal year for the operation of local offices.
- 8 (b) Notwithstanding the provisions of G.S. 96-5(f),
9 there is appropriated from the Worker Training Trust Fund to the
10 following agencies the following sums for the 1997-98 and the
11 1998-99 fiscal years for the following purposes:
- 12 (1) \$2,400,000 for the 1997-98 fiscal year and
13 \$2,400,000 for the 1998-99 fiscal year to the
14 Department of Commerce, Division of Employment and
15 Training, for the Employment and Training Grant
16 Program;
- 17 (2) \$1,000,000 for the 1997-98 fiscal year and
18 \$1,000,000 for the 1998-99 fiscal year to the
19 Department of Labor for customized training of the
20 unemployed and the working poor for specific jobs
21 needed by employers through the Department's Bureau
22 for Training Initiatives;
- 23 (3) \$1,746,000 for the 1997-98 fiscal year and
24 \$1,746,000 for the 1998-99 fiscal year to the
25 Department of Community Colleges to continue the
26 Focused Industrial Training Program;
- 27 (4) \$225,000 for the 1997-98 fiscal year and \$225,000
28 for the 1998-99 fiscal year to the Employment
29 Security Commission for the Occupational
30 Information Coordinating Committee to develop and
31 operate an interagency system to track former
32 participants in State education and training
33 programs;
- 34 (5) \$400,000 for the 1997-98 fiscal year and \$400,000
35 for the 1998-99 fiscal year to the Department of
36 Community Colleges for a training program in
37 entrepreneurial skills to be operated by North
38 Carolina REAL Enterprises; and

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- 1 (6) \$50,000 for the 1997-98 fiscal year and \$50,000 for
2 the 1998-99 fiscal year to the Office of State
3 Budget and Management to maintain compliance with
4 Chapter 96 of the General Statutes, which directs
5 the Office Of State Budget and Management to employ
6 the Common Follow-Up Management Information System
7 to evaluate the effectiveness of the State's job
8 training, education, and placement programs.
9 (7) \$100,000 for the 1997-98 fiscal year and \$100,000
10 for the 1998-99 fiscal year to the State Board of
11 Education for the Teacher Apprenticeship Program.

Requested by: Senator Martin of Pitt

JOB TRAINING STUDY COMMISSION

1 Section @. (a) The General Assembly intends to
2 reorganize the State's workforce development system to improve
3 the delivery of job training programs and services in North
4 Carolina.

5 (b) There is created a Legislative Study Commission on
6 Job Training Programs. The purpose of the Commission is to
7 review State and federally funded job training programs and
8 services currently in existence to determine the feasibility of
9 eliminating or consolidating those which are duplicative,
10 inefficient, or ineffective in carrying out their purposes and
11 activities.

12 (c) The Commission shall consist of six members
13 appointed by the Speaker of the House of Representatives, at
14 least three of whom shall be members of the House of
15 Representatives, and six members appointed by the President Pro
16 Tempore of the Senate, at least three of whom shall be members of
17 the Senate. The Speaker shall designate one Representative as
18 cochair and the President Pro Tempore shall designate one Senator
19 as cochair. Vacancies on the Commission shall be filled by the
20 same appointing officer who made the initial appointment. The
21 Commission shall expire upon delivering its final report to the
22 1997 General Assembly (1998 Regular Session).

23 The Commission, while in the discharge of official
24 duties, may exercise all powers provided for under the provisions
25 of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The
26 Commission may meet at any time upon the joint call of the
27 cochairs. The Commission may meet in the Legislative Building or
28 the Legislative Office Building. The Commission may contract for
29 professional, clerical, or consultant services as provided by
30 G.S. 120-32.02.

31 The Legislative Services Commission, through the
32 Legislative Administrative Officer, shall assign professional
33 staff to assist the Commission in its work. The House of
34 Representatives' and the Senate's Supervisors of Clerks shall
35 assign clerical staff to the Commission, and the expenses
36 relating to the clerical employees shall be borne by the
37 Commission. Members of the Commission shall receive subsistence
38 and travel expenses at the rates set forth in G.S. 120-3.1, 138-
39 5, or 138-6, as appropriate.

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- 1 (d) The Commission shall have the following powers and
2 duties:
3 (1) To review State and federal laws, rules, and
4 regulations pertaining to job training programs to
5 determine the purpose of each program, the
6 population served, and each program's annual
7 outcomes in terms of type of training received,
8 work search efforts, and job placement;
9 (2) To ascertain as far as possible the intention of
10 the United States Congress with respect to
11 continued funding of federally mandated job
12 training programs and any changes in funding
13 formulae;
14 (3) To review the amount of State and federal dollars
15 appropriated for each job training program
16 conducted in this State and to review federal
17 requirements for continuous federal funding of the
18 programs;
19 (4) To review the number of different State agencies
20 that administer State and federal job training
21 programs, the number of persons employed to
22 implement each job training program, and the amount
23 of State dollars needed annually to implement the
24 program;
25 (5) To determine whether federally funded job training
26 programs in this State may lawfully be abolished or
27 reduced in size by the General Assembly, and the
28 impact of such reduction or elimination;
29 (6) To conduct public hearings to receive citizen,
30 State agency, and local government comment and
31 experience with the job training programs;
32 (7) To conduct other studies or activities to aid the
33 Commission in carrying out its purpose and duties,
34 including reviewing reorganization and
35 consolidation efforts in other states; and
36 (8) To ensure program evaluation and accountability for
37 all workforce development programs and to create a
38 comprehensive statewide focus on workforce
39 development.
40 (e) The Commission shall report to the 1997 General
41 Assembly (1998 Regular Session), the Joint Legislative Commission
42 on Governmental Operations, and the Joint Legislative Education
43 Oversight Committee not later than May 1, 1998. The report shall
44 identify each job training program operating in the State and

1 recommend whether each program should be expanded, continued
2 without change, abolished, consolidated with another program, or
3 otherwise modified, including implementation components.

4 (f) All State departments and agencies and local
5 governments and their subdivisions shall furnish the Commission
6 with any information in their possession or available to them.

7 (g) Notwithstanding G.S. 96-5(f), there is appropriated
8 from the Worker Training Trust Fund to the General Assembly the
9 sum of fifty thousand dollars (\$50,000) for the 1997-98 fiscal
10 year to implement this section.

Requested by: Senator Martin of Pitt

NC REAL ENTERPRISES REPORTING

- 1 Section e. NC REAL Enterprises shall do the following:
- 2 (1) By January 15, 1998, and more frequently as
- 3 requested, report to the Joint Legislative
- 4 Commission on Governmental Operations and the
- 5 Fiscal Research Division the following information:
- 6 a. State fiscal year 1996-97 program activities,
- 7 objectives, and accomplishments;
- 8 b. State fiscal year 1996-97 itemized
- 9 expenditures and fund sources;
- 10 c. State fiscal year 1997-98 planned activities,
- 11 objectives, and accomplishments including
- 12 actual results through December 31, 1997; and
- 13 d. State fiscal year 1997-98 estimated itemized
- 14 expenditures and fund sources including actual
- 15 expenditures and fund sources through December
- 16 31, 1997;
- 17 (2) By January 15, 1999, and more frequently as
- 18 requested, report to the Joint Legislative
- 19 Commission on Governmental Operations and the
- 20 Fiscal Research Division the following information:
- 21 a. State fiscal year 1997-98 program activities,
- 22 objectives, and accomplishments;
- 23 b. State fiscal year 1997-98 itemized
- 24 expenditures and fund sources;
- 25 c. State fiscal year 1998-99 planned activities,
- 26 objectives, and accomplishments including
- 27 actual results through December 31, 1998; and
- 28 d. State fiscal year 1998-99 estimated itemized
- 29 expenditures and fund sources including actual
- 30 expenditures and fund sources through December
- 31 31, 1998; and
- 32 (3) Provide to the Fiscal Research Division a copy of
- 33 the organization's annual audited financial
- 34 statement within 30 days of issuance of the
- 35 statement.

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CODE NO. 97LAB-S003A

Requested by: Senator Martin of Pitt

SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

1 Section @. (a) Notwithstanding G.S. 96-5(c), there is
2 appropriated from the Special Employment Security Administration
3 Fund to the Employment Security Commission of North Carolina, the
4 sum of two million dollars (\$2,000,000) for the 1997-98 fiscal
5 year and the sum of two million dollars (\$2,000,000) for the
6 1998-99 fiscal year for administration of the Employment Services
7 and Unemployment Insurance Programs.
8 (b) Supplemental federal funds or other additional
9 funds received by the Employment Security Commission for similar
10 purposes shall be expended prior to the expenditure of funds
11 appropriated by this section.

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CODE NO. 97COMM-S352C

Requested by: Senator Martin of Pitt

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

1 Sec. @. (a) Funds appropriated in this act to the
2 Department of Commerce for the Industrial Recruitment Competitive
3 Fund shall be used to continue the Fund. The purpose of the Fund
4 is to provide financial assistance to those businesses or
5 industries deemed by the Governor to be vital to a healthy and
6 growing State economy and that are making significant efforts to
7 establish or expand in North Carolina. Monies allocated from the
8 Fund shall be used for the following purposes:

- 9 (1) Installation or purchase of equipment;
10 (2) Structural repairs, improvements, or renovations of
11 existing buildings to be used for expansion; and
12 (3) Construction of or improvements to new or existing
13 water, sewer, gas or electric utility distribution
14 lines or equipment for existing buildings.

15 Monies may also be used for construction of or
16 improvements to new or existing water, sewer, gas or electric
17 utility distribution lines or equipment to serve new or proposed
18 industrial buildings used for manufacturing and industrial
19 operations. The Governor shall adopt guidelines and procedures
20 for the commitment of monies from the Fund.

21 (b) The Department of Commerce shall report on or before
22 October 1, 1997 and quarterly thereafter to the Joint Legislative
23 Commission on Governmental Operations on the commitment,
24 allocation, and use of funds allocated from the Industrial
25 Recruitment Competitive Fund.

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CODE NO. 97COMM-S007A

Requested by: Senator Martin of Pitt

COUNCIL OF GOVERNMENT FUNDS

1 Sec. ②. (a) Of the funds appropriated in this act to
2 the Department of Commerce six hundred eighty-four thousand two
3 hundred seventy dollars (\$684,270) for the 1997-98 fiscal year
4 and six hundred eighty-four thousand two hundred seventy dollars
5 (\$684,270) for the 1998-99 fiscal year shall only be used as
6 provided by this section. Each regional council of government or
7 lead regional organization is allocated up to thirty-eight
8 thousand fifteen dollars (\$38,015) for each fiscal year, with the
9 actual amount calculated as provided in subsection (b) of this
10 section.

11 (b) The funds shall be allocated as follows: A share
12 of the maximum thirty-eight thousand fifteen dollars (\$38,015)
13 each fiscal year shall be allocated to each county and smaller
14 city based on the most recent annual estimate of the Office of
15 State Planning of the population of that county (less the
16 population of any larger city within that county) or smaller
17 city, divided by the sum of the total population of the region
18 (less the population of larger cities within that region) and the
19 total population of the region living in smaller cities. Those
20 funds shall be paid to the regional council of government for the
21 region in which that city or county is located upon receipt by
22 the Department of Commerce of a resolution of the governing board
23 of the county or city requesting release of the funds. If any
24 city or county does not so request payment of funds by June 30 of
25 a State fiscal year, that share of the allocation for that fiscal
26 year shall revert to the General Fund.

27 (c) A regional council of government may use funds
28 appropriated by this section only to assist local governments in
29 grant applications, economic development, community development,
30 support of local industrial development activities, and other
31 activities as deemed appropriate by the member governments.

32 (d) Funds appropriated by this section may not be used
33 for payment of dues or assessments by the member governments and
34 may not supplant funds appropriated by the member governments.

35 (e) As used in this section, "Larger City" means an
36 incorporated city with a population of 50,000 or over. "Smaller
37 City" means any other incorporated city.

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1 CODE NO. 97COMM-S012-P

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3 Requested by: Senator Martin of Pitt

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5 **PETROLEUM OVERCHARGE ATTORNEYS' FEES**

1 Section @. (a) Unless prohibited by federal law, rule,
2 or regulation or preexisting settlement agreement, no later than
3 October 1, 1989, the North Carolina Attorney General shall direct
4 the withdrawal of all funds received in the cases of United
5 States v. Exxon and Stripper Well that are held in accounts or
6 reserves located out-of-state for payment of attorneys' fees and
7 reasonable expenses incurred in connection with oil overcharge
8 litigation authorized by the Attorney General. The Attorney
9 General shall deposit these funds, and all funds to be received
10 from Petroleum Overcharge Funds in the future for attorneys' fees
11 and reasonable expenses, into the Special Reserve for Oil
12 Overcharge Funds.

13 (b) All attorneys' fees and reasonable expenses
14 incurred in connection with oil overcharge litigation shall be
15 paid by the State Treasurer from Petroleum Overcharge Funds that
16 have been received by this State and deposited into the Special
17 Reserve for Oil Overcharge Funds.

18 (c) Notwithstanding any other provision of law, the
19 Attorney General may authorize the payment of attorneys' fees and
20 reasonable expenses from the Special Reserve for Oil Overcharge
21 Funds without further action of the General Assembly, and funds
22 are hereby appropriated from the Special Reserve for Oil
23 Overcharge Funds for the 1997-98 fiscal year and for the 1998-99
24 fiscal year for that purpose.

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1 CODE NO. 97COMM-S011A-P

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3 Requested by: Senator Martin of Pitt

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5 PETROLEUM OVERCHARGE FUNDS ALLOCATION

1 Section @. (a) The funds and interest thereon received
2 from the case of the United States v. Exxon are deposited in the
3 Special Reserve for Oil Overcharge Funds. There is appropriated
4 from the Special Reserve to the Department of Commerce the sum of
5 one million two hundred thousand dollars (\$1,200,000) for the
6 1997-98 fiscal year and the sum of one million two hundred
7 thousand dollars (\$1,200,000) for the 1998-99 fiscal year to be
8 used for projects under the State Energy Efficiency Programs.

9 (b) There is appropriated from funds and interest
10 thereon received from the United States Department of Energy's
11 Stripper Well Litigation (MDL378) that remain in the Special
12 Reserve for Oil Overcharge Funds to the Department of Commerce
13 the sum of one million dollars (\$1,000,000) for the 1997-98
14 fiscal year and the sum of one million eight hundred thousand
15 dollars (\$1,800,000) for the 1998-99 fiscal year to be allocated
16 for the Residential Energy Conservation Assistance Programs
17 (RECAP).

18 (c) Any funds remaining in the Special Reserve for Oil
19 Overcharge Funds after the allocations made pursuant to
20 subsections (a) and (b) of this section may be expended only as
21 authorized by the General Assembly. All interest or income
22 accruing from all deposits or investments of cash balances shall
23 be credited to the Special Reserve Oil Overcharge Funds.

24 (d) The funds and interest thereon received from the
25 Diamond Shamrock Settlement that remain in a reserve in the
26 Office of State Budget and Management for the Department of
27 Commerce to administer the petroleum overcharge funds pursuant to
28 Section 112 of Chapter 830 of the 1987 Session Laws shall
29 continue to be available to the Department of Commerce on an as-
30 needed basis.

31 (e) The Department of Commerce shall submit
32 comprehensive annual reports to the General Assembly by May 15,
33 1998, and January 31, 1999, which detail the use of all Petroleum
34 Overcharge Funds. Any State department or agency that has
35 received Petroleum Overcharge Funds shall provide all information
36 requested by the Department of Commerce for the purpose of
37 preparing these reports.

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CODE NO. 97COMM-S001-P

Requested by: Senator Martin of Pitt

INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

1 Section @. Local governments requesting financial
2 assistance from the Industrial Development Fund that wish to
3 request to be exempted from the local matching requirements
4 placed on the receipt of this assistance shall demonstrate to the
5 satisfaction of the Department of Commerce that it would be an
6 economic hardship for the local government to match State
7 assistance from the Fund with local funds. The Department shall
8 develop guidelines for determining hardship.

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CODE NO. 97COMM-S025C

Requested by: Senator Martin of Pitt

INDUSTRIAL DEVELOPMENT FUND

1 Sec. @. (a) Of the three million dollars (\$3,000,000)
2 appropriated in this act to the Department of Commerce,
3 Industrial Development Fund, for the 1997-98 fiscal year, the sum
4 of two million dollars (\$2,000,000) shall be deposited to and
5 used for the Utility Account established under G.S. 143B-
6 437A(b1), and the sum of one million dollars (\$1,000,000) shall
7 be allocated to Martin County as a grant-in-aid for a water and
8 sewer project.

9 (b) In addition to the reporting requirements of G.S. 143B-
10 437A, the Department of Commerce shall report annually to the
11 General Assembly concerning the payments made from the Utility
12 Account and the impact of the payments on job creation in the
13 State. The Department of Commerce shall also report quarterly to
14 the Joint Legislative Commission on Governmental Operations and
15 the Fiscal Research Division on the use of the moneys in the
16 Utility Account including information regarding to whom payments
17 were made, in what amounts, and for what purposes.

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CODE NO. 97COMM-S002B-P

Requested by: Senator Martin of Pitt

REGIONAL COMMISSION REPORTS

- 1 Section @. (a) Each regional development commission
2 receiving a grant-in-aid from the Department of Commerce shall:
- 3 (1) By January 15, 1998, and more frequently as
4 requested, report to the Joint Legislative
5 Commission on Governmental Operations, the Fiscal
6 Research Division, and the Department of Commerce
7 the following information:
- 8 a. State fiscal year 1996-97 program activities,
9 objectives, and accomplishments;
- 10 b. State fiscal year 1996-97 itemized
11 expenditures and fund sources;
- 12 c. State fiscal year 1997-98 planned activities,
13 objectives, and accomplishments as specified
14 in subsection (b)(1) through (b)(6) of this
15 section including actual results through
16 December 31, 1997;
- 17 d. State fiscal year 1997-98 estimated itemized
18 expenditures and fund sources including actual
19 expenditures and fund sources through December
20 31, 1997.
- 21 (2) By January 15, 1999, and more frequently as
22 requested, report to the Joint Legislative
23 Commission on Governmental Operations, the Fiscal
24 Research Division, and the Department of Commerce
25 the following information:
- 26 a. State fiscal year 1997-98 program activities,
27 objectives, and accomplishments;
- 28 b. State fiscal year 1997-98 itemized
29 expenditures and fund sources;
- 30 c. State fiscal year 1998-99 planned activities,
31 objectives, and accomplishments as specified
32 in subsection (b)(1) through (b)(6) of this
33 section including actual results through
34 December 31, 1998;
- 35 d. State fiscal year 1998-99 estimated itemized
36 expenditures and fund sources including actual
37 expenditures and fund sources through December
38 31, 1998.
- 39 (3) Provide to the Fiscal Research Division and the
40 Department of Commerce a copy of its annual audited
41 financial statement within 30 days of issuance of
42 the statement.
- 43 (b) Each regional economic development commission
44 receiving a grant-in-aid from the Department of Commerce in each
45 fiscal year of the 1997-99 biennium shall by the 25th day of the
46 month following the end of a fiscal quarter, report to the

1 Department of Commerce the following information for the most
2 recent completed fiscal quarter:

- 3 (1) The number of and description of marketing outreach
4 events including trade shows, recruitment missions,
5 and related activities;
- 6 (2) The number of inquiries, leads, and prospects
7 generated;
- 8 (3) The amount of investment and number of jobs created
9 by the direct efforts of a commission;
- 10 (4) The amount of investment and number of jobs created
11 by the indirect efforts of a commission;
- 12 (5) The number and listing of available sites and
13 buildings within the region served by a commission;
- 14 (6) A listing of major accomplishments.

Requested by: Senator Martin of Pitt

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

1 Section @. (a) Funds appropriated in this act to the
2 Department of Commerce for regional economic development
3 commissions shall be allocated to the following commissions in
4 accordance with subsection (b) of this section: Western North
5 Carolina Regional Economic Development Commission, Research
6 Triangle Regional Commission, Southeastern North Carolina
7 Regional Economic Development Commission, Piedmont Triad
8 Partnership, Northeastern North Carolina Regional Economic
9 Development Commission, Global TransPark Development Commission,
10 and Carolinas Partnership, Inc.

11 (b) Funds appropriated pursuant to subsection (a) of
12 this section shall be allocated to each regional economic
13 development commission as follows:

14 (1) First, the Department shall establish each
15 commission's allocation by determining the sum of
16 allocations to each county that is a member of that
17 commission. Each county's allocation shall be
18 determined by dividing the county's enterprise
19 factor by the sum of the enterprise factors for
20 eligible counties and multiplying the resulting
21 percentage by the amount of the appropriation. As
22 used in this subdivision, the term "enterprise
23 factor" means a county's enterprise factor as
24 calculated under G.S. 105-129.3;

25 (2) Next, the Department shall subtract from funds
26 allocated to the Global TransPark Development Zone
27 the sum of two hundred seventy-six thousand nine
28 hundred twenty-three dollars (\$276,923) in each
29 fiscal year, which sum represents the interest
30 earnings in each fiscal year on the estimated
31 balance of seven million five hundred thousand
32 dollars (\$7,500,000) appropriated to the Global
33 TransPark Development Zone in Section 6 of Chapter
34 561 of the 1993 Session Laws; and

35 (3) Next, the Department shall redistribute the sum of
36 two hundred seventy-six thousand nine hundred
37 twenty-three dollars (\$276,923) in each fiscal year
38 to the seven regional economic development
39 commissions named in subsection (a) of this

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section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

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1 CODE NO. 97COMM-S008-P

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3 Requested by: Senator Martin of Pitt

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5 TOURISM PROMOTION FUNDS

1 Section @. Funds appropriated in this act to the
2 Department of Commerce for tourism promotion grants shall be
3 allocated according to per capita income, unemployment, and
4 population growth in an effort to direct funds to counties most
5 in need in terms of lowest per capita income, highest
6 unemployment, and slowest population growth, in the following
7 manner:

8 (1) Counties 1 through 20 are each eligible to receive
9 a maximum grant of \$7,500 for each fiscal year,
10 provided these funds are matched on the basis of
11 one non-State dollar for every four State dollars.

12 (2) Counties 21 through 50 are each eligible to receive
13 a maximum grant of \$3,500 for two of the next three
14 fiscal years, provided these funds are matched on
15 the basis of one non-State dollar for every three
16 State dollars.

17 (3) Counties 51 through 100 are each eligible to
18 receive a maximum grant of \$3,500 for alternating
19 fiscal years, beginning with the 1991-92 fiscal
20 year, provided these funds are matched on the basis
21 of four non-State dollars for every State dollar.
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CODE NO. 97COMM-S028

Requested by: Senator Martin of Pitt

RURAL TOURISM DEVELOPMENT FUNDS

1 Sec. @. Of the funds appropriated in this act to the
2 Department of Commerce for the 1997-98 fiscal year, the sum of
3 three hundred thousand dollars (\$300,000) shall be used for the
4 Rural Tourism Development Grant Program. The Department shall
5 establish and implement this Program to provide grants to local
6 governments and nonprofit organizations to encourage the
7 development of new tourism projects and activities in rural areas
8 of the State. The Department shall develop procedures for the
9 administration and distribution of funds allocated to the Rural
10 Tourism Development Program under the following guidelines:

- 11 (1) Eligible organizations shall make application under
12 procedures established by the Department;
- 13 (2) Eligible organizations shall be nonprofit tourism-
14 related organizations located in the State's rural
15 regions;
- 16 (3) Priority shall be given to eligible organizations
17 that have significant involvement of travel and
18 tourism-related businesses;
- 19 (4) Priority shall be given to eligible organizations
20 serving economically distressed rural counties;
- 21 (5) Priority shall be given to eligible organizations
22 that match funds; and
- 23 (6) Funds may not be used for renting or purchasing
24 land or buildings, or for financing debt.

25 No recipient or new tourism project shall receive a
26 total of more than fifty thousand dollars (\$50,000) of these
27 grant funds for the 1996-97 fiscal year.

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CODE NO. 97COMM-S020C

Requested by: Senator Martin of Pitt

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS

1 Section @. Of the funds appropriated in this act to
2 the Department of Commerce for the Wanchese Seafood Industrial
3 Park, the sum of one hundred twenty-two thousand five hundred
4 ninety-four dollars (\$122,594) for the 1997-98 fiscal year and
5 the sum of one hundred twenty-two thousand five hundred ninety-
6 four dollars (\$122,594) for the 1998-99 fiscal year may be
7 expended by the North Carolina Seafood Industrial Park Authority
8 for operations, maintenance, repair, and capital improvements in
9 accordance with Article 23C of Chapter 113 of the General
10 Statutes, in addition to funds available to the Authority for
11 these purposes.

CODE NO. 97COMM-S013E

Requested by: Senator Martin of Pitt

FUNDS FOR ECONOMIC DEVELOPMENT

- 1 Section @. (a) Of the funds appropriated in this act to
- 2 the Department of Commerce, the sum of one million seven hundred
- 3 fifty five thousand dollars (\$1,755,000) for the 1997-98 fiscal
- 4 year shall be allocated as follows:
- 5 (1) \$300,000 to the Land Loss Prevention Project, Inc.,
- 6 to provide free legal representation to low-income,
- 7 financially distressed small farmers. The Land
- 8 Loss Prevention Project, Inc., shall not use these
- 9 funds to represent farmers who have income and
- 10 assets that would make them financially ineligible
- 11 for legal services pursuant to Title 45, Part 1611
- 12 of the Code of Federal Regulations;
- 13 (2) \$250,000 to the North Carolina Coalition of Farm
- 14 and Rural Families, Inc., for its Small Farm
- 15 Economic Development Project. These funds shall be
- 16 used to foster economic development within the
- 17 State's rural farm communities by offering
- 18 marketing and technical assistance to small and
- 19 limited resource farmers;
- 20 (3) \$830,000 to the North Carolina Institute for
- 21 Minority Economic Development, Inc., to foster
- 22 minority economic development within the State
- 23 through policy analysis, information and technical
- 24 assistance, resource expansion, and support of
- 25 community-based demonstration initiatives; and
- 26 (4) \$375,000 to the North Carolina Minority Support
- 27 Center (formerly known as the Minority Credit Union
- 28 Support Center) for technical assistance to
- 29 community-based minority credit unions.
- 30 (b) Each of the nonprofit organizations receiving funds
- 31 under this section shall:
- 32 (1) By January 15, 1998, and more frequently as
- 33 requested, report to the Joint Legislative
- 34 Commission on Governmental Operations and the
- 35 Fiscal Research Division the following information:
- 36 a. State fiscal year 1996-97 program activities,
- 37 objectives, and accomplishments;
- 38 b. State fiscal year 1996-97 itemized
- 39 expenditures and fund sources;

- 1 c. State fiscal year 1997-98 planned activities,
2 objectives, and accomplishments including
3 actual results through December 31, 1997; and
- 4 d. State fiscal year 1997-98 estimated itemized
5 expenditures and fund sources including actual
6 expenditures and fund sources through December
7 31, 1997.
- 8 (2) Provide to the Fiscal Research Division a copy of
9 the organization's annual audited financial
10 statement within 30 days of issuance of the
11 statement.

Requested by: Senator Martin of Pitt

TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT

1 Sec. @. The Technological Development Authority, Inc.
2 shall do the following:

- 3 (1) By January 15, 1998, and more frequently as
4 requested, report to the Joint Legislative
5 Commission on Governmental Operations and the
6 Fiscal Research Division the following information:
7 a. State fiscal year 1996-97 program activities,
8 objectives, and accomplishments;
9 b. State fiscal year 1996-97 itemized
10 expenditures and fund sources;
11 c. State fiscal year 1997-98 planned activities,
12 objectives, and accomplishments including
13 actual results through December 31, 1997; and
14 d. State fiscal year 1997-98 estimated itemized
15 expenditures and fund sources including actual
16 expenditures and fund sources through December
17 31, 1997;
18 (2) By January 15, 1999, and more frequently as
19 requested, report to the Joint Legislative
20 Commission on Governmental Operations and the
21 Fiscal Research Division the following information:
22 a. State fiscal year 1997-98 program activities,
23 objectives, and accomplishments;
24 b. State fiscal year 1997-98 itemized
25 expenditures and fund sources;
26 c. State fiscal year 1998-99 planned activities,
27 objectives, and accomplishments including
28 actual results through December 31, 1998; and
29 d. State fiscal year 1998-99 estimated itemized
30 expenditures and fund sources including actual
31 expenditures and fund sources through December
32 31, 1998; and
33 (3) Provide to the Fiscal Research Division a copy of
34 the organization's annual audited financial
35 statement within 30 days of issuance of the
36 statement.
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Requested by: Senator Martin of Pitt

WORLD TRADE CENTER FUNDS

1 Section @. Of the funds appropriated in this act to the
2 Department of Commerce, the sum of three hundred thousand dollars
3 (\$300,000) for the 1997-98 fiscal year shall be allocated to the
4 World Trade Center North Carolina (WTCNC) to support
5 international trade education programs for small- and medium-
6 sized businesses. The World Trade Center North Carolina shall:

- 7 (1) By January 15, 1998, and more frequently as
8 requested, report to the Joint Legislative
9 Commission on Governmental Operations and the
10 Fiscal Research Division the following information:
11 a. State fiscal year 1996-97 program activities,
12 objectives, and accomplishments;
13 b. State fiscal year 1996-97 itemized
14 expenditures and fund sources;
15 c. State fiscal year 1997-98 planned activities,
16 objectives, and accomplishments including
17 actual results through December 31, 1997;
18 d. State fiscal year 1997-98 estimated itemized
19 expenditures and fund sources including actual
20 expenditures and fund sources through December
21 31, 1997.
22 (2) Provide to the Fiscal Research Division a copy of
23 the Center's annual audited financial statement
24 within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt

CENTER FOR COMMUNITY SELF-HELP FUNDS

1 Sec. @. (a) Of the funds appropriated in this act to
2 the Department of Commerce, the sum of five million dollars
3 (\$5,000,000) for the 1997-98 fiscal year shall be allocated to
4 the Center for Community Self-Help to further a statewide program
5 of lending for home ownership throughout North Carolina. These
6 funds will be leveraged on a ten-to-one basis, generating at
7 least ten dollars (\$10.00) of nontraditional home loans for every
8 one dollar (\$1.00) of State funds. Payments of principal shall
9 be available for further loans or loan guarantees.

10 (b) The Center for Community Self-Help shall submit,
11 within 180 days after the close of its fiscal year, audited
12 financial statements to the State Auditor. All records
13 pertaining to the use of State funds shall be made available to
14 the State Auditor upon request. The Center for Community Self-
15 Help shall make quarterly reports on the use of State funds to
16 the State Auditor, in form and format prescribed by the State
17 Auditor or his designee. The Center for Community Self-Help
18 shall make a written report by May 1 of each year for the next
19 three years to the General Assembly on the use of the funds
20 allocated under this section.

21 (c) The Center for Community Self-Help shall report to
22 the Joint Legislative Commission on Governmental Operations, the
23 House Appropriations Subcommittee on Natural and Economic
24 Resources, the Senate Appropriations Committee on Natural and
25 Economic Resources, and the Department of Commerce on a quarterly
26 basis for the next three years.

27 (d) The Office of the State Auditor may conduct an
28 annual end-of-year audit of the revolving fund for economic
29 development lending created by this appropriation for each year
30 of the life of the revolving fund.

31 (e) If the Center for Community Self-Help dissolves,
32 the corporation shall transfer the remaining assets of the
33 revolving fund to the State and shall refrain from disposing of
34 the revolving fund assets without approval of the State
35 Treasurer.

36 (f) The Department of Commerce shall disburse this
37 appropriation within 15 working days of the receipt of a request
38 for the funds from the Center for Community Self-Help. The

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1 request shall include a commitment of the leveraged funds by the
2 Center for Community Self-Help or its affiliates.

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1 CODE NO. 97COMM-S014A

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3 Requested by: Senator Martin of Pitt

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5 MCNC

1 Sec. @. (a) MCNC shall report on all of its programs
2 including contractual services for the Supercomputer and the
3 Research and Education Network. The reports shall:

4 (1) By January 15, 1998, and more frequently as
5 requested, report to the Joint Legislative
6 Commission on Governmental Operations and the
7 Fiscal Research Division the following information:

8 i. State fiscal year 1996-97 program activities,
9 objectives, and accomplishments;

10 ii. State fiscal year 1996-97 itemized
11 expenditures and fund sources;

12 iii. State fiscal year 1997-98 planned activities,
13 objectives, and accomplishments including
14 actual results through December 31, 1997;

15 iv. State fiscal year 1997-98 estimated itemized
16 expenditures and fund sources including actual
17 expenditures and fund sources through December
18 31, 1997.

19 v. The users, major projects and benefits
20 resulting from the activities of the
21 Supercomputer and the Research and Education
22 Network.

23 vi. The organization's progress toward achieving
24 self-sufficiency by July 1, 1999.

25 (2) By January 15, 1999, and more frequently as
26 requested, report to the Joint Legislative
27 Commission on Governmental Operations and the
28 Fiscal Research Division the following information:

29 i. State fiscal year 1997-98 program activities,
30 objectives, and accomplishments;

31 ii. State fiscal year 1997-98 itemized
32 expenditures and fund sources;

33 iii. State fiscal year 1998-99 planned activities,
34 objectives, and accomplishments including
35 actual results through December 31, 1998;

36 iv. State fiscal year 1998-99 estimated itemized
37 expenditures and fund sources including actual
38 expenditures and fund sources through December
39 31, 1998.

85

1 v. The users, major projects and benefits
2 resulting from the activities of the
3 Supercomputer and the Research and Education
4 Network.
5 vi. The organization's progress toward achieving
6 self-sufficiency by July 1, 1999.
7 (3) Provide to the Fiscal Research Division a copy of
8 MCNC's annual audited financial statement within 30
9 days of issuance of the statement.
10 (b) The funds appropriated in this act to MCNC shall be used
11 as follows:
12

	<u>FY 1997-98</u>	<u>FY 1998-99</u>
13 Electronic and Information		
14 Technologies Programs	\$4,500,000	\$2,500,000

15 (c) Of the funds appropriated for the Electronic and
16 Information Technologies Programs, four million five hundred
17 thousand dollars (\$4,500,000) for the 1997-98 fiscal year and two
18 million five hundred thousand dollars (\$2,500,000) for the 1998-
19 99 fiscal year is contingent upon a dollar-for-dollar match in
20 non-state funds.

86

1 CODE NO. 97COMM-S004B-P

2

3 Requested by: Senator Martin of Pitt

4

5 BIOTECHNOLOGY CENTER

6 Section @. (a) The North Carolina Biotechnology Center
7 shall recapture funds spent in support of successful research and
8 development efforts in the for-profit private sector.

9 (b) The North Carolina Biotechnology Center shall
10 provide funding for biotechnology, biomedical, and related
11 bioscience applications under its Business and Science Technology
12 Programs.

13 (c) The North Carolina Biotechnology Center shall:

14 (1) By January 15, 1998, and more frequently as
15 requested, report to the Joint Legislative
16 Commission on Governmental Operations and the
17 Fiscal Research Division the following information:

- 18 a. State fiscal year 1996-97 program activities,
19 objectives, and accomplishments;
20 b. State fiscal year 1996-97 itemized
21 expenditures and fund sources;
22 c. state fiscal year 1997-98 planned activities,
23 objectives, and accomplishments including
24 actual results through December 31, 1997; and
25 d. State fiscal year 1997-98 estimated itemized
26 expenditures and fund sources including actual
27 expenditures and fund sources through December
28 31, 1997.

29 (2) By January 15, 1999, and more frequently as
30 requested, report to the Joint Legislative
31 Commission on Governmental Operations and the
32 Fiscal Research Division the following information:

- 33 a. State fiscal year 1997-98 program activities,
34 objectives, and accomplishments;
35 b. State fiscal year 1997-98 itemized
36 expenditures and fund sources;
37 c. State fiscal year 1998-99 planned activities,
38 objectives, and accomplishments including
39 actual results through December 31, 1998; and
40 d. State fiscal year 1998-99 estimated itemized
41 expenditures and fund sources including actual
42 expenditures and fund sources through December
43 31, 1998.

87

1 (3) Provide to the Fiscal Research Division a copy of
2 the Center's annual audited financial statement
3 within 30 days of issuance of the statement.

4 (d) The North Carolina Biotechnology Center shall
5 provide a report containing detailed budget, personnel, and
6 salary information to the Office of State Budget and Management
7 and to the Fiscal Research Division in the same manner as State
8 departments and agencies in preparation for biennium budget
9 requests.

10

88
1 CODE NO. 97COMM-S005-P

2

3 Requested by: Senator Martin of Pitt

4

5 BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

1 Section @. Of the funds appropriated in this act from
2 the General Fund to the North Carolina Biotechnology Center for
3 the 1997-98 and the 1998-99 fiscal years, the sum of one million
4 dollars (\$1,000,000) in each fiscal year shall be used to
5 continue the special biotechnology program initiative for North
6 Carolina's Public Historically Black Universities and Pembroke
7 State University. This program initiative is a means to get more
8 funds to these institutions of higher education in the short run
9 to help them develop their biotechnology programs and a means to
10 develop a mechanism to improve these institutions' capacity over
11 the long term. The Center's special initiative shall, at a
12 minimum, provide for:

- 13 (1) A range of program activities, including grants,
14 designed to enhance the existing strengths and
15 capabilities of Pembroke State University, and the
16 Public Historically Black Universities;
17 (2) A Facilities and Infrastructure Review Committee to
18 advise the Center on major program elements and
19 priority projects that would be most helpful to
20 these institutions; and
21 (3) A Program Advisory Panel with representation from
22 these institutions to advise and make
23 recommendations to the Center's President and Board
24 of Directors on funding proposals under this
25 initiative.

26 The Center shall report on its biotechnology program
27 grants to universities to the Joint Legislative Commission on
28 Governmental Operations and the Fiscal Research Division on or
29 before March 1 of each fiscal year, and more frequently as
30 requested by the Commission. These reports shall include the
31 current number of enrollments and the capacity of enrollments in
32 the biotechnology program in each of the universities, the number
33 of faculty in the biotechnology program in each of the
34 universities, whether and to what extent the enrollments,
35 capacity, and number of faculty have changed in the last three
36 academic years in the biotechnology program in each of the
37 universities, how the funds allocated by this section are being
38 used in each of the universities, and any other information that
39 indicates whether these grants are accomplishing their purpose.

89
CODE NO. 97COMM-S016F

Requested by: Senator Martin of Pitt

RURAL ECONOMIC DEVELOPMENT CENTER

1 Section @. (a) Of the funds appropriated in this act to
2 the Rural Economic Development Center, Inc., the sum of one
3 million two hundred seventy thousand dollars (\$1,270,000) for the
4 1997-98 fiscal year and the sum of one million two hundred
5 seventy thousand dollars (\$1,270,000) for the 1998-99 fiscal year
6 shall be allocated as follows:

	<u>1997-98 FY</u>	<u>1998-99 FY</u>
7 Research and Demonstration Grants	\$475,864	\$475,864
8 Technical Assistance and Center		
9 Administration of Research		
10 and Demonstration Grants	444,136	444,136
11 Center Administration, Oversight,		
12 and Other Programs	350,000	350,000

14 (b) The Rural Economic Development Center, Inc., shall
15 provide a report containing detailed budget, personnel, and
16 salary information to the Office of State Budget and Management
17 in the same manner as State departments and agencies in
18 preparation for biennium budget requests.

19 (c) Not more than fifty percent (50%) of the interest
20 earned on State funds appropriated to the Rural Economic
21 Development Center, Inc., may be used by the Center for
22 administrative purposes, including salaries and fringe benefits.

23 (d) For purposes of this section, the term "community
24 development corporation" means a nonprofit corporation:

- 25 (1) Chartered pursuant to Chapter 55A of the General
26 Statutes;
- 27 (2) Tax-exempt pursuant to section 501(c)(3) of the
28 Internal Revenue Code of 1986;
- 29 (3) Whose primary mission is to develop and improve
30 low-income communities and neighborhoods through
31 economic and related development;
- 32 (4) Whose activities and decisions are initiated,
33 managed, and controlled by the constituents of
34 those local communities; and
- 35 (5) Whose primary function is to act as deal-maker and
36 packager of projects and activities that will
37 increase their constituencies' opportunities to
38 become owners, managers, and producers of small

businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year and the sum of two million four hundred thousand dollars (\$2,400,000) for the 1998-99 fiscal year shall be allocated as follows:

- (1) \$1,400,000 in fiscal year 1997-98 and \$1,200,000 in fiscal year 1998-99 for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. Funding shall also be allocated to the North Carolina Association of Community Development Corporations, Inc. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
 - a. \$900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
 - b. \$250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds;
 - c. \$200,000 in fiscal year 1997-98 to the North Carolina Association of Community Development Corporations, Inc., to provide training, technical assistance, resource development, and support for local community development corporations statewide; and
 - d. \$50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.
- (2) \$250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

- 1 (3) \$3,350,000 for the 1997-98 fiscal year and \$950,000
- 2 for the 1998-99 fiscal year shall be used for a
- 3 program to provide supplemental funding for
- 4 matching requirements for economic development in
- 5 economically depressed areas. The Center shall use
- 6 these funds to make grants to local governments and
- 7 nonprofit corporations to provide funds necessary
- 8 to match federal grants or other grants for
- 9 necessary economic development projects and
- 10 activities in economically depressed areas. The
- 11 grant recipients shall be selected on the basis of
- 12 need.
- 13 (f) The Rural Economic Development Center, Inc., shall:
- 14 (1) By January 15, 1998, and more frequently as
- 15 requested, report to the Joint Legislative
- 16 Commission on Governmental Operations and the
- 17 Fiscal Research Division the following information:
- 18 a. State fiscal year 1996-97 program activities,
- 19 objectives, and accomplishments;
- 20 b. State fiscal year 1996-97 itemized
- 21 expenditures and fund sources;
- 22 c. State fiscal year 1997-98 planned activities,
- 23 objectives, and accomplishments including
- 24 actual results through December 31, 1997; and
- 25 d. State fiscal year 1997-98 estimated itemized
- 26 expenditures and fund sources including actual
- 27 expenditures and fund sources through December
- 28 31, 1997.
- 29 (2) By January 15, 1999, and more frequently as
- 30 requested, report to the Joint Legislative
- 31 Commission on Governmental Operations and the
- 32 Fiscal Research Division the following information:
- 33 a. State fiscal year 1997-98 program activities,
- 34 objectives, and accomplishments;
- 35 b. State fiscal year 1997-98 itemized
- 36 expenditures and fund sources;
- 37 c. State fiscal year 1998-99 planned activities,
- 38 objectives, and accomplishments including
- 39 actual results through December 31, 1998; and
- 40 d. State fiscal year 1998-99 estimated itemized
- 41 expenditures and fund sources including actual
- 42 expenditures and fund sources through December
- 43 31, 1998.

- 1
 - 2
 - 3
 - 4
- (3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

93

CODE NO. 97COMM-S010D

Requested by: Senator Martin of Pitt

COMMUNITY DEVELOPMENT INITIATIVE

1 Section @. Of the funds appropriated in this act to the
2 Rural Economic Development Center, Inc., the sum of two million
3 dollars (\$2,000,000) for fiscal year 1997-98 and the sum of two
4 million dollars (\$2,000,000) for fiscal year 1998-99 shall be
5 used to support the grant and loan fund and operations of the
6 North Carolina Community Development Initiative, Inc. The
7 Initiative shall provide operating and project activity grants to
8 mature community development corporations that have demonstrated
9 project and organizational capacity.

10 The North Carolina Community Development Initiative,
11 Inc., shall:

12 (1) By January 15, 1998, and more frequently as
13 requested, report to the Joint Legislative
14 Commission on Governmental Operations and the
15 Fiscal Research Division the following information:
16 a. State fiscal year 1996-97 program activities,
17 objectives, and accomplishments;
18 b. State fiscal year 1996-97 itemized
19 expenditures and fund sources;
20 c. State fiscal year 1997-98 planned activities,
21 objectives, and accomplishments including
22 actual results through December 31, 1997;
23 d. State fiscal year 1997-98 estimated itemized
24 expenditures and fund sources including actual
25 expenditures and fund sources through December
26 31, 1997.

27 (2) By January 15, 1999, and more frequently as
28 requested, report to the Joint Legislative
29 Commission on Governmental Operations and the
30 Fiscal Research Division the following information:
31 a. State fiscal year 1997-98 program activities,
32 objectives, and accomplishments;
33 b. State fiscal year 1997-98 itemized
34 expenditures and fund sources;
35 c. State fiscal year 1998-99 planned activities,
36 objectives, and accomplishments including
37 actual results through December 31, 1998;
38 d. State fiscal year 1998-99 estimated itemized
39 expenditures and fund sources including actual

54

1 expenditures and fund sources through December
2 31, 1998.

3 (3) Provide to the Fiscal Research Division a copy of
4 the Initiative's annual audited financial statement
5 within 30 days of issuance of the statement.

95

1 CODE NO. 97COMM-S009B-P

2

3 Requested by: Senator Martin of Pitt

4

5 OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

6 Section @. (a) Of the funds appropriated in this act to
7 the Rural Economic Development Center, Inc., the sum of two
8 hundred fifty thousand dollars (\$250,000) for the 1997-98 fiscal
9 year and the sum of two hundred fifty thousand dollars (\$250,000)
10 for the 1998-99 fiscal year shall be allocated as follows:

- 11 (1) \$50,000 in each fiscal year to the Opportunities
12 Industrialization Center of Wilson, Inc., for its
13 ongoing job training programs;
- 14 (2) \$50,000 in each fiscal year to Opportunities
15 Industrialization Center, Inc., in Rocky Mount, for
16 its ongoing job training programs;
- 17 (3) \$50,000 in each fiscal year to Pitt-Greenville
18 Opportunities Industrialization Center, Inc., for
19 its ongoing job training programs;
- 20 (4) \$50,000 in each fiscal year to the Opportunities
21 Industrialization Center of Lenoir, Green, and
22 Jones Counties; and
- 23 (5) \$50,000 in each fiscal year to the Opportunities
24 Industrialization Center of Elizabeth City, Inc.

25 (b) The Rural Economic Development Center, Inc., shall:

- 26 (1) By January 15, 1998, and more frequently as
27 requested, report to the Joint Legislative
28 Commission on Governmental Operations and the
29 Fiscal Research Division the following information:
 - 30 a. State fiscal year 1996-97 program activities,
31 objectives, and accomplishments;
 - 32 b. State fiscal year 1996-97 itemized
33 expenditures and fund sources;
 - 34 c. State fiscal year 1997-98 planned activities,
35 objectives, and accomplishments including
36 actual results through December 31, 1997;
 - 37 d. State fiscal year 1997-98 estimated itemized
38 expenditures and fund sources including actual
39 expenditures and fund sources through December
31, 1997.
- 40 (2) By January 15, 1999, and more frequently as
41 requested, report to the Joint Legislative
42 Commission on Governmental Operations and the
43 Fiscal Research Division the following information:

- 1 a. State fiscal year 1997-98 program activities,
2 objectives, and accomplishments;
- 3 b. State fiscal year 1997-98 itemized
4 expenditures and fund sources;
- 5 c. State fiscal year 1998-99 planned activities,
6 objectives, and accomplishments including
7 actual results through December 31, 1998;
- 8 d. State fiscal year 1998-99 estimated itemized
9 expenditures and fund sources including actual
10 expenditures and fund sources through December
11 31, 1998.
- 12 (3) Provide to the Fiscal Research Division a copy of
13 the annual audited financial statements of the
14 Opportunities Industrialization Centers funded by
15 this act within 30 days of issuance of the
16 statement.

CODE NO. 97COMM-S037

Requested by: Senators Conder and Plyler

RECREATION DISTRICT ABC PERMITS

1 Section @. G.S. 18B-1006(j) reads as rewritten:
 2 "(j) Recreation Districts. -- Notwithstanding the provisions
 3 of Article 6 of this Chapter, the Commission may issue permits
 4 for the sale of malt beverages, unfortified wine, fortified wine,
 5 and mixed beverages to qualified businesses in a recreation
 6 district.
 7 A "recreation district" ~~is an~~ is:
 8 (1) An area that is located in a county that has not
 9 approved the issuance of permits, has at least two cities that
 10 have approved the sale of malt beverages, wine, and the operation
 11 of an ABC store, and contains a facility of at least 450 acres
 12 where five or more public auto racing events are held each year.
 13 ~~The recreation district includes the area within a half-mile~~
 14 ~~radius of the racing facility. year; or~~
 15 (2) An area that is located in a county that borders a
 16 county which has held elections pursuant to G.S. 18B-600(f) and
 17 borders on another state and which (i) contains a facility of at
 18 least 225 acres where four or more public auto racing events are
 19 held each year or (ii) contains a facility of at least 140 acres
 20 where 80 or more motor sports events are held each year.
 21 The recreation district includes the area within a half-mile
 22 radius of the racing facility."

GUEST ROOM CABINETS FOR CERTAIN PRIVATE CLUBS

Section 18B-1001(13) reads as rewritten:

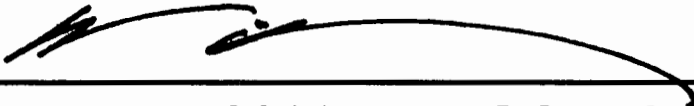
"(13) Guest Room Cabinet Permit. -- A guest room cabinet permit authorizes a hotel having a mixed beverages permit or a private club having a mixed beverages permit and management contracts for the rental of living units to sell to its room guests, from securely locked cabinets, malt beverages, unfortified wine, fortified wine, and spirituous liquor. A permittee shall designate and maintain at least ten percent (10%) of the permittee's guest rooms as rooms that do not have a guest room cabinet. A permittee may dispense alcoholic beverages from a guest room cabinet only in accordance with written policies and procedures filed with and approved by the Commission. A permittee shall provide a reasonable number of vending machines, coolers, or similar machines on premises for the sale of soft drinks to hotel guests.

A guest room cabinet permit may be issued for any of the following:

- A hotel located in a county subject to G.S. 18B-600(f).
- A hotel located in a county that has a population in excess of 150,000 by the last federal census.
- A qualifying private club located in a county defined in G.S. 18B-101(13a)b.2."

**SENATE APPROPRIATIONS
SUBCOMMITTEE
ON HUMAN RESOURCES**

APRIL 22, 1997



Senator William Martin
Chairman

Human Resources

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$2,386,863,411		\$2,542,119,295	
Legislative Changes				
(1.00) Division of Medical Assistance				
1 Nursing Home Bed Adjustments	(\$1,058,611)	R	(\$3,726,846)	R
Adjusts the forecast for nursing home beds to reflect lag time for the construction of new nursing home beds.				
2 Drug Rebate Increase	(\$5,040,690)	R	(\$5,811,868)	R
Increases Drug Rebates because more revenue is anticipated due to increased drug prices and increased effort by Division of Medical Assistance to claim rebates.				
3 DME Rent and Supply Rate Adjustment	(\$620,387)	R	(\$629,024)	R
Adjusts methodology used to establish durable medical equipment rental rates by basing rates on useful life of equipment and return on investment.				
4 Third Party Liability Cost Avoidance	(\$1,892,180)	R	(\$1,918,522)	R
Adjusts methodology for ensuring that payment by all other responsible parties for services consumed by Medicaid eligibles occurs before any payments are made by Medicaid.				
5 Personal Care Services Criteria	(\$1,364,851)	R	(\$1,383,852)	R
Establishes more specific criteria for Personal Care Services to ensure the appropriateness of care for Medicaid eligibles who receive Personal Care Services.				
6 Home Health Care Cost Avoidance	(\$651,406)	R	(\$660,475)	R
Ensures that Home Health Care services covered by Medicare are paid by Medicare instead of Medicaid.				
7 Reduce Inflationary Increases	(\$2,893,800)	R	(\$3,229,506)	R
Reduces Inflationary increases for providers by .25%.				
8 Adjust 1996-97 Base Year for Actual Performance	(\$37,546,969)	R	(\$38,102,771)	R
Adjusts the 1996-97 base year to reflect actual expenditures through 12/96 which indicates that the budget is higher than projected expenditures. This adjustment allows the projected budget for the 1997-99 biennium to be reduced.				
9 Medicaid Reduction Initiative	\$0	R	(\$19,110,288)	R
Reduces the growth in the Medicaid budget from 10.5% to 9% by making additional reductions to program costs.				

Senate Subcommittee on Human Resources

10 Medicaid Trust Fund

Reduces state appropriations to the Medicaid program and replaces them with revenues from the Medicaid Trust Fund.

(\$40,000,000) NR

\$0 NR

11 Eliminate Positions

Eliminates three positions: DMA Nurse I, DMA Service Consultant, and Administrative Secretary III.

(\$46,747) R

(\$46,747) R

-3.00

-3.00

12 Salary Reserve Reduction

(\$4,775) R

(\$4,775) R

(2.00) Office of the Secretary

13 Reduce SIPS Payments

Reduces SIPS payments due to the centralization of data processing.

(\$500,000) R

(\$500,000) R

14 Salary Reserve Reduction

(\$13,144) R

(\$13,144) R

15 Eliminate Positions

Eliminates funding which is being transferred to the Governor's Office for the Senior Advisor for Children and Families and one additional staff person.

(\$170,000) R

(\$170,000) R

-2.00

-2.00

16 Eliminate State Aid to Community Action Agencies

Eliminates State Aid to Community Action Agencies due to a \$2.6 million increase in federal funds.

(\$913,822) R

(\$913,822)

(3.00) Division of Mental Health

17 Reduce Utilities at State Facilities

Reduces the cost of utilities at state facilities to reflect actual 1995-96 expenditures.

(\$1,099,373) R

(\$1,119,662) R

18 Reduce Willie M. Community Services

Reduces continuation budget increases for Willie M. Community Services.

(\$500,000) R

(\$500,000) R

19 Reduce Overtime Expenditures at State Facilities

Reduces overtime and related fringes at the following state facilities: Butner Adolescent Treatment Center, Cherry Hospital, Dix Hospital, Umstead Hospital, Caswell Center, Murdoch Center, O'Berry Center, and Western Carolina Center.

(\$2,774,588) R

(\$2,774,588) R

20 Salary Reserve Reduction

(\$49,692) R

(\$49,692) R

21 Reduce Thomas S Funds

Reduces excess Thomas S funding based on current spending patterns.

(\$1,690,926) R

(\$932,116) R

Senate Subcommittee on Human Resources

22 Thomas S Cost Containment	(\$7,600,000)	R	(\$7,600,000)	R
Reduces funding for Thomas S by requiring the Department and local area mental health programs to contain costs while serving the mandated caseload needs.				
23 Thomas S Reduction	(\$7,600,000)	NR	\$0	NR
Reduces funding for Thomas S by allowing the Department to use existing departmental funds to meet court-mandated caseload needs.				
24 Reduce Operating Reserve	(\$1,600,000)	NR	\$0	NR
Reduces the operating reserve for the Alzheimer's Unit in Wilson due to construction delays.				
(4.00) Division of Social Services				
25 Reduce Excess Appropriation in Reserve	(\$295,717)	R	(\$295,717)	R
Reduces excess state appropriations in reserve for data processing.				
26 Increase State Return on Child Support Collections	(\$1,000,000)	R	(\$1,000,000)	R
Reduces appropriations by budgeting increased State return on Child Support Collections.				
27 Interest Earned on Child Support Collections	(\$150,000)	R	(\$150,000)	R
Reduces appropriations by budgeting interest on child support collections.				
28 Salary Reserve Reduction	(\$20,957)	R	(\$20,957)	R
29 Eliminate Positions	(\$58,952)	R	(\$58,952)	R
Eliminates three positions: Social Services Program Administrator II, Social Services Program Consultant II, and Income Maintenance Quality Assurance Analyst.				
	-3.00		-3.00	
30 Reduce Case Management Funding	(\$500,000)	R	(\$500,000)	R
Reduces funding for Enhanced Adult Care Home case management services due to under-utilization of services.				
(5.00) Division of Youth Services				
31 No Rate Increase in Eckerd Camp Rates	(\$501,215)	R	(\$501,215)	R
Maintains Eckerd Wilderness Camp payment rate of \$74.89 per day.				
32 Increased Receipts in Detention Centers	(\$178,063)	R	(\$178,063)	R
Reduces state appropriations to reflect increased receipts.				
33 Reduce Operating Reserves	(\$950,000)	NR	\$0	NR
Reduces operating reserves for two detention centers due to construction delays.				

(6.00) Division of Blind Services

Senate Subcommittee on Human Resources

34 Utility Adjustments for Governor Morehead School	(\$72,483)	R	(\$72,483)	
Reduces state appropriations for utilities to reflect projected expenditures.				
35 Adjustment to Budgeted Salaries	(\$7,568)	R	(\$7,568)	R
Adjusts budgeted salaries to reflect actual expenditures.				
36 Salary Reserve Reduction	(\$6,208)	R	(\$6,208)	R
37 Eliminate State Funds for Position	(\$11,023)	R	(\$11,023)	R
Replaces state appropriations with Business Enterprise funds to support one position.				
(7.00) Division of Facility Services				
38 Eliminate Positions	(\$48,692)	R	(\$48,692)	R
Eliminates two positions and related support: Applications Programmer II and Processing Assistant V.				
	-2.00		-2.00	
39 Reduce Health Care Personnel Registry	(\$80,000)	R	(\$80,000)	R
Reduces funding for the Health Care Personnel Registry due to increased Medicaid receipts.				
(8.00) Division of Aging				
40 Salary Reserve Reduction	(\$2,927)	R	(\$2,927)	R
(9.00) Div. Services for Deaf/Hard of Hearing				
41 Salary Reserve and Longevity Reduction	(\$82,366)	R	(\$82,366)	R
(10.00) Division of Vocational Rehabilitation				
42 Salary Reserve Reduction	(\$61,439)	R	(\$61,439)	R
(11.00) Division of Child Development				
43 Reduce Excess Postage and Printing Costs	(\$25,442)	R	(\$25,442)	R
Eliminates excess funds for postage and printing resulting from increased use of automation in the criminal records check program.				
44 Reduce Child Care Subsidies	(\$23,276,545)	R	(\$23,276,545)	R
Reduces state funding for child care subsidies due to a transfer of federal funds from the TANF Block Grant.				

Senate Subcommittee on Human Resources

(12.00) Division of Mental Health

45 Reserve for Grants-In-Aid for Substance Abuse

Provides grants-in-aid to be held in reserve for substance abuse treatment programs, allocation of the funds is contingent upon the Secretary of DHR's evaluation the of the efficiency and effectiveness of various substance abuse treatment programs.

\$1,250,000 NR \$0 NR

46 Additional Staff and Equipment/Facility Funds

Adds the following staff: 1.0 Electrician II, 1.0 Maintenance Mechanic IV, 1.0 Painter, and 3.0 Health Care Technician Supervisor positions, and provides funds for critical equipment and facility improvement needs for the Western Carolina Center.

\$157,088 R \$157,088 R
\$250,000 NR
6.00 6.00

47 Autism Foundation Capital Funds

Provides funds for the Autism Society's of N.C., Inc. Camp Royall capital project.

\$2,165,000 NR \$0 NR

48 Autism Operating Funds

Provides funds for the following:

\$504,000 R \$504,000 R

- (1) Autism Society of N.C., Inc; \$ 89,000
- (2) Vocational Training Program -
Job Placement for Adults Model in
Wake County; 325,000
- (3) Vocational Training Program, an
international teacher's exchange
program; and 50,000
- (4) One training position to serve
the Raleigh, Research Triangle
Park and Chapel Hill areas 40,000

49 Broughton Hospital Funds

Provides \$130,000 to complete installation of a CAT Scan Machine and \$49,000 for facility improvements in the Adolescent Unit at Broughton Hospital.

\$179,000 NR \$0 NR

50 Community Mental Health Expansion Funds

Provides additional funds as follows:

\$5,000,000 R \$5,000,000 R

- (1) Mental Health Services \$1,666,667
- (2) Developmental Disabilities 1,666,666
- (3) Substance Abuse Services 1,666,667

51 Crisis Services Expansion

Provides additional funding to continue development of local crisis services.

\$1,000,000 R \$1,000,000 R

52 DHR Early Intervention Funds

Provides additional funds for the Early Intervention Program for hearing-impaired, visually-impaired, and developmentally delayed children.

\$2,700,000 R \$2,700,000 R

Senate Subcommittee on Human Resources

53 Atypical & Antipsychotic Medications

\$400,000 R \$400,000

Provides additional funds for the purchase of atypical and antipsychotic medications for schizophrenic clients served by area mental health programs.

(13.00) Division of Social Services

54 Adult Day Care Grant-in-Aid

Provides grant-in-aid to the L.I.F.E. Center, Inc. for an adult day care center.

\$75,000 NR

55 Adolescent Parenting Program

Provides funds for an evaluation of the program and adds one additional position for technical assistance to local programs.

\$100,000 R \$50,000 R
1.00 1.00

56 Additional Funds for Food Banks

Provides grants-in-aid to support the following:

\$1,350,000 NR \$0 NR

- A. (1) Albemarle Food Bank/Food Pantry, Inc. \$175,000
(2) MANNA Food Bank, Inc. \$175,000;
(3) Food Bank of Northwest NC, Inc. \$175,000;
(4) Cumberland Community Action/Cape Fear Community Food Bank \$175,000;
(5) Metrolina Food Bank, Inc. \$175,000; and
(6) Food Bank, Inc. \$175,000

Funds are allocated as follows: 90% to purchase nutritious staple food items not received in sufficient quantities and 10% to offset the costs of transportation, handling, and distribution.

- B. Albemarle Food Bank/Food Pantry, Inc. - provides \$300,000 for capital improvements to food storage facilities.

(14.00) Office of the Secretary

57 Human Services Grants-in-Aid

Reserve for Grants-in-Aid to public and non-profit human services organizations for programs that provide services to older adults, adults with disabilities, at-risk children and youth and families.

\$4,000,000 NR

(15.00) Division of Facility Services

58 Poison Control Center

Provides operating funds to the Carolinas Poison Control Center.

\$200,000 NR

59 Smoke Detector/Sprinkler Systems Loan Fund

Provides funds to continue the revolving loan fund to enable adult care and nursing homes to borrow funds to install and upgrade safety equipment.

\$500,000 NR \$0 NR

Senate Subcommittee on Human Resources

(16.00) Division of Aging

60 Grant-In-Aid to Floyd McKissick Center

Provides a grant-in-aid to the Floyd McKissick Center located in Manson, N.C., to expand independent living services for older adults.

\$75,000 NR \$0 NR

61 Home and Community Based Services Expansion

Provides additional funding to reduce waiting lists for in-home aid and caregiver support services to individuals over 60 years old.

\$4,000,000 R \$4,000,000 R

62 Additional Positions

Provides funds for three additional positions: Two positions will provide program development, training, and information referral related to serving Alzheimer's patients and their families. One position will be responsible for quality improvement, training, and technical assistance for local in-home aid and caregiver support service providers.

\$128,000 R \$256,395 R

3.00 3.00

63 Senior Centers

Provides funding to support existing senior centers and to assist in the development of new senior centers.

\$750,000 NR

(17.00) Division of Child Development

64 Child Care Regulatory Services

Provides additional regulatory staff positions to reduce caseloads and accommodate growth in number of regulated child care programs.

\$248,253 R \$268,192 R

6.50 6.50

65 TEACH Program Expansion

Provides funding for the expansion of the Teacher Education and Compensation Helps (TEACH) Program which provides education and compensation incentives for child care teachers.

\$422,000 R \$422,000 R

66 Smart Start Expansion

Provides direct services funds for local partnerships, including the 12 "Year 4" partnerships, and planning funds for the remaining unfunded counties.

\$21,408,625 R \$25,298,838 R

\$850,000 NR

(18.00) Division of Vocational Rehabilitation

67 Independent Living Rehab. Program Expansion

Provides additional funding and staff to alleviate the backlog of client needs at program offices statewide. Any funds for the purpose of new positions, not expended in 1997-98 for these positions, may be used for one-time service purchases for clients waiting for services.

\$1,200,000 R \$1,200,000 R

10.00 10.00

(19.00) Division of Youth Services

68 Gatling Detention Center Expansion

Provides funding for construction and improvement to the Gatling Juvenile Detention Center to house female juveniles.

\$1,127,850 NR

Senate Subcommittee on Human Resources

69 Community-Based Alternatives Expansion

\$1,250,000 R \$2,500,000

Provides funding to expand restitution programs statewide and to strengthen existing restitution and community services programs.

70 Support Our Students Expansion

\$1,000,000 R \$1,000,000 R

Provides funding to expand the program to 12 new counties and for limited expansion of existing programs.

Total Legislative Changes

(\$53,293,592) R (\$70,820,782) R

(\$37,378,150) NR \$0 NR

Position Changes

16.50 16.50

Revised Budget

\$2,296,191,669 \$2,471,298,513

CODE NO. 97DHR-S065A-P

Requested by: Senator Martin of Guilford

DHR BLOCK GRANT PROVISIONS

Section @. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1998, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 11,546,034
02.	Limited Purpose Agencies	641,446
03.	Department of Human Resources to administer and monitor the activities of the Community Services Block Grant	641,446
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 12,828,926

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services	\$ 31,121,352
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	4,764,124
04.	Division of Services for the Blind	3,205,711
05.	Division of Youth Services	950,674
06.	Division of Facility Services	343,341
07.	Division of Aging - Home and Community Care Block Grant	1,915,234
08.	Day care services	15,694,900

1	09. Division of Vocational Rehabilitation -	
2	United Cerebral Palsy	71,484
3		
4	10. State administration	1,954,237
5		
6	11. Child Medical Evaluation Program	238,321
7		
8	12. Adult day care services	599,551
9		
10	13. County departments of social services for	
11	child abuse/prevention and	
12	permanency planning	394,841
13		
14	14. Transfer to Preventive Health	
15	Block Grant for emergency medical services	213,128
16		
17	15. Allocation to Preventive Health Block	
18	Grant for AIDS education, counseling,	
19	and testing	66,939
20		
21	16. Transfer to Department of Administration	
22	for the N.C. Commission of Indian Affairs	
23	In-Home Services Program for the elderly	203,198
24		
25	17. Division of Vocational Rehabilitation -	
26	Easter Seals Society	116,779
27		
28	18. UNC-CH CARES Program for training and	
29	consultation services	247,920
30		
31	19. Transfer to Department of Environment, Health,	
32	and Natural Resources for the Adolescent	
33	Pregnancy Prevention Program	239,261
34		
35	20. Office of the Secretary - Office of Economic	
36	Opportunity for N.C. Senior Citizens'	
37	Federation for outreach services to	
38	low-income elderly persons	41,302
39		
40	21. County departments of social services	
41	for foster care workers	1,000,000
42		
43	22. Division of Mental Health, Developmental	
44	Disabilities, and Substance Abuse	

1	Services for juvenile offenders	1,182,280
2		
3	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 66,665,690
4		
5	LOW-INCOME ENERGY BLOCK GRANT	
6		
7	01. Energy Assistance Programs	\$ 6,284,055
8		
9	02. Crisis Intervention	6,393,661
10		
11	03. Administration	1,428,386
12		
13	04. Weatherization Program	4,128,479
14		
15	05. Indian Affairs	33,022
16		
17	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 18,267,603
18		
19	MENTAL HEALTH SERVICES BLOCK GRANT	
20		
21	01. Provision of community-based	
22	services in accordance with the	
23	Mental Health Study Commission's	
24	Adult Severe and Persistently	
25	Mentally Ill Plan	\$ 3,794,179
26		
27	02. Provision of community-based	
28	services in accordance with the	
29	Mental Health Study Commission's	
30	Child Mental Health Plan	1,819,931
31		
32	03. Administration	624,231
33		
34	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 6,238,341
35		
36	BLOCK GRANT FOR THE PREVENTION AND	
37	TREATMENT OF SUBSTANCE ABUSE	
38		
39	01. Provision of community-based	
40	alcohol and drug abuse services,	
41	tuberculosis services, and services	
42	provided by the Alcohol, Drug Abuse	
43	Treatment Centers	\$ 10,935,939
44		

1	02.	Continuation of services for	
2		pregnant women and women	
3		with dependent children	5,060,076
4			
5	03.	Continuation and expansion of	
6		services to IV drug abusers and others	
7		at risk for HIV diseases	4,836,407
8			
9	04.	Provision of services in accordance with	
10		the Mental Health Study Commission's	
11		Child and Adolescent Alcohol and Other	
12		Drug Abuse Plan	5,964,093
13			
14	05.	Former SSI recipient services	1,123,757
15			
16	06.	Gender specific services and Employee	
17		Assistance Program services for Work First	
18		recipients	893,811
19			
20	07.	Juvenile offender services and SA Pilot	300,000
21			
22	08.	Administration	1,841,742
23			
24	TOTAL BLOCK GRANT FOR PREVENTION		
25	AND TREATMENT OF SUBSTANCE ABUSE		\$ 30,955,825
26			
27	CHILD CARE AND DEVELOPMENT BLOCK GRANT		
28			
29	01.	Child Care Services	\$ 17,581,167
30			
31	02.	Administrative expenses and quality	
32		and availability initiatives	488,366
33			
34	03.	Before and After School Child Care Programs	
35		and Early Childhood Development Programs	1,750,000
36			
37	04.	Quality improvement activities	740,000
38			
39	TOTAL CHILD CARE AND DEVELOPMENT		
40	BLOCK GRANT		\$ 20,559,533
41			
42	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
43			
44	01.	Child care subsidies	\$ 99,845,334

1			
2	02.	Quality and availability initiatives	4,388,806
3			
4	03.	Administrative expenses	5,486,007
5			
6	04.	Transfer from TANF Block Grant for	
7		child care subsidies and support	27,034,556
8			
9	TOTAL CHILD CARE AND DEVELOPMENT FUND		
10	BLOCK GRANT		\$136,754,703
11			
12	TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
13	BLOCK GRANT		
14			
15	01.	Work First Cash Assistance	\$262,747,194
16			
17	02.	Block Grants to county departments	
18		of social services (partial funding)	19,281,882
19			
20	03.	Transfer to Child Care and Development	
21		Fund for child care subsidies to replace	
22		State funds used for Smart Start and	
23		other expansion	23,276,545
24			
25	04.	Transfer to the Child Care and	
26		Development Fund for Work First child	
27		care subsidies	3,758,011
28			
29	05.	Allocation to the Division of Mental	
30		Health, Developmental Disabilities, and	
31		Substance Abuse Services for Work First	
32		substance abuse treatment services	1,000,000
33			
34	06.	Allocation to the Division of Social	
35		Services for evaluation	700,000
36			
37	07.	Allocation to the Division of Social	
38		Services for Community College	
39		collaboration	500,000
40			
41	08.	Allocation to the Division of Social	
42		Services for staff development	500,000
43			
44	09.	Allocation to the Department of	

1	Environment, Health, and Natural	
2	Resources for the reduction of	
3	out-of-wedlock births	1,600,000
4		
5	10. Allocation to the Division of Mental	
6	Health, Developmental Disabilities, and	
7	Substance Abuse Services for screening,	
8	diagnostic, and counseling services	
9	related to substance abuse services	
10	for Work First participants	2,300,000
11		
12	11. Transfer to the Social Services Block Grant	
13	for substance abuse services for juveniles	1,182,280
14		
15	12. Carryforward to Fiscal Year 1998-99	565,203
16		
17	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
18	BLOCK GRANT	\$317,411,115
19		

(b) Decreases in Federal Fund Availability

If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of the federal block grants listed above shall be reduced equally to total the reduction in federal funds.

(c) Increases in Federal Fund Availability - Block Grant Funds Except the Social Services Block Grant

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human Resources, provided that the resultant increases are in accordance with federal block grant requirements, by allocating the additional funds pro rata among the programs funded in this section.

(d) Increases in Federal Fund Availability - Social Services Block Grant

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human Resources, provided the resultant increases are in accordance with federal block grant requirements, as follows:

- (1) Fifty percent (50%) of the funds shall be allocated to the county departments of social services; and
- (2) The remaining fifty percent (50%) shall be allocated pro rata among the programs funded in this section.

All these budgeted increases shall be reported to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division.

(e) If funds appropriated through the Child Care and Development Fund, which includes the Child Care and Development Block Grant, for any program cannot be obligated or spent in that program within the obligation or

1 liquidation periods allowed by the federal grants, the Department may move funds to
2 other programs, in accordance with federal requirements of the grant, in order to use
3 the federal funds fully.

4 (f) Funding for the Weatherization Program from the Low-Income
5 Energy Block Grant is contingent upon approval of a federal waiver to increase
6 funding. In the event the federal waiver is not approved, the funds appropriated for
7 the Weatherization Program will be reduced to fifteen percent (15%) of the Block
8 Grant, and excess funds will be transferred to the Crisis Intervention Program.

9 (g) The Department of Environment, Health, and Natural Resources and
10 the county departments of public health shall consult with the Department of Human
11 Resources and the county departments of social services on the expenditure of the
12 funds allocated to the Department of Environment, Health, and Natural Resources
13 from the Temporary Assistance to Needy Families Block Grant to ensure that those
14 funds are used for meeting the goal of reducing out-of-wedlock births.

15 (h) The Department of Human Resources, Division of Mental Health,
16 Developmental Disabilities, and Substance Abuse Services, shall consult with the
17 county departments of social services and the area mental health programs on the
18 expenditure of funds allocated to the Department of Human Resources from the
19 Temporary Assistance to Needy Families Block Grant to ensure that those funds are
20 used for substance abuse services.

21 (i) The Department of Human Resources, Division of Mental Health,
22 Developmental Disabilities, and Substance Abuse Services, shall consult with the
23 Department of Human Resources, Division of Youth Services, the Administrative
24 Office of the Courts, local juvenile court counselors, and local area mental health
25 programs on the expenditure of the funds allocated to the Department of Human
26 Resources from the Social Services Block Grant to ensure that those funds are used
27 for substance abuse services for juveniles.

28 (j) By January 1, 1998, the Department of Human Resources shall report
29 to the Senate and House Appropriations Subcommittees on Human Resources on the
30 process undertaken for determining how the funds described in subsections (g), (h),
31 and (i) of this section will be allocated.

32 (k) The Department of Human Resources shall administer Community
33 Service Block Grant Funds for community action agencies and the General Fund
34 base budget reduction for community action agencies so that no community action
35 agency receives less from State and federal funds for the 1997-98 fiscal year than it
36 received for the 1996-97 fiscal year.

1 **CODE NO. 97DHR-S040-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CLARIFICATION**

1 Section @. For the 1997-99 fiscal biennium, as it receives funds
2 associated with Disproportionate Share Payments from the State hospitals, the
3 Division of Medical Assistance shall deposit funds appropriated for the Medicaid
4 program in a sum equal to the federal share of the Disproportionate Share Payments
5 as nontax revenue. Any of these funds that are not appropriated by the General
6 Assembly shall be reserved by the State Controller for future appropriation.

1 **CODE NO. 97DHR-S041A-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **DHR STUDY OF PROVIDER REIMBURSEMENT RATES/REPORT**

1 Section @. The Department of Human Resources shall study the process
2 of setting provider reimbursement rates for programs within the Department. This
3 study shall include an analysis of the following:

4 (1) The extent to which rates are set in accordance with clear policies
5 that are consistent across program lines;

6 (2) Whether there are general principles and assumptions that are or
7 should be included in all rate-setting processes;

8 (3) The policies and economic and accounting principles that are
9 utilized for setting rates in each program and a comparison of
10 those policies and principles between the programs; and

11 (4) How any differences between programs in setting rates are
12 justified.

13 The Department shall provide a status report before February 1, 1998,
14 and a final report to the members of the House and Senate Appropriations
15 Subcommittees on Human Resources and the Fiscal Research Division before
16 February 1, 1999.

1 **CODE NO. 97DHR-S061C-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **RECEIPTS OF FEDERAL FUNDS FOR EMERGENCY ASSISTANCE**

1 Section @. The Department of Human Resources may use up to five
2 million dollars (\$5,000,000) of federal Title IV-Emergency Assistance funds, received
3 after June 30, 1997, as reimbursement for retroactive claims filed for defined critical
4 needs. The remainder of these funds shall be placed in a reserve for appropriation
5 by the General Assembly. The Department may submit a prioritized list of
6 recommended needs for these funds to the cochairs of the Senate and House
7 Appropriations Subcommittees on Human Resources for consideration.

CODE NO. 97DHR-S064A

Requested by: Senator Perdue

SET STANDARDS FOR HEALTH CARE QUALITY/ACCESS

1 Section @. The Secretary of the Department of Human
2 Resources shall set standards to ensure that the citizens of the
3 State have access to quality and affordable health care.

1 **CODE NO. 97DHR-S018-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **TRANSFER OF CERTAIN FUNDS AUTHORIZED**

1 Section @. In order to assure maximum utilization of funds in county
2 departments of social services, county or district health agencies, and area mental
3 health, developmental disabilities, and substance abuse authorities, the Director of the
4 Budget may transfer excess funds appropriated to a specific service, program, or fund,
5 whether specified service in a block grant plan or General Fund appropriation, into
6 another service, program, or fund for local services within the budget of the
7 respective State agency.

1 **CODE NO. 97DHR-S069-P**

2

3 Requested by: Senators Plyler, Perdue, Odom

4

5 **PROCEDURE FOR AWARD OF HUMAN SERVICES GRANTS**

1 Section @. Of the funds appropriated to the Department of Human
2 Resources, the sum of four million dollars (\$4,000,000) for the 1997-98 fiscal year
3 shall be used for grants for programs that provide services to older adults, adults with
4 disabilities, at-risk children, and youth and families. The Secretary of the
5 Department of Human Resources shall establish a process for the review, evaluation,
6 and consideration of applications for these grants.

7 In awarding grants, the Secretary shall consider the merits of the
8 program, the benefit to the State and local communities of the program, and the cost
9 of the program. Prior to awarding grants, the Secretary shall consult with the Joint
10 Legislative Commission on Governmental Operations.

2

3 Requested by: Senator Martin of Guilford

4

5 **MEDICAID**

1

2 Section @. (a) Funds appropriated in this act for services provided in
3 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
4 categorically needy and the medically needy. Funds appropriated for these services
5 shall be expended in accordance with the following schedule of services and payment
6 bases. All services and payments are subject to the language at the end of this
7 subsection.

7 Services and payment bases:

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- (1) Hospital-Inpatient - Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Human Resources. Administrative days for any period of hospitalization shall be limited to a maximum of three days.
- (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Human Resources.
- (3) Nursing Facilities - Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Human Resources. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare, must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.
- (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed in the State Plan as established by the Department of Human Resources.
- (5) Drugs - Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (f) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Human Resources consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the Plan adopted by the Department of Human Resources, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents (\$5.60) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.

- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services - Fee schedules as developed by the Department of Human Resources. Payments for dental services are subject to the provisions of subsection (g) of this section.
- (7) Community Alternative Program, EPSDT Screens - Payment to be made in accordance with rate schedule developed by the Department of Human Resources.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment - Payment to be made according to reimbursement plans developed by the Department of Human Resources.
- (9) Medicare Buy-In - Social Security Administration premium.
- (10) Ambulance Services - Uniform fee schedules as developed by the Department of Human Resources.
- (11) Hearing Aids - Actual cost plus a dispensing fee.
- (12) Rural Health Clinic Services - Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
- (13) Family Planning - Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
- (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as developed by the Department of Human Resources.
- (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) Ambulatory Surgical Centers - Payment as prescribed in the reimbursement plan established by the Department of Human Resources.
- (17) Medicare Crossover Claims - An amount up to the actual coinsurance or deductible or both, in accordance with the Plan, as approved by the Department of Human Resources.
- (18) Physical Therapy and Speech Therapy - Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Human Resources.
- (19) Personal Care Services - Payment in accordance with Plan approved by the Department of Human Resources.
- (20) Case Management Services - Reimbursement in accordance with the availability of funds to be transferred within the Department of Human Resources.
- (21) Hospice - Services may be provided in accordance with Plan developed by the Department of Human Resources.
- (22) Other Mental Health Services - Unless otherwise covered by this section, coverage is limited to agencies meeting the requirements of the rules established by the Commission for Mental Health,

1 Developmental Disabilities, and Substance Abuse Services, and
2 reimbursement is made in accordance with a Plan developed by
3 the Department of Human Resources not to exceed the upper
4 limits established in federal regulations.

5 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
6 Children - Reimbursement in accordance with Plan approved by
7 the Department of Human Resources.

8 (24) Health Insurance Premiums - Payments to be made in accordance
9 with the Plan adopted by the Department of Human Resources
10 consistent with federal regulations.

11 (25) Medical Care/Other Remedial Care - Services not covered
12 elsewhere in this section include related services in schools; health
13 professional services provided outside the clinic setting to meet
14 maternal and infant health goals; and services to meet federal
15 EPSDT mandates. Services addressed by this paragraph are
16 limited to those prescribed in the State Plan as established by the
17 Department of Human Resources. Providers of these services must
18 be certified as meeting program standards of the Department of
19 Environment, Health, and Natural Resources.

20 (26) Pregnancy Related Services - Covered services for pregnant women
21 shall include nutritional counseling, psychosocial counseling, and
22 predelivery and postpartum home visits by maternity care
23 coordinators and public health nurses.

24 Services and payment bases may be changed with the approval of the Director of the
25 Budget.

26 Reimbursement is available for up to 24 visits per recipient per year to
27 any one or combination of the following: physicians, clinics, hospital outpatient,
28 optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children,
29 and emergency rooms are exempt from the visit limitations contained in this
30 paragraph. Exceptions may be authorized by the Department of Human Resources
31 where the life of the patient would be threatened without such additional care. Any
32 person who is determined by the Department to be exempt from the 24-visit
33 limitation may also be exempt from the six-prescription limitation.

34 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay
35 eighty-five percent (85%); the county shall pay fifteen percent (15%) of the
36 nonfederal costs of all applicable services listed in this section.

37 (c) Copayment for Medicaid Services. The Department of Human
38 Resources may establish copayment up to the maximum permitted by federal law and
39 regulation.

40 (d) Medicaid and Aid to Families With Dependent Children Income
41 Eligibility Standards. The maximum net family annual income eligibility standards
42 for Medicaid and Aid to Families with Dependent Children, and the Standard of
43 Need for Aid to Families with Dependent Children shall be as follows:

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	Family	Standard	AFDC Payment	
	<u>Size</u>	<u>of Need</u>	<u>Level*</u>	<u>AA, AB, AD*</u>
5	1	\$ 4,344	\$ 2,172	\$ 2,900
6	2	5,664	2,832	3,800
7	3	6,528	3,264	4,400
8	4	7,128	3,564	4,800
9	5	7,776	3,888	5,200
10	6	8,376	4,188	5,600
11	7	8,952	4,476	6,000
12	8	9,256	4,680	6,300

14 *Aid to Families With Dependent Children (AFDC); Aid to the Aged (AA); Aid to
15 the Blind (AB); and Aid to the Disabled (AD).

17 The payment level for Aid to Families With Dependent Children shall be fifty
18 percent (50%) of the standard of need.

19 These standards may be changed with the approval of the Director of the
20 Budget with the advice of the Advisory Budget Commission.

21 (e) All Elderly, Blind, and Disabled Persons who receive Supplemental
22 Security Income are eligible for Medicaid coverage.

23 (f) ICF and ICF/MR Work Incentive Allowances. The Department of
24 Human Resources may provide an incentive allowance to Medicaid-eligible recipients
25 of ICF and ICF/MR facilities who are regularly engaged in work activities as part of
26 their developmental plan and for whom retention of additional income contributes to
27 their achievement of independence. The State funds required to match the federal
28 funds that are required by these allowances shall be provided from savings within the
29 Medicaid budget or from other unbudgeted funds available to the Department. The
30 incentive allowances may be as follows:

	<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
34	\$1.00 to \$100.99	Up to \$50.00
35	\$101.00 - \$200.99	\$80.00
36	\$201.00 to \$300.99	\$130.00
37	\$301.00 and greater	\$212.00.

39 (g) Dental Coverage Limits. Dental services shall be provided on a
40 restricted basis in accordance with rules adopted by the Department to implement
41 this subsection.

42 (h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27
43 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the
44 Social Security Act) a prescription order for a drug designated by a trade or brand

1 name shall be considered to be an order for the drug by its established or generic
2 name, except when the prescriber personally indicates, either orally or in the
3 prescriber's own handwriting on the prescription order, "dispense as written" or
4 words of similar meaning. Generic drugs, when available in the pharmacy, shall be
5 dispensed at a lower cost to the Medical Assistance Program rather than trade or
6 brand name drugs, subject to the prescriber's "dispense as written" order as noted
7 above.

8 As used in this subsection "brand name" means the proprietary name the
9 manufacturer places upon a drug product or on its container, label, or wrapping at
10 the time of packaging; and "established name" has the same meaning as in section
11 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. §
12 352(e)(3).

13 (i) Exceptions to Service Limitations, Eligibility Requirements, and
14 Payments. Service limitations, eligibility requirements, and payments bases in this
15 section may be waived by the Department of Human Resources, with the approval of
16 the Director of the Budget, to allow the Department to carry out pilot programs for
17 prepaid health plans, managed care plans, or community-based services programs in
18 accordance with plans approved by the United States Department of Health and
19 Human Services, or when the Department determines that such a waiver will result
20 in a reduction in the total Medicaid costs for the recipient.

21 (j) Volume Purchase Plans and Single Source Procurement. The
22 Department of Human Resources, Division of Medical Assistance, may, subject to the
23 approval of a change in the State Medicaid Plan, contract for services, medical
24 equipment, supplies, and appliances by implementation of volume purchase plans,
25 single source procurement, or other similar processes in order to improve cost
26 containment.

27 (k) Cost Containment Programs. The Department of Human Resources,
28 Division of Medical Assistance, may undertake cost containment programs including
29 preadmissions to hospitals and prior approval for certain outpatient surgeries before
30 they may be performed in an inpatient setting.

31 (l) For all Medicaid eligibility classifications for which the federal
32 poverty level is used as an income limit for eligibility determination, the income
33 limits will be updated each April 1 immediately following publication of federal
34 poverty guidelines.

35 (m) The Department of Human Resources shall provide Medicaid to 19-,
36 20-, and 21-year olds in accordance with federal rules and regulations.

37 (n) The Department of Human Resources shall provide coverage to
38 pregnant women and to children according to the following schedule:

39 (1) Pregnant women with incomes equal to or less than one hundred
40 eighty-five percent (185%) of the federal poverty guidelines as
41 revised each April 1 shall be covered for Medicaid benefits.

42 (2) Infants under the age of 1 with family incomes equal to or less than
43 one hundred eighty-five percent (185%) of the federal poverty

1 guidelines as revised each April 1 shall be covered for Medicaid
2 benefits.

3 (3) Children aged 1 through 5 with family incomes equal to or less
4 than one hundred thirty-three percent (133%) of the federal
5 poverty guidelines as revised each April 1 shall be covered for
6 Medicaid benefits.

7 (4) Children aged 6 through 18 with family incomes equal to or less
8 than the federal poverty guidelines as revised each April 1 shall be
9 covered for Medicaid benefits.

10 (5) The Department of Human Resources shall provide Medicaid
11 coverage for adoptive children with special or rehabilitative needs
12 regardless of the adoptive family's income.

13 Services to pregnant women eligible under this subsection continue throughout the
14 pregnancy but include only those related to pregnancy and to those other conditions
15 determined by the Department as conditions that may complicate pregnancy. In
16 order to reduce county administrative costs and to expedite the provision of medical
17 services to pregnant women, to infants, and to children described in subdivisions (3)
18 and (4) of this subsection, no resources test shall be applied.

19 (o) The Department of Human Resources may use Medicaid funds
20 budgeted from program services to support the cost of administrative activities to the
21 extent that these administrative activities produce a net savings in services
22 requirements. Administrative initiatives funded by this section shall be first approved
23 by the Office of State Budget and Management.

24 (p) The Department of Human Resources shall submit a monthly status
25 report on expenditures for acute care and long-term care services to the Fiscal
26 Research Division and to the Office of State Budget and Management. This report
27 shall include an analysis of budgeted versus actual expenditures for eligibles by
28 category and for long-term care beds. In addition, the Department shall revise the
29 program's projected spending for the current fiscal year and the estimated spending
30 for the subsequent fiscal year on a quarterly basis. Reports for the preceding month
31 shall be forwarded to the Fiscal Research Division and to the Office of State Budget
32 and Management no later than the third Thursday of the month.

33 (q) The Division of Medical Assistance, Department of Human
34 Resources, may provide incentives to counties that successfully recover fraudulently
35 spent Medicaid funds by sharing State savings with counties responsible for the
36 recovery of the fraudulently spent funds.

37 (r) If first approved by the Office of State Budget and Management, the
38 Division of Medical Assistance, Department of Human Resources, may use funds that
39 are identified to support the cost of development and acquisition of equipment and
40 software through contractual means to improve and enhance information systems that
41 provide management information and claims processing.

42 (s) The Division of Medical Assistance, Department of Human
43 Resources, may administer Medicaid estate recovery mandated by the Omnibus
44 Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S.

1 108-70.5 using temporary rules pending approval of final rules promulgated pursuant
2 to Chapter 150B of the General Statutes.

3 (t) The Department of Human Resources may adopt temporary rules
4 according to the procedures established in G.S. 150B-21.1 when it finds that such
5 rules are necessary to maximize receipt of federal funds, to reduce Medicaid
6 expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary
7 rules with the Office of Administrative Hearings, the Department shall consult with
8 the Office of State Budget and Management on the possible fiscal impact of the
9 temporary rule and its effect on State appropriations and local governments.

1 **CODE NO. 97DHR-S013-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **NONMEDICAID REIMBURSEMENT CHANGES**

6 Section @. Providers of medical services under the various State
7 programs, other than Medicaid, offering medical care to citizens of the State shall be
8 reimbursed at rates no more than those under the North Carolina Medical Assistance
9 Program. Hospitals that provide psychiatric inpatient care for Thomas S. class
10 members or adults with mental retardation and mental illness may be paid an
11 additional incentive payment not to exceed fifteen percent (15%) of their regular
12 daily per diem reimbursement.

13 The Department of Human Resources may reimburse hospitals at the full
14 prospective per diem rates without regard to the Medical Assistance Program's
15 annual limits on hospital days. When the Medical Assistance Program's per diem
16 rates for inpatient services and its interim rates for outpatient services are used to
17 reimburse providers in non-Medicaid medical service programs, retroactive
18 adjustments to claims already paid shall not be required.

19 Notwithstanding the provisions of paragraph one, the Department of
20 Human Resources may negotiate with providers of medical services under the various
21 Department of Human Resources programs, other than Medicaid, for rates as close as
22 possible to Medicaid rates for the following purposes: contracts or agreements for
23 medical services and purchases of medical equipment and other medical supplies.
24 These negotiated rates are allowable only to meet the medical needs of its non-
25 Medicaid eligible patients, residents, and clients who require such services which
26 cannot be provided when limited to the Medicaid rate.

27 Maximum net family annual income eligibility standards for services in
28 these programs shall be as follows:

29

30 <u>Family Size</u>	31 <u>Medical Eye</u>	32 <u>All</u>	33 <u>Other</u>
34 1	35 \$ 4,860	36 \$ 8,364	37 \$ 4,200
38 2	39 5,940	40 10,944	41 5,300
42 3	43 6,204	44 13,500	45 6,400
46 4	47 7,284	48 16,092	49 7,500
50 5	51 7,824	52 18,648	53 7,900
54 6	55 8,220	56 21,228	57 8,300
58 7	59 8,772	60 21,708	61 8,800
62 8	63 9,312	64 22,220	65 9,300

66

67 The eligibility level for children in the Medical Eye Care Program in the
68 Division of Services for the Blind and for adults in the Atypical Antipsychotic
69 Medication Program in the Division of Mental Health, Developmental Disabilities,
70 and Substance Abuse Services shall be one hundred percent (100%) of the federal
71 poverty guidelines, as revised annually by the United States Department of Health
72 and Human Services and in effect on July 1 of each fiscal year. Additionally, those

1 adults enrolled in the Atypical Antipsychotic Medication Program who become
2 gainfully employed may continue to be eligible to receive State support, in decreasing
3 amounts, for the purchase of atypical antipsychotic medication and related services
4 up to three hundred percent (300%) of the poverty level.

5 State financial participation in the Atypical Antipsychotic Medication
6 Program for those enrollees who become gainfully employed is as follows:

7 <u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
8 (% of poverty)		
9 0-100%	100%	0%
10 101-120%	95%	5%
11 121-140%	85%	15%
12 141-160%	75%	25%
13 161-180%	65%	35%
14 181-200%	55%	45%
15 201-220%	45%	55%
16 221-240%	35%	65%
17 241-260%	25%	75%
18 261-280%	15%	85%
19 281-300%	5%	95%
20 301%-over	0%	100%.

21
22 The Department of Human Resources shall contract at, or as close as
23 possible to, Medicaid rates for medical services provided to residents of State facilities
24 of the Department.

1 **CODE NO. 97DHR-S045-P-A-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **MEDICAID TRUST FUND**

1 Section @. Notwithstanding any prohibition which may exist in G.S.
2 143-23.2, the Department may use up to forty million dollars (\$40,000,000) during
3 fiscal year 1997-98 from the fund established pursuant to G.S. 143-23.2 to support
4 Medicaid program expenditures, if available in the fund.

1 **CODE NO. 97DHR-S053E-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **MEDICAID GROWTH REDUCTION**

1 Section @. (a) The Department of Human Resources shall, in
2 consultation with Medicaid providers where appropriate, develop and implement, as
3 feasible, a plan that is designed to reduce the growth of Medicaid to eight percent
4 (8%) by the year 2001. However, the Department shall not eliminate categories of
5 eligibles or categories of services to achieve this reduction unless the General
6 Assembly identifies specific categories of eligibles or categories of services that it
7 wants eliminated.

8 (b) The Division of Medical Assistance, Department of Human
9 Resources shall report quarterly to the Joint Legislative Commission on
10 Governmental Operations beginning October 1, 1997, on the Department's actions to
11 develop and implement, as feasible, a plan that is designed to reduce Medicaid
12 growth to eight percent (8%) by the year 2001, including the contents of the plan as
13 they are developed, and shall, by April 1, 1998, report to the General Assembly on
14 the Department's plan, what actions the Department intends to take to implement the
15 plan, and any specific reductions proposed for fiscal year 1998-99.

1 **CODE NO. 97DHR-S001A-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **DHR EMPLOYEES/IN-KIND MATCH**

1 Section @. Notwithstanding the limitations of G.S. 143B-139.4, the
2 Secretary of the Department of Human Resources may assign employees of the Office
3 of Rural Health and Resource Development to serve as in-kind match to nonprofit
4 corporations working to establish health care programs that will improve health care
5 access while controlling costs.

1 **CODE NO. 97DHR-S062-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **FIRE PROTECTION REVOLVING LOAN FUND**

1 Section @. Proceeds from the Fire Protection Revolving Loan Fund,
2 established pursuant to G.S. 122A-5.13, may be used to provide staff support to the
3 North Carolina Housing Finance Agency for loan processing and to the Department
4 of Human Resources for review and approval of fire protection plans and inspection
5 of fire protection systems.

1 **CODE NO. 97DHR-S016-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **MEDICAL DATA PROCESSING FUNDS**

1 Section @. The sum of one hundred fifty thousand dollars (\$150,000) for
2 the 1997-98 and 1998-99 fiscal years is transferred from the Insurance Regulatory
3 Fund established pursuant to G.S. 58-6-25 to the Division of Facility Services,
4 Department of Human Resources, to certify statewide data processors pursuant to
5 Article 11A of Chapter 131E of the General Statutes, to purchase data from statewide
6 data processors, and to process and analyze the data.

1 **CODE NO. 97DHR-S009-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **SENIOR CENTER OUTREACH**

1 Section @. (a) Funds appropriated to the Department of Human
2 Resources, Division of Aging, for the 1997-99 fiscal biennium, shall be used by the
3 Division of Aging to enhance senior center programs as follows:

4 (1) To test "satellite" services provided by existing senior centers to
5 unserved or underserved areas; or

6 (2) To provide start-up funds for new senior centers.

7 All of these funds shall be allocated by October 1 of each fiscal year.

8 (b) Prior to funds being allocated pursuant to this section for start-up
9 funds for a new senior center, the county commissioners of the county in which the
10 new center will be located shall:

11 (1) Formally endorse the need for such a center;

12 (2) Formally agree on the sponsoring agency for the center; and

13 (3) Make a formal commitment to use local funds to support the
14 ongoing operation of the center.

15 (c) State funding shall not exceed ninety percent (90%) of reimbursable
16 costs.

CODE NO. 97DHR-S068B

Requested by: Senators Perdue, Martin of Guilford

SENIOR CENTER FUNDS

1 Section @. Of the funds appropriated in this act to the
2 Department of Human Resources, the sum of seven hundred fifty
3 thousand dollars (\$750,000) for the 1997-98 fiscal year shall be
4 used to support existing senior centers and to assist in the
5 development of new senior centers. The Department shall allocate
6 funds equally among senior centers throughout the State as
7 determined by the Division of Aging. Expenditures of State funds
8 for senior centers shall not exceed ninety percent (90%) of all
9 funds expended for this purpose.

CODE NO. 97DHR-S051C

Requested by: Senator Martin of Guilford

IN-HOME AND CAREGIVER SUPPORT FUNDS

1 Section @. Of the funds appropriated in this act to the
2 Department of Human Resources, Division of Aging, the sum of four
3 million dollars (\$4,000,000) for the 1997-98 fiscal year and the
4 sum of four million dollars (\$4,000,000) for the 1998-99 fiscal
5 year shall be allocated via the Home and Community Care Block
6 Grant for home and community care services for older persons who
7 are not eligible for Medicaid and who are on the waiting list for
8 these services. These funds shall be used only for direct
9 services. Service recipients shall pay for services based on
10 their income in accordance with G.S. 143B-181.1(a)(10).

1 **CODE NO. 97DHR-S052B-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **ADULT CARE HOME REIMBURSEMENT RATE/ADULT CARE HOME**
6 **ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS**

1 Section @. (a) The eligibility of Special Assistance recipients residing in
2 adult care homes on August 1, 1995, shall not be affected by an income reduction in
3 the Special Assistance eligibility criteria resulting from adoption of the Rate Setting
4 Methodology Report and Related Services, providing these recipients are otherwise
5 eligible. The maximum monthly rate for these residents in adult care home facilities
6 shall be nine hundred seventy-five dollars (\$975.00) per month for ambulatory
7 residents and one thousand seventeen dollars (\$1,017) per month for semiambulatory
8 residents.

9 (b) Effective August 1, 1995, the State shall pay fifty percent (50%) and
10 the county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services
11 paid to adult care home facilities. As Medicaid personal care requirements increase,
12 the county matching share shall be capped until it equals fifteen percent (15%) of the
13 nonfederal Medicaid personal care requirements.

14 (c) Effective July 1, 1997, the maximum monthly rate for residents in
15 adult care home facilities shall be eight hundred ninety-three dollars (\$893.00) per
16 month per resident.

17 (d) Effective July 1, 1998, the maximum monthly rate for residents in
18 adult care home facilities shall be nine hundred fifteen dollars (\$915.00) per month
19 per resident.

1 **CODE NO. 97DHR-S028-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **ADULT CARE HOME REPORT**

1 Section @. Beginning October 1, 1997, the Department of Human
2 Resources shall report annually, on the previous fiscal year's activities, to the Joint
3 Legislative Commission on Governmental Operations and the Fiscal Research
4 Division of the Legislative Services Office as to the status of the following:

- 5 (1) Rate-setting and financing of adult care home, including the use of
6 Medicaid funds for personal care services;
7 (2) Quality assurance and enhancement of adult care home, including
8 case management for residents with special care needs, monitoring
9 of adult care home facilities, and specialized training of direct care
10 staff; and
11 (3) The process of the evaluation of the Adult Care Home Financing
12 and Quality Assurance Program.

1 **CODE NO. 97DHR-S008-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **FOSTER CARE ASSISTANCE PAYMENTS**

1 Section @. The maximum rates for State participation in the foster care
2 assistance program are established on a graduated scale as follows:

3 (1) \$315.00 per child per month for children aged birth through 5;

4 (2) \$365.00 per child per month for children aged 6 through 12; and

5 (3) \$415.00 per child per month for children aged 13 through 18.

6 Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

2

3 Requested by: Senator Martin of Guilford

4

5 **AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE AND ADOPTIVE**
6 **FAMILY FUNDS**

1 Section @. (a) In addition to providing board payments to foster and
2 adoptive families of HIV-infected children, as prescribed in Chapter 324 of the 1995
3 Session Laws, any additional funds remaining that were appropriated in Chapter 324
4 of the 1995 Session Laws for this purpose shall be used as follows:

5 (1) To provide medical training in avoiding HIV transmission in the
6 home; and

7 (2) To transfer funds to the Department of Environment, Health, and
8 Natural Resources to create three social work positions within the
9 Department of Environment, Health, and Natural Resources, for
10 the eastern part of North Carolina to enable the case managing of
11 families with HIV-infected children so that the children and the
12 parents get access to medical care and so that child protective
13 services issues are addressed rapidly and effectively. The three
14 positions shall be medically based and located:

15 a. One in the northeast, covering Northampton, Hertford,
16 Halifax, Gates, Chowan, Perquimans, Pasquotank, Camden,
17 Currituck, Bertie, Wilson, Edgecombe, and Nash Counties;

18 b. One in the central east, covering Martin, Pitt, Washington,
19 Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and
20 Pamlico Counties; and

21 c. One in the southeast, covering New Hanover, Robeson,
22 Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin,
23 Bladen, and Columbus Counties.

24 (b) The maximum rates for State participation in HIV Foster Care and
25 Adoptions Assistance are established on a graduated scale as follows:

26 (1) \$800.00 per month per child with indeterminate HIV status;

27 (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;

28 (3) \$1,200 per month per child confirmed HIV-infected, symptomatic;
29 and

30 (4) \$1,600 per month per child terminally ill with complex care needs.

1 **CODE NO. 97DHR-S007-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **ADOPTION ASSISTANCE PAYMENTS**

1 Section @. The maximum rates for State participation in the adoption
2 assistance program are established on a graduated scale as follows:

3 (1) \$315.00 per child per month for children aged birth through 5;

4 (2) \$365.00 per child per month for children aged 6 through 12; and

5 (3) \$415.00 per child per month for children aged 13 through 18.

1 **CODE NO. 97DH-S034-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **CHILD PROTECTIVE SERVICES**

1 Section @. (a) The funds appropriated in this act to the Department of
2 Human Resources, Division of Social Services, for the 1997-99 fiscal biennium for
3 Child Protective Services shall be allocated to county departments of social services
4 based upon a formula which takes into consideration the number of Child Protective
5 Services cases and the number of Child Protective Services workers necessary to meet
6 recommended standards adopted by the North Carolina Association of County
7 Directors of Social Services.

8 (b) Funds allocated under subsection (a) of this section shall be used by
9 county departments of social services for carrying out investigations of reports of
10 child abuse or neglect or for providing protective or preventive services in which the
11 department confirms abuse, neglect, or dependency.

1 **CODE NO. 97DHR-S021-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS SPECIFICATIONS**

1 Section @. The Controller's Office, Department of Human Resources,
2 shall manage the development, implementation, and operation of the Food Stamp
3 Electronic Benefits Transfer Program (EBT).

2
3 Requested by: Senator Martin of Guilford

4
5 **WORK FIRST FRAUD CONTROL PROGRAM/DEBT SETOFF/CLIENT**
6 **PROTECTION**

1 Section @. (a) The Department of Human Resources, immediately, shall
2 implement the Work First Fraud Control Program pursuant to 45 C.F.R. 235.112 as
3 those regulations were in effect on July 1, 1996.

4 (b) The Department of Human Resources shall award incentive bonuses
5 to each county for the county's efforts in collecting AFDC and Work First cash
6 assistance overpayments made as a result of intentional false statements, intentional
7 misrepresentation, intentional failure to disclose a material fact, or inadvertent
8 household error.

9 (1) For collections relative to AFDC or Work First cash assistance
10 payments made prior to January 1, 1997, the incentive bonus shall
11 equal one-half of the State's distributive share of the total AFDC
12 and Work First cash assistance benefits recouped for the reasons
13 described in this subsection. The bonus on these recoupments
14 shall be paid at the time of collection.

15 (2) For collections relative to Work First cash assistance benefits paid
16 on or after January 1, 1997, the incentive bonus shall equal sixty
17 percent (60%) of the total amount recouped for the reasons
18 described in this subsection. The amount collected by each county
19 during the State fiscal year shall be totaled, and an amount equal
20 to sixty percent (60%) of total collections by a county shall be
21 added to the county's Work First block grant for the next fiscal
22 year.

23 (c) The Department of Human Resources, Division of Social Services,
24 shall develop and implement a statewide automated system to track AFDC and Work
25 First cash assistance fraud claims and collect these claims by any appropriate method,
26 including debt setoff pursuant to Chapter 105A of the General Statutes.

27 (d) The Department of Human Resources shall ensure that persons
28 charged with, or suspected of, AFDC or Work First fraud not be subjected to any of
29 the following:

30 (1) Coercion;

31 (2) Discrimination in targeting persons for civil action or criminal
32 prosecution; or

33 (3) Civil investigation or civil action without being (i) properly
34 informed as to those matters that might arise out of the
35 investigation or action that might result in criminal prosecution
36 and (ii) in such a case, being properly advised of their right not to
37 incriminate themselves.

1 **CODE NO. 97DHR-S020-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **ANNUAL REPORT ON CARING PROGRAM FOR CHILDREN, INC.**

1 Section @. The Caring Program for Children, Inc., shall report annually
2 by May 1 to the Joint Legislative Commission on Governmental Operations and to
3 the Fiscal Research Division of the Legislative Services Office, beginning with May 1,
4 1998, on its program for providing health care for children.

5 This report shall include the number of children served and the cost per
6 child served.

1 **CODE NO. 97DHR-S033-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM**

1 Section @. The Information Resource Management Commission shall
2 conduct a quarterly review of the Automated Collection and Tracking System
3 (ACTS) project being developed by the Department of Human Resources. The
4 review shall include an analysis of the problems encountered and progress achieved,
5 identify critical issues to be resolved, and estimate the final cost and date of
6 completion. The review shall be submitted through the Office of the State Controller
7 to the Chairs of the House of Representatives and Senate Appropriations
8 Committees, the Chairs of the House and Senate Human Resources Appropriations
9 Subcommittees, the State Budget Director, and to the Director of the Fiscal Research
10 Division of the Legislative Services Office of the General Assembly no later than the
11 last day of each quarter.

1 **CODE NO. 97DHR-S035A-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS**

1 Section @. Funds received by the Department of Human Resources from
2 the tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the
3 Department of Human Resources as prescribed by G.S. 18B-805(h). These funds
4 shall be allocated to the area mental health programs for substance abuse services.

1 **CODE NO. 97DHR-S037-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **PHYSICIAN SERVICES**

1 Section @. With the approval of the Office of State Budget and
2 Management, the Department of Human Resources may use funds appropriated in
3 this act for across-the-board salary increases and performance pay to offset similar
4 increases in the costs of contracting with private and independent universities for the
5 provision of physician services to clients in facilities operated by the Division of
6 Mental Health, Developmental Disabilities, and Substance Abuse Services. This
7 offsetting shall be done in the same manner as is currently done with constituent
8 institutions of The University of North Carolina.

1 **CODE NO. 97DHR-S014-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **CLINICAL SOCIAL WORKER EXEMPTION**

1 Section @. Section 8 of Chapter 732 of the 1991 Session Laws reads as
2 rewritten:

3 "Section 8. This act becomes effective January 1, 1992. G.S. 90B-10(b)(3)a. is
4 repealed effective January 1, ~~1997~~ 1999. The term of the additional Board position
5 for clinical social worker created by this act shall commence upon the expiration of
6 the term of the public member whose term expires first."

1 **CODE NO. 97DHR-S027-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **LIABILITY INSURANCE**

1 Section @. The Secretary of the Department of Human Resources, the
2 Secretary of the Department of Environment, Health, and Natural Resources, and the
3 Secretary of the Department of Correction may provide medical liability coverage not
4 to exceed one million dollars (\$1,000,000) per incident on behalf of employees of the
5 Departments licensed to practice medicine or dentistry, all licensed physicians who
6 are faculty members of The University of North Carolina who work on contract for
7 the Division of Mental Health, Developmental Disabilities, and Substance Abuse
8 Services for incidents that occur in Division programs, and on behalf of physicians in
9 all residency training programs from The University of North Carolina who are in
10 training at institutions operated by the Department of Human Resources. This
11 coverage may include commercial insurance or self-insurance and shall cover these
12 individuals for their acts or omissions only while they are engaged in providing
13 medical and dental services pursuant to their State employment or training.

14 The coverage provided under this section shall not cover any individual
15 for any act or omission that the individual knows or reasonably should know
16 constitutes a violation of the applicable criminal laws of any state or the United
17 States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out
18 of any act amounting to willful or wanton negligence.

19 The coverage provided pursuant to this section shall not require any
20 additional appropriations and shall not apply to any individual providing contractual
21 service to the Department of Human Resources, the Department of Environment,
22 Health, and Natural Resources, or the Department of Correction, with the exception
23 that coverage may include physicians in all residency training programs from The
24 University of North Carolina who are in training at institutions operated by the
25 Department of Human Resources and licensed physicians who are faculty members of
26 The University of North Carolina who work for the Division of Mental Health,
27 Developmental Disabilities, and Substance Abuse Services.

1 **CODE NO. 97DHR-S042-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT**

1 Section @. To ensure uniformity in rates charged to area programs and
2 funded with State-allocated resources, the Division of Mental Health, Developmental
3 Disabilities, and Substance Abuse Services of the Department of Human Resources
4 may require a private agency that provides services under contract with two or more
5 area programs, except for hospital services that have an established Medicaid rate, to
6 complete an agencywide uniform cost finding in accordance with G.S. 122C-143.2(a)
7 and G.S. 122C-147.2. The resulting cost shall be the maximum included for the
8 private agency in the contracting area program's unit cost finding.

1 **CODE NO. 97DHR-S056A-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **CAROLINA ALTERNATIVES**

1 Section @. The Department of Human Resources shall move forward
2 with planning, readiness assessments, and other necessary activities to be able to
3 expand the Carolina Alternatives Child and Adult Waiver Pilot Program. Prior to
4 actual implementation of additional covered populations, the Department shall:

5 (1) Receive approval from the Health Care Financing Administration;

6 (2) Continue the 10-site Carolina Alternatives pilot programs;

7 (3) Make a determination that each area authority that is going to
8 participate in the pilot has the capacity to implement the waiver;

9 (4) Obtain certification from the Office of State Budget and
10 Management that expansion of Carolina Alternatives is budget
11 neutral, excluding the payment of claims related to the transition
12 from fee-for-service to Medicaid managed care, and authorization
13 from the Office of State Budget and Management to proceed with
14 the pilot;

15 (5) Evaluate capitation rates to determine if they are adequate to
16 provide appropriate services;

17 (6) Develop five-year cost estimates for Carolina Alternatives; and

18 (7) Submit a progress report to the 1997 General Assembly, Regular
19 Session 1998, and the Fiscal Research Division not later than May
20 1, 1998.

1 CODE NO. 97DHR-S029-P

2
3 Requested by: Senator Martin of Guilford

4
5 WILLIE M.

6 Section @. (a) Legislative Findings. -- The General Assembly finds:

7 (1) That there is a need in North Carolina to provide appropriate
8 treatment and education programs to children under the age of 18
9 who suffer from emotional, mental, or neurological handicaps
10 accompanied by violent or assaultive behavior;

11 (2) That children meeting these criteria have been identified as a Class
12 in the case of Willie M., et al. v. Hunt, et al., formerly Willie M., et
13 al. v. Martin, et al. [Willie M., 3:79 CV 294-MU (Western District);
14 and as defined in G.S. 122C-3(13a) as Eligible Assaultive and
15 Violent Children]; and

16 (3) That these children have a need for a variety of services, in
17 addition to those normally provided, that may include, but are not
18 limited to, residential treatment services, educational services, and
19 independent living arrangements.

20 (b) Funds appropriated by the General Assembly to the Department of
21 Human Resources for serving members of the Willie M. Class shall be expended only
22 for programs serving members of the Willie M. Class identified in Willie M., et al. v.
23 Hunt, et al., formerly Willie M., et al. v. Martin, et al., [or as Eligible Assaultive and
24 Violent Children] including evaluations of potential Class members. The Department
25 shall reallocate these funds among services to Willie M. Class members during the
26 year as it deems advisable in order to use the funds efficiently in providing
27 appropriate services to Willie M. Class children.

28 (c) Funds for Department of Public Education. -- Funds appropriated to
29 the Department of Public Education in this act for members of the Willie M. Class
30 are to establish a supplemental reserve fund to serve only members of the Class
31 identified in Willie M., et al. v. Hunt, et al., formerly Willie M., et al. v. Martin, et al.
32 [or as Eligible Assaultive and Violent Children]. These funds shall be allocated by
33 the State Board of Education to the local education agencies to serve those Class
34 members who were not included in the regular average daily membership and the
35 census of children with special needs, and to provide the additional program costs
36 which exceed the per pupil allocation from the State Public School Fund and other
37 State and federal funds for children with special needs.

38 (d) The Department of Human Resources shall continue to implement
39 its prospective unit cost reimbursement system and shall ensure that unit cost rates
40 reflect reasonable costs by conducting cost center service type rate comparisons and
41 cost centerline item budget reviews as may be necessary, and based upon these
42 reviews and comparisons, the Department shall reduce and/or cap rates to programs
43 which are significantly higher than those rates paid to other programs for the same
44 service.

Any exception to this requirement shall be approved by the Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall be reported in the Department's annual joint report to the Governor and the General Assembly and in any periodic report the Department may make to the Joint Legislative Commission on Governmental Operations.

(d1) The Department of Human Resources shall implement a process to review those cases for whom treatment has been recommended whose annual cost is anticipated to be in excess of one hundred fifty percent (150%) of the average annual per client expenditure of the previous fiscal year and shall take actions to reduce these treatment costs where appropriate.

(e) Reporting Requirements. -- The Department of Human Resources and the Department of Public Education shall submit, by May 1 of each fiscal year, a joint report to the Governor and the General Assembly on the progress achieved in serving members of the Willie M. Class. The report shall include the following unduplicated data for each county: (i) the number of children nominated for the Willie M. Class; (ii) the number of children actually identified as members of the Class in each county; (iii) the number of children served as members of the Class in each county; (iv) the number of children who remain unserved or for whom additional services are needed in order to be determined to be appropriately served; (v) the types and locations of treatment and education services provided to Class members; (vi) the cost of services, by type, to members of the Class and the maximum and minimum rates paid to providers for each service; (vii) the number of cases whose treatment costs were in excess of one hundred fifty percent (150%) of the average annual per client expenditure; (viii) information on the impact of treatment and education services on members of the Class; (ix) an explanation of, and justification for, any waiver of departmental rules that affect the Willie M. program; and (x) the total State funds expended, by program, on Willie M. Class members, other than those funds specifically appropriated for the Willie M. programs and services.

(e1) From existing funds available to it, the Department of Human Resources shall begin a process to document and assess individual Class members' progress through the continuum of services. Standardized measures of functioning shall be administered periodically to each member of the Class, and the information generated from these measures shall be used to assess client progress and program effectiveness.

(f) The Departments of Human Resources and Public Education shall provide periodic reports of expenditures and program effectiveness on behalf of the Willie M. Class to the Fiscal Research Division. As part of these reports, the Departments shall explain measures they have taken to control and reduce program expenditures.

(g) In fulfilling the responsibilities vested in it by the Constitution of North Carolina, the General Assembly finds:

1 (1) That the General Assembly has evaluated the known needs of the
2 State and has endeavored to satisfy those needs in comparison to
3 their social and economic priorities; and
4 (2) That the funds appropriated will enable the development and
5 implementation of placement and services for the Class members
6 in Willie M., et al. v. Hunt, et al., formerly Willie M., et al. v.
7 Martin, et al., [or Eligible Assaultive and Violent Children] within
8 a reasonable period of time considered within the context of the
9 needs of the Class members, the other needs of the State, and the
10 resources available to the State.
11 (h) The General Assembly supports the efforts of the responsible officials
12 and agencies of the State to meet the requirements of the court order in Willie M., et
13 al. v. Hunt, et al., formerly Willie M., et al. v. Martin, et al. [Willie M., 3:79 CV 294-
14 MU (Western District)]. To ensure that Willie M. Class members are appropriately
15 served, no State funds shall be expended on placement and services for Willie M.
16 Class members except:
17 (1) Funds specifically appropriated by the General Assembly for the
18 placement and services of Willie M. Class members; and
19 (2) Funds for placement and services for which Willie M. Class
20 members are otherwise eligible.
21 This limitation shall not preclude the use of unexpended Willie M. funds from prior
22 fiscal years to cover current or future needs of the Willie M. program subject to
23 approval by the Director of the Budget. These Willie M. expenditures shall not be
24 subject to the requirements of G.S. 143-18.
25 (i) Notwithstanding any other provision of law, if the Department of
26 Human Resources determines that a local program is not providing appropriate
27 services to members of the Class identified in Willie M., et al. v. Hunt, et al., formerly
28 Willie M., et al. v. Martin, et al., [or as Eligible Assaultive and Violent Children] the
29 Department may ensure the provision of these services through contracts with public
30 or private agencies or by direct operation by the Department of such programs.

2
3 Requested by: Senator Martin of Guilford

4
5 **THOMAS S.**

1 Section @. (a) Funds appropriated to the Department of Human
2 Resources in this act for the 1997-98 fiscal year and the 1998-99 fiscal year for
3 members of the Thomas S. Class as identified in Thomas S., et al. v. Britt, formerly
4 Thomas S., et al. v. Flaherty, [Thomas S. et al. v. Bruton, Thomas S., C-C-82-0418M
5 (Western District)] shall be expended only for programs serving Thomas S. Class
6 members or for services for those clients who are:

- 7 (1) Adults with mental retardation, or who have been treated as if they
8 had mental retardation, who were admitted to a State psychiatric
9 hospital on or after March 22, 1984, and who are included on the
10 Division of Mental Health, Developmental Disabilities, and
11 Substance Abuse Services' official list of prospective Class
12 members;
- 13 (2) Adults with mental retardation who have a documented history of
14 State psychiatric hospital admissions regardless of admission date
15 and who, without funding support, have a good probability of
16 being readmitted to a State psychiatric hospital;
- 17 (3) Adults with mental retardation who have never been admitted to a
18 State psychiatric hospital but who have a documented history of
19 behavior determined to be of danger to self or others that results in
20 referrals for inpatient psychiatric treatment and who, without
21 funding support, have a good probability of being admitted to a
22 State psychiatric hospital; or
- 23 (4) Adults who are included on the Division of Mental Health,
24 Developmental Disabilities, and Substance Abuse Services' official
25 list of prospective Class members and have yet to be confirmed as
26 Class members, who currently reside in the community, and who
27 have a good probability of being admitted to a facility licensed as a
28 "home for the aged and disabled".

29 No more than five percent (5%) of the funds appropriated in this act for the Thomas
30 S. program shall be used for clients meeting subdivisions (2), (3), or (4) of this
31 subsection.

32 (b) To ensure that Thomas S. Class members are appropriately served,
33 no State funds shall be expended on placement and services for Thomas S. Class
34 members except:

- 35 (1) Funds specifically appropriated by the General Assembly for the
36 placement and services of Thomas S. Class members; and
37 (2) Funds for placement and services for which Thomas S. Class
38 members are otherwise eligible.

1 (b1) Thomas S. funds may be expended to support services for Thomas S.
2 Class members in adult care homes when the service needs of individual Class
3 members in these homes cannot be met via the established maximum adult care
4 home rate.

5 (c) The Department of Human Resources shall continue to implement a
6 prospective unit cost reimbursement system and shall ensure that unit cost rates
7 reflect reasonable costs by conducting cost center service type rate comparisons and
8 cost center line item budget reviews as may be necessary.

9 (d) Reporting requirements. The Department of Human Resources shall
10 submit by April 1 of each fiscal year a report to the General Assembly on the
11 progress achieved in serving members and prospective members of the Thomas S.
12 Class. The report shall include the following:

- 13 (1) The number of Thomas S. clients confirmed as Class members;
- 14 (2) The number of prospective Class members evaluated;
- 15 (3) The number of prospective Class members awaiting evaluation;
- 16 (4) The number of Class members or prospective Class members
17 added in the preceding 12 months due to their admission to a State
18 psychiatric hospital;
- 19 (5) A description of the types of treatment services provided to Class
20 members; and
- 21 (6) An analysis of the use of funds appropriated for the Class.

22 (e) Notwithstanding any other provision of law, if the Department of
23 Human Resources determines that a local program is not providing minimally
24 adequate services to members of the Class identified in Thomas S., et al. v. Britt,
25 formerly Thomas S., et al. v. Flaherty, [Thomas S. et al. v. Bruton, Thomas S. C-C-
26 82-0418M (Western District)] or does not show a willingness to do so, the
27 Department may ensure the provision of these services through contracts with public
28 or private agencies or by direct operation by the Department of these programs.

1 **CODE NO. 97DHR-S039-P**

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3 Requested by: Senator Martin of Guilford

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5 **THOMAS S. LAWSUIT COMPLIANCE**

1 Section @. The Department of Justice and the Department of Human
2 Resources shall pursue all administrative and legal options necessary to enable the
3 State to resolve the Thomas S. lawsuit in the most expeditious and cost-effective
4 manner possible and to seek elimination of the necessity for oversight by a special
5 master.

1 **CODE NO. 97DHR-S031A-P**

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3 Requested by: Senator Martin of Guilford

4

5 **THOMAS S./COST CONTAINMENT MEASURES**

1 Section @. The Department of Human Resources and area mental
2 health programs shall implement cost containment measures to ensure that programs
3 serving Thomas S. class members are as cost-effective as possible and also meet the
4 requirement to provide minimally adequate treatment.

1 **CODE NO. 97DHR-S066-P**

2

3 Requested by: Senator Martin of Guilford

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5 **THOMAS S. FUNDS**

1 Section @. If Thomas S. funds are not sufficient, then notwithstanding
2 G.S. 143-16.3 and G.S. 143-23, the Director of the Budget may use funds available to
3 the Department in an amount not to exceed seven million six hundred thousand
4 dollars (\$7,600,000).

1 **CODE NO. 97DHR-S057-P**

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3 Requested by: Senator Martin of Guilford

4

5 **EXTEND ADMINISTRATION OF TRI-COUNTY AREA AUTHORITY**

1 Section @. Notwithstanding House Bill 77, 1997 General Assembly, the
2 Department of Human Resources may continue to administer the services of the Tri-
3 County Area Authority in accordance with G.S. 122C-125.1 on behalf and at the
4 request of the board of county commissioners of one or more of the counties that
5 constitute the Tri-County Area Authority. The extension granted under this section
6 shall be for a period not to exceed three calendar months commencing July 1, 1997,
7 and shall be for the sole purpose of allowing one or more of the counties that
8 constitute the Tri-County Area Authority to assess the feasibility of combining with
9 another existing Area Authority.

1 **CODE NO. 97DHR-S038C-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **LIMITATION ON USE OF SPECIAL ALZHEIMER'S UNIT IN WILSON**

1 Section @. The Special Alzheimer's Unit established in Wilson by funds
2 appropriated in Chapter 507 of the 1995 Session Laws shall serve only those clients
3 who cannot be served by any similar private facility.

1 **CODE NO. 97DHR-S036-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **ALLOCATION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**
6 **SUBSTANCE ABUSE EXPANSION FUNDS**

1 Section @. Of the funds appropriated in this act to the Division of
2 Mental Health, Developmental Disabilities, and Substance Abuse Services,
3 Department of Human Resources, for expansion of mental health, developmental
4 disabilities, and substance abuse programs and services, other than crisis services,
5 those funds needed by area authorities for "catch-up" purposes shall be allocated
6 pursuant to the Incentive Method adopted by the Mental Health Study Commission
7 and presented in the Commission's Report to the 1996 General Assembly.

Requested by: Senator Martin of Guilford

SUBSTANCE ABUSE PROGRAM GRANTS

1 Section @. (a) Of the funds appropriated in this act to
2 the Department of Human Resources, the sum of one million two
3 hundred fifty thousand dollars (\$1,250,000) for the 1997-98
4 fiscal year shall be placed in a Reserve for Substance Abuse
5 Treatment Programs. The Secretary of Human Resources shall
6 conduct a study of the various substance abuse treatment programs
7 in the State, including but not limited to: The Pavilion
8 Foundation in Polk County, Amythest in Charlotte, Charter Pines
9 in Charlotte, Bethel Colony in Lenoir, and Appalachian Hall in
10 Asheville. The Secretary may use funds from the Reserve to
11 allocate grants-in-aid to those substance abuse programs that the
12 Secretary determines to be working most efficiently and
13 effectively. The Secretary shall also study whether the State
14 should subsidize the treatment of persons covered under the
15 Teachers' and State Employees' Comprehensive Major Medical Plan
16 in those substance abuse facilities that are working efficiently
17 and effectively, and may allocate up to two hundred fifty
18 thousand dollars (\$250,000) of the funds allocated to the Reserve
19 under this subsection for the 1997-98 fiscal year to subsidize
20 the treatment in those facilities determined by the Secretary to
21 be working efficiently and effectively.

22 (b) The Secretary shall report to the Joint Legislative
23 Commission on Governmental Operations on the findings of his
24 studies and on the grants-in-aid allocated under this section.

CODE NO. 97DHR-S413B

Requested by: Senator Martin of Guilford

EARLY INTERVENTION FUNDING

1 Section @. Of the funds appropriated in this act to
2 the Department of Human Resources, Division of Mental Health,
3 Developmental Disabilities, and Substance Abuse Services, the sum
4 of two million seven hundred thousand dollars (\$2,700,000) for
5 the 1997-98 fiscal year and the sum of two million seven hundred
6 thousand dollars (\$2,700,000) for the 1998-99 fiscal year shall
7 be allocated based on a plan developed in consultation with the
8 affected divisions within the Department and the North Carolina
9 Interagency Coordinating Council to meet the needs of those
10 children who are on the waiting list for early intervention
11 services.

1 **CODE NO. 97DHR-S048-P**

2

3 Requested by: Senator Martin of Guilford

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5 **ANNUAL EVALUATION OF WILDERNESS CAMP, COACH MENTOR TRAINING,**
6 **AND GOVERNOR'S ONE-ON-ONE PROGRAMS**

1 Section @. The Department of Human Resources shall conduct an
2 annual evaluation of the Wilderness Camp, Coach Mentor Training, and Governor's
3 One-on-One Programs. The results of the evaluation shall be submitted to the Joint
4 Legislative Commission on Governmental Operations no later than October 1 of each
5 year covering the program for the prior fiscal year. In conducting the evaluation,
6 among other things, the focus shall be on directing youth toward long-term positive
7 and productive noncriminal behavior. The review shall be qualitative and
8 quantitative.

1 **CODE NO. 97DHR-S060B-P**

2

3 Requested by: Senator Martin of Guilford

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5 **DYS TRAINING SCHOOLS/STUDENT EVALUATIONS**

1 Section @. The Department of Human Resources shall take immediate
2 steps to ensure that multidisciplinary diagnoses and evaluations, as provided for in
3 G.S. 15C-113, are made on all students in training schools operated by the Division
4 of Youth Services and that the requisite resources and services are provided for all
5 DYS training school students who are identified as children with special needs. The
6 Department may use funds available to provide evaluations, resources, and services
7 but shall not reduce current DYS services. Lapsed salary funds shall not be used to
8 create new permanent positions.

1 **CODE NO. 97DHR-S010-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **COMMUNITY-BASED ALTERNATIVES PARTICIPATION**

1 Section @. County governments participating in the Community-Based
2 Alternatives Program shall certify annually to the Division of Youth Services,
3 Department of Human Resources, that Community-Based Alternatives Aid to
4 Counties shall not be used to duplicate or supplant other programs within the county.

1 **CODE NO. 97DHR-S025-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS**

6 **ADMINISTRATIVE COST LIMITS**

1 Section @. (a) Of the funds appropriated to the Department of Human
2 Resources in this act, not more than three hundred fifty thousand dollars (\$350,000)
3 for the 1997-98 fiscal year and not more than three hundred fifty thousand dollars
4 (\$350,000) for the 1998-99 fiscal year may be used to administer the S.O.S. Program.
5 to provide technical assistance to applicants and to local S.O.S. programs, and to
6 evaluate the local S.O.S. programs. The Department may contract with appropriate
7 public or nonprofit agencies to provide the technical assistance, including training
8 and related services.

9 (b) Of the funds appropriated in this act to the Department of Human
10 Resources for the Family Resource Center Grant Program, the Department may use
11 up to two hundred fifty thousand dollars (\$250,000) in each fiscal year to administer
12 the Program.

1 **CODE NO. 97DHR-S026-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **FAMILY SUPPORT/DEAF AND HARD OF HEARING SERVICES CONTRACT**

1 Section @. Of the funds appropriated in this act to the Division of
2 Services for the Deaf and Hard of Hearing, Department of Human Resources, for
3 family support services, the sum of five hundred three thousand two hundred thirty-
4 eight dollars (\$503,238) for the 1997-98 fiscal year and the sum of five hundred three
5 thousand two hundred thirty-eight dollars (\$503,238) for the 1998-99 fiscal year shall
6 be used to contract with a private, nonprofit corporation licensed to do business in
7 North Carolina to perform those services, including family support and advocacy
8 services as well as technical assistance to professionals who work with families of
9 hearing-impaired children.

1 **CODE NO. 97DHR-S050B-P**

2
3 Requested by: Senators Martin of Guilford, Winner, Lee

4
5 **IMPLEMENT ABC'S PLAN FOR RESIDENTIAL SCHOOLS**

1 Section @. (a) The Department of Human Resources shall plan to
2 implement the State Board of Education's ABC's Plan for all of its residential schools
3 where children are in attendance for more than 120 days a year. The ABC's Plan
4 shall be implemented for the 1998-99 school year, if possible.

5 (b) The State Board of Education shall assist the Department of Human
6 Resources with the implementation. The Department of Human Resources and the
7 State Board of Education shall:

- 8 (1) Identify any policy or technical reason this accountability model
9 cannot be adopted in the residential schools.
- 10 (2) Develop accountability standards for each residential school,
11 including baseline data for these standards. Accountability
12 standards shall also be developed to measure improvements in
13 performance among the nondiploma bound students attending the
14 residential schools.
- 15 (3) Determine the feasibility of implementing these accountability
16 standards in the 1998-99 school year and propose a phase-in
17 approach, if necessary.
- 18 (4) Define the strategies and consequences for State intervention in
19 low-performing residential schools.
- 20 (5) Review the site-based management practices within the State
21 Board of Education which, if implemented in the Department of
22 Human Resources, should result in improved student performance.

23 The State Board of Education and the Department of Human Resources
24 shall report jointly on their progress toward implementation in an interim report to
25 the Joint Legislative Education Oversight Committee by October 1, 1997, and with a
26 final report to that Committee by April 1, 1998.

27 (c) In addition to the implementation of the ABC's Plan in the
28 Department of Human Resources' residential schools, the State Board of Education
29 and the Department of Human Resources shall study and report on the following
30 issues:

- 31 (1) Mandatory accreditation and dual certification of teachers in the
32 residential schools.
- 33 (2) Comparison of the staffing and financial resources available to
34 serve special needs children in local education authorities versus
35 residential schools (excluding the residential costs component).
- 36 (3) Alignment of the Department of Human Resources' curricula with
37 the State Board of Education's high school vocational educational
38 curriculum, including opportunities for the residential schools to
39 participate in the Tech Prep program with the community colleges.

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 - 3
- (4) Strategies for developing select residential schools as resource centers to local educational authorities in serving their special needs children.

1 **CODE NO. 97DHR-S047A-P**

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3 Requested by: Senator Martin of Guilford

4

5 **DIVISION OF SERVICES FOR BLIND/PERFORMANCE AUDIT**

1 Section @. The Office of the State Auditor shall conduct a performance
2 audit of the Division of Services for the Blind in the Department of Human
3 Resources, to include the Governor Morehead School. The performance audit shall
4 address, but not be limited to, the financial management of the Division. The Office
5 of the State Auditor shall submit the results of the performance audit to the cochairs
6 of the Senate and House Appropriations Subcommittees on Human Resources by
7 January 1, 1998.

1 **CODE NO. 97DHR-S046-P**

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3 Requested by: Senator Martin of Guilford

4

5 **SERVICES FOR BLIND/EXTENDED SERVICE PROVIDER POSITIONS**

1 Section @. Of the funds appropriated in this act to the Department of
2 Human Resources, Division of Services for the Blind, the sum of two hundred fifty
3 thousand dollars (\$250,000) in each fiscal year shall be used to maintain extended
4 service provider positions at local, nonprofit supported employment programs.

1 **CODE NO. 97DHR-S059B-P**

2

3 Requested by: Senator Martin of Guilford

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5 **GOVERNOR MOREHEAD SCHOOL/TEXTBOOK FUNDS**

1 Section @. Of the funds appropriated in this act to the Division of
2 Services for the Blind, the sum of twelve thousand four hundred eight dollars
3 (\$12,408) for the 1997-98 fiscal year and the sum of twelve thousand four hundred
4 eight dollars (\$12,408) for the 1998-99 fiscal year shall be used to increase funding for
5 textbooks or for adaptive technology, or both, for student education at the Governor
6 Morehead School. Funds for this purpose shall be part of the Division's continuation
7 budget request.

1 **CODE NO. 97DHR-S024-P**

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3 Requested by: Senator Martin of Guilford

4

5 **REIMBURSEMENT AND COMPENSATION OF MEMBERS OF THE NORTH**
6 **CAROLINA VOCATIONAL REHABILITATION ADVISORY COUNCIL, THE**
7 **STATEWIDE INDEPENDENT LIVING COUNCIL, AND THE COMMISSION FOR**
8 **THE BLIND**

1 Section @. Notwithstanding G.S. 138-5(a)(1), those members of the
2 North Carolina Vocational Rehabilitation Advisory Council, the Statewide
3 Independent Living Council, and the Commission for the Blind, who are unemployed
4 or who must forfeit wages from other employment to attend council or commission
5 meetings or to perform related duties, may receive compensation not to exceed fifty
6 dollars (\$50.00) a day for attending these meetings or for performing related duties,
7 as authorized in sections 105 and 705 of P.L. 102-569, the Rehabilitation Act of 1973,
8 42 U.S.C. § 701, et seq., as amended. This compensation is instead of the
9 compensation specified in G.S. 138-5(a)(1). Reimbursement for subsistence and
10 travel expenses is as specified in G.S. 138-5.

2
3 Requested by: Senator Martin of Guilford

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5 **CHILD DAY CARE SUBSIDIES**

6 Section @. (a) The maximum gross annual income for initial eligibility,
7 adjusted biennially, for subsidized child care services shall be seventy-five percent
8 (75%) of the State median income, adjusted for family size.

9 (b) Parents who receive child care subsidy to work, look for work, attend
10 work-related training or education activities, or meet the special developmental needs
11 of their child, shall share in the cost of child care. No fees shall be charged to the
12 client when child day care services are provided to the individuals in the following
13 circumstances:

14 (1) When children are receiving day care services in conjunction with
15 protective services as described in 10 NCAC 35E.0106, up to a
16 maximum of 12 months from the time protective services are
17 initiated;

18 (2) When day care services are provided as a support to a child
19 receiving Child Welfare Services as described in the North
20 Carolina Division of Social Services Family Services Manual,
21 Volume 1, Chapter II; or

22 (3) When a child with no income is living with someone other than
23 the child's biological or adoptive parent or is living with someone
24 who does not have court-ordered financial responsibility.

25 (c) Fees shall be established based on a percent of gross family income
26 and adjusted for family size. Fees shall be determined as follows:

27 FAMILY SIZE	28 PERCENT OF GROSS FAMILY INCOME
29 1-3	30 9%
31 4-5	32 8%
33 6 or more	34 7%

35 Local departments of social services shall apply this new fee schedule to recipients at
36 the next eligibility review on or after the effective date of this section.

37 (d) Rules for the monthly schedule of payments for the purchase of day
38 care services for low-income children shall be established by the Social Services
39 Commission pursuant to G.S. 143-153(8)(a) in accordance with the following
40 requirements:

41 (1) For day care facilities as defined in G.S. 110-86(3) in which fewer
42 than fifty percent (50%) of the enrollees are subsidized by State or
43 federal funds, the State shall continue to pay the same fee paid by
44 private paying parents for a child in the same age group in the
45 same facility.

46 (2) "AA" licensed centers which are certified as developmental day
47 centers by the Division of Mental Health, Developmental
48 Disabilities, and Substance Abuse Services receive one hundred
49

1 ten percent (110%) of the market rate or the rate they charge
2 private paying parents, whichever is lower, for typically developing
3 children.

4 (3) The monthly schedule of payments for the purchase of child day
5 care services for low-income children from providers who have
6 fifty percent (50%) or more children receiving child care
7 subsidized with State or federal funds include:

8 a. Provision of payment rates for child care that are tied to the
9 provider's regulatory status as follows:

10 1. Registered homes and "A" licensed centers receive
11 the market rate or the rate they charge their private
12 paying parents, whichever is lower;

13 2. "AA" licensed centers receive one hundred ten
14 percent (110%) of the market rate or the rate they
15 charge their private paying parents, whichever is
16 lower; and

17 3. Unregistered providers receive fifty percent (50%) of
18 the market rate or the rate they charge their private
19 paying parents, whichever is lower.

20 b. Provision of payment rates for child care providers in
21 counties who do not have at least 75 children in each age
22 group for center-based and home-based care as follows:

23 1. Payment rates shall be set at the statewide market rate
24 for registered homes and "A" licensed centers.

25 2. If it can be demonstrated that the application of the
26 statewide market rate to a county with fewer than 75
27 children in each age group is lower than the county
28 market rate and would inhibit the ability of the
29 county to purchase child care for low-income
30 children, then the county market rate may be applied.

31 (e) Payment rates described in sub-subdivision (3)a. of subsection (d) of
32 this section shall be applied to all licensed child care centers, including Head Start
33 Wrap Around, that have fifty percent (50%) or more of enrolled children receiving
34 child care subsidies, and to registered family child care homes and unregulated
35 providers that enroll subsidized children.

36 (f) A market rate shall be calculated for facilities and homes for each
37 county and for each age group or age category of enrollees and shall be
38 representative of fees charged to unsubsidized private paying parents for each age
39 group of enrollees within the county. The Division of Child Development shall also
40 calculate a statewide market rate for each age category. The Division of Child
41 Development may also calculate regional market rates for each age group and age
42 category.

43 (g) Facilities licensed pursuant to Article 7 of Chapter 110 of the
44 General Statutes may participate in the program that provides for the purchase of

1 care in day care facilities for minor children of needy families. No separate licensing
2 requirements shall be used to select facilities to participate. In addition, day care
3 facilities shall be required to meet any additional applicable requirements of federal
4 law or regulations.

5 Day care homes as defined in G.S. 110-86(4) from which the State
6 purchases day care services shall meet the standards established by the Child Day
7 Care Commission pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional
8 requirements of State law or federal law or regulations. Child care arrangements
9 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General
10 Statutes shall meet the requirements established by other State law and by the Social
11 Services Commission.

12 County departments of social services or other local contracting agencies
13 shall not use a provider's failure to comply with requirements in addition to those
14 specified in this subsection as a condition for reducing the provider's subsidized child
15 day care rate.

1 **CODE NO. 97DHR-S023-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **DAY CARE ALLOCATION FORMULA**

1 Section @. (a) To simplify current day care allocation methodology and
2 more equitably distribute State day care funds, the Department of Human Resources
3 shall apply the following allocation formula to all noncategorical federal and State
4 day care funds used to pay the costs of necessary day care for minor children of
5 needy families:

6 (1) One-third of budgeted funds shall be distributed according to the
7 county's population in relation to the total population of the State;

8 (2) One-third of the budgeted funds shall be distributed according to
9 the number of children under 6 years of age in a county who are
10 living in families whose income is below the State poverty level in
11 relation to the total number of children under 6 years of age in the
12 State in families whose income is below the poverty level; and

13 (3) One-third of budgeted funds shall be distributed according to the
14 number of working mothers with children under 6 years of age in a
15 county in relation to the total number of working mothers with
16 children under 6 years of age in the State.

17 (b) A county's initial allocation shall not be less than that county's total
18 expenditures for both FSA and Non-FSA child care in fiscal year 1995-96.

1 **CODE NO. 97DHR-S002-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **DAY CARE FUNDS MATCHING REQUIREMENT**

1 Section @. No local matching funds may be required by the Department
2 of Human Resources as a condition of any locality's receiving any State day care
3 funds appropriated by this act unless federal law requires such a match.

1 **CODE NO. 97DHR-S004-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **CHILD DAY CARE REVOLVING LOAN FUND**

1 Section @. Notwithstanding any law to the contrary, funds budgeted for
2 the Child Day Care Revolving Loan Fund may be transferred to and invested by the
3 financial institution contracted to operate the Fund. The principal and any income
4 to the Fund may be used to make loans, reduce loan interest to borrowers, serve as
5 collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the
6 Department's cost of administering the program.

1 **CODE NO. 97DHR-S049A-P-B-P**

2

3 Requested by: Senator Martin of Guilford

4

5 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
6 **PROGRAM**

1 Section @. (a) The General Assembly finds that it is essential to
2 continue developing comprehensive programs that provide high quality early
3 childhood education and development services locally for children and their families.
4 The General Assembly intends to expand the Early Childhood Education and
5 Development Initiatives Program (the "Program") in a manner which ensures quality
6 assurance and performance-based accountability for the Program.

7 (b) Notwithstanding any provision of Part 10B of Article 3 of Chapter
8 143B of the General Statutes or any other provision of law or policy, the Department
9 of Human Resources and the North Carolina Partnership for Children, Inc., jointly
10 shall continue to implement the recommendations contained in the Smart Start
11 Performance Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995
12 Session Laws, as modified by Section 24.29 of Chapter 18 of the Session Laws,
13 Second Extra Session 1996. The North Carolina Partnership for Children, Inc., shall
14 continue to report quarterly to the Joint Legislative Commission on Governmental
15 Operations on its progress toward full implementation of the modified audit
16 recommendations.

17 (c) The Joint Legislative Commission on Governmental Operations shall,
18 consistent with current law, continue to be the legislative oversight body for the
19 Program. The President Pro Tempore of the Senate and the Speaker of the House of
20 Representatives may appoint a subcommittee of the Joint Legislative Commission on
21 Governmental Operations to carry out this function. This subcommittee may conduct
22 all initial reviews of plans, reports, and budgets relating to the Program and shall
23 make recommendations to the Joint Legislative Commission on Governmental
24 Operations.

25 (d) Administrative costs shall be equivalent to, on an average statewide
26 basis for all local partnerships, not more than eight percent (8%) of the total
27 statewide allocation to all local partnerships. What counts as administrative costs
28 shall be as defined in the Smart Start Performance Audit.

29 (e) Any local partnership, before receiving State funds, shall be required
30 annually to submit a plan and budget for State funds for appropriate programs to the
31 North Carolina Partnership for Children, Inc., and the Joint Legislative Commission
32 on Governmental Operations. State funds to implement the programs shall not be
33 allocated to a local partnership until the program plan is approved by the North
34 Carolina Partnership for Children, Inc.

35 (f) The North Carolina Partnership for Children, Inc., and all local
36 partnerships shall use competitive bidding practices in contracting for goods and
37 services on all contract amounts of one thousand five hundred dollars (\$1,500) and

1 above, and, where practicable, on contracts for amounts of less than one thousand
2 five hundred dollars (\$1,500).

3 (g) The role of the North Carolina Partnership for Children, Inc., shall
4 continue to be expanded to incorporate all the aspects of the new role prescribed for
5 the Partnership in the Smart Start Performance Audit recommendations and to
6 provide technical assistance to local partnerships, assess outcome goals for children
7 and families, ensure that statewide goals and legislative guidelines are being met, help
8 establish policies and outcome measures, obtain non-State resources for early
9 childhood and family services, and document and verify the cumulative contributions
10 received by the partnerships.

11 (h) The North Carolina Partnership for Children, Inc., and all local
12 partnerships shall, in the aggregate, be required to match no less than fifty percent
13 (50%) of the total amount budgeted for the Program in each fiscal year of the
14 biennium as follows: contributions of cash equal to at least ten percent (10%) and in-
15 kind donated resources equal to no more than ten percent (10%) for a total match
16 requirement of twenty percent (20%) for each fiscal year. Only in-kind contributions
17 that are quantifiable, as determined in the Smart Start Performance Audit, shall be
18 applied to the in-kind match requirement.

19 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal
20 year shall result in a dollar-for-dollar reduction in the appropriation for the Program
21 for the next fiscal year. The North Carolina Partnership for Children, Inc., shall be
22 responsible for compiling information on the private cash and in-kind contributions
23 into a report that is submitted to the Joint Legislative Commission on Governmental
24 Operations pursuant to G.S. 143B-168.13(5) in a format that allows verification by the
25 Department of Revenue. The same match requirements shall apply to any expansion
26 funds appropriated by the General Assembly.

27 (i) Counties participating in the Program may use the county's allocation
28 of State and federal child care funds to subsidize child care according to the county's
29 Early Childhood Education and Development Initiatives Plan as approved by the
30 North Carolina Partnership for Children, Inc. The use of federal funds shall be
31 consistent with the appropriate federal regulations. Day care providers shall, at a
32 minimum, comply with the applicable requirements for State licensure or registration
33 pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable
34 requirements of State law or rule, including rules adopted for nonregistered day care
35 by the Social Services Commission, and with applicable federal regulations.

36 (j) The Department of Human Resources shall continue to implement
37 the performance-based evaluation system.

38 (k) The Frank Porter Graham Child Development Center shall continue
39 its evaluation of the Program. Notwithstanding any policy to the contrary, the Frank
40 Porter Graham Child Development Center may use any method legally available to it
41 to track children who are participating or who have participated in any Early
42 Childhood Education and Development Initiative in order to carry out its ongoing
43 evaluation of the Program.

44 (l) G.S. 143B-168.12(a) reads as rewritten:

1 "(a) In order to receive State funds, the following conditions shall be met:

2 (1) The North Carolina Partnership shall have a Board of Directors
3 consisting of the following 39 members:

- 4 a. The Secretary of Human Resources, ex officio;
5 b. The Secretary of Environment, Health, and Natural
6 Resources, ex officio;
7 c. The Superintendent of Public Instruction, ex officio;
8 d. The President of the Department of Community Colleges, ex
9 officio;
10 e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and
11 11th Congressional Districts, appointed by the President Pro
12 Tempore of the Senate;
13 f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and
14 12th Congressional Districts, appointed by the Speaker of
15 the House of Representatives;
16 g. Seventeen members, of whom four shall be members of the
17 party other than the Governor's party, appointed by the
18 Governor;
19 h. The President Pro Tempore of the Senate, or a designee;
20 i. The Speaker of the House of Representatives, or a designee;
21 j. The Majority Leader of the Senate, or a designee;
22 k. The Majority Leader of the House of Representatives, or a
23 designee;
24 l. The Minority Leader of the Senate, or a designee; and
25 m. The Minority Leader of the House of Representatives, or a
26 designee.

27 (2) The North Carolina Partnership shall agree to adopt procedures
28 for its operations that are comparable to those of Article 33C of
29 Chapter 143 of the General Statutes, the Open Meetings Law, and
30 Chapter 132 of the General Statutes, the Public Records Law, and
31 provide for enforcement by the Department.

32 (3) The North Carolina Partnership shall oversee the development and
33 implementation of the local demonstration projects as they are
34 selected.

35 (4) The North Carolina Partnership shall develop and implement a
36 comprehensive standard fiscal accountability plan to ensure the
37 fiscal integrity and accountability of State funds appropriated to it
38 and to the local partnerships. The standard fiscal accountability
39 plan shall, at a minimum, include a uniform, standardized system
40 of accounting, internal controls, payroll, fidelity bonding, chart of
41 accounts, and contract management and monitoring. The North
42 Carolina Partnership may contract with outside firms to develop
43 and implement the standard fiscal accountability plan. All local
44 partnerships shall be required to participate in the standard fiscal

1 accountability plan developed and adopted by the North Carolina
2 Partnership pursuant to this subdivision.

- 3 (5) The North Carolina Partnership shall develop and implement a
4 centralized accounting and contract management system which
5 incorporates features of the required standard fiscal accountability
6 plan described in subdivision (4) of subsection (a) of this section.
7 The following local partnerships shall be required to participate in
8 the centralized accountability system developed by the North
9 Carolina Partnership pursuant to this subdivision:

10 a. Local partnerships which have significant deficiencies in
11 their accounting systems, internal controls, and contract
12 management systems, as determined by the North Carolina
13 Partnership based on the annual financial audits of the local
14 partnerships conducted by the Office of the State Auditor;
15 and

16 b. Local partnerships which are in the first two years of
17 operation following their ~~selection~~ selection, except for
18 those created by combination with existing local
19 partnerships. At the end of this two-year period, local
20 partnerships shall continue to participate in the centralized
21 accounting and contract management system. With the
22 approval of the North Carolina Partnership, local
23 partnerships may perform accounting and contract
24 management functions at the local level using the
25 standardized and uniform accounting system, internal
26 controls, and contract management systems developed by
27 the North Carolina Partnership.

28 Local partnerships which otherwise would not be required to
29 participate in the centralized accounting and contract management
30 system pursuant to this subdivision may voluntarily choose to
31 participate in the system. Participation or nonparticipation shall be
32 for a minimum of two years, unless, in the event of
33 nonparticipation, the North Carolina Partnership determines that
34 any partnership's annual financial audit reveals serious deficiencies
35 in accounting or contract management.

- 36 (6) The North Carolina Partnership shall develop a formula for
37 allocating direct services funds appropriated for this purpose to
38 local partnerships.

- 39 (7) The North Carolina Partnership may adjust its allocations on the
40 basis of local partnerships' performance assessments. In
41 determining whether to adjust its allocations to local partnerships,
42 the North Carolina Partnership shall consider whether the local
43 partnerships are meeting the outcome goals and objectives of the

1 North Carolina Partnership and the goals and objectives set forth
2 by the local partnerships in their approved annual program plans.

3 The North Carolina Partnership may use additional factors to
4 determine whether to adjust the local partnerships' allocations.
5 These additional factors shall be developed with input from the
6 local partnerships and shall be communicated to the local
7 partnerships when the additional factors are selected. These
8 additional factors may include board involvement, family and
9 community outreach, collaboration among public and private
10 service agencies, and family involvement.

11 On the basis of performance assessments, local partnerships
12 annually shall be rated 'superior', 'satisfactory', or 'needs
13 improvement'. Local partnerships rated 'superior' ~~shall~~ may
14 receive, to the extent that funds are available, a ten percent (10%)
15 increase in their annual funding allocation. Local partnerships
16 rated 'satisfactory' ~~shall~~ may receive their annual funding
17 allocation. Local partnerships rated 'needs improvement' ~~shall~~
18 may receive ninety percent (90%) of their annual funding
19 allocation.

20 The North Carolina Partnership may contract with outside firms
21 to conduct the performance assessments of local partnerships.

22 (8) The North Carolina Partnership shall establish a local partnership
23 advisory committee comprised of 15 members. Eight of the
24 members shall be chairs of local partnerships' boards of directors,
25 and seven shall be staff of local partnerships. Members shall be
26 chosen by the Chair of the North Carolina Partnership from a pool
27 of candidates nominated by their respective boards of directors.
28 The local partnership advisory committee shall serve in an advisory
29 capacity to the North Carolina Partnership and shall establish a
30 schedule of regular meetings. Members shall serve two-year terms
31 and may not serve more than two consecutive terms. Members
32 shall be chosen from local partnerships on a rotating basis. The
33 advisory committee shall annually elect a chair from among its
34 members.

35 (9) The North Carolina Partnership shall report (i) quarterly to the
36 Joint Legislative Commission on Governmental Operations and (ii)
37 to the General Assembly and the Governor on the ongoing
38 progress of all the local partnerships' work, including all details of
39 the use to which the allocations were put, and on the continuing
40 plans of the North Carolina Partnership and of the Department,
41 together with legislative proposals, including proposals to
42 implement the program statewide."

43 (m) G.S. 143B-168.13(a) reads as rewritten:

44 "(a) The Department shall:

- 1 (1) Develop a statewide process, in cooperation with the North
2 Carolina Partnership, to select the local demonstration projects.
3 The first 12 local demonstration projects developed and
4 implemented shall be located in the 12 congressional districts, one
5 to a district. The locations of subsequent selections of local
6 demonstration projects shall represent the various geographic areas
7 of the State.
- 8 (2) Develop and conduct a statewide needs and resource assessment
9 every third year, beginning in the 1997-98 fiscal year. This needs
10 assessment shall be conducted in cooperation with the North
11 Carolina Partnership and with the local partnerships. The
12 Department may contract with an independent firm to conduct the
13 needs assessment. The needs assessment shall be conducted in a
14 way which enables the Department and the North Carolina
15 Partnership for Children, Inc., to review, and revise as necessary,
16 the total program cost estimate and methodology. The data and
17 findings of this needs assessment shall form the basis for annual
18 program plans developed by local partnerships and approved by
19 the North Carolina Partnership. A report of the findings of the
20 needs assessment shall be presented to the General Assembly prior
21 to the beginning of the 1999 Session and every three years after
22 that date.
- 23 (2.1) Develop and maintain an automated, publicly accessible database
24 of all regulated child care programs.
- 25 ~~(3) Provide technical and administrative assistance to local~~
26 ~~partnerships, particularly during the first year after they are~~
27 ~~selected under this Part to receive State funds. The Department, at~~
28 ~~any time, may authorize the North Carolina Partnership or a~~
29 ~~governmental or public entity to do the contracting for one or~~
30 ~~more local partnerships. After a local partnership's first year, the~~
31 ~~Department may allow the partnership to contract for itself.~~
- 32 (4) Adopt, in cooperation with the North Carolina Partnership, any
33 rules necessary to implement this Part, including rules to ensure
34 that State leave policy is not applied to the North Carolina
35 Partnership and the local partnerships. In order to allow local
36 partnerships to focus on the development of long-range plans in
37 their initial year of funding, the Department may adopt rules that
38 limit the categories of direct services for young children and their
39 families for which funds are made available during the initial year.
- 40 (5) Repealed by Session Laws 1996, Second Extra Session, c. 18, s.
41 24.29(c).
- 42 (6) Annually update its funding formula using the most recent data
43 available. These amounts shall serve as the basis for determining
44 'full funding' amounts for each local partnership."

1 (n) There is allocated from the funds appropriated to the Department of
2 Human Resources, Division of Child Development, in this act, the sum of twenty-two
3 million two hundred fifty-eight thousand six hundred twenty-five dollars
4 (\$22,258,625) for the 1997-98 fiscal year and the sum of twenty-five million two
5 hundred ninety-eight thousand eight hundred thirty-eight dollars (\$25,298,838) for the
6 1998-99 fiscal year to be used as follows:

7 (1) Of the 35 partnerships existing as of the 1996-97 fiscal year, funds
8 for direct services shall be increased a total of \$15,215,912 for the
9 1997-98 fiscal year and \$15,215,912 for the 1998-99 fiscal year.
10 The North Carolina Partnership for Children, Inc., may use up to
11 \$1,500,000 of these funds in the 1997-98 fiscal year as planning
12 funds for the remaining 45 unfunded counties.

13 (2) For the 12 new partnerships planned for as of the 1996-97 fiscal
14 year, funds shall be \$5,252,713 for the 1997-98 fiscal year and
15 \$9,142,926 for the 1998-99 fiscal year to administer and deliver
16 direct services.

17 (3) The North Carolina Partnership for Children, Inc., shall receive an
18 additional \$700,000 in the 1997-98 fiscal year and an additional
19 \$700,000 in the 1998-99 fiscal year for the State-level
20 administration of the Program.

21 (4) The Department of Human Resources shall receive \$750,000 in
22 nonrecurring funds in the 1997-98 fiscal year to conduct a
23 statewide needs and resources assessment.

24 (5) The Department of Human Resources shall receive \$100,000 in
25 nonrecurring funds in the 1997-98 fiscal year to complete the
26 automation of a database of all regulated child care programs.

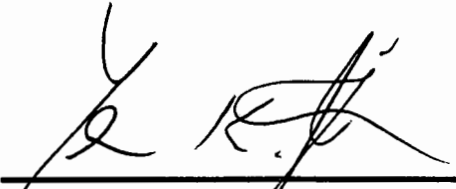
27 (6) The Department of Human Resources shall receive \$240,000 in the
28 1997-98 fiscal year and \$240,000 in the 1998-99 fiscal year for
29 professional development programs.

30 (o) Of the funds appropriated to the Department of Human Resources
31 for the Program for the 1997-99 biennium, the Frank Porter Graham Child
32 Development Center shall receive the sum of eight hundred fifty thousand dollars
33 (\$850,000) for the 1997-98 fiscal year and the sum of eight hundred fifty thousand
34 dollars (\$850,000) for the 1998-99 fiscal year.

Continuation to Appropriations Minutes for April 22, 1997

**SENATE APPROPRIATIONS
SUBCOMMITTEE
ON NATURAL AND ECONOMIC
RESOURCES**

APRIL 22, 1997

 V-Chair

**Senator Bob Martin
Chairman**

Housing Finance Agency

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$2,300,000	\$2,300,000

Legislative Changes

Housing Finance Agency

1 Housing Trust Fund

Support for the Housing Trust Fund.

\$5,000,000 NR

Total Legislative Changes

\$5,000,000 NR

Position Changes

Revised Budget

\$7,300,000

\$2,300,000

Agriculture

GENERAL FUND

Recommended Continuation Budget

FY 97-98

\$49,480,730

FY 98-99

\$49,688,983

Legislative Changes

Agricultural Finance Authority

2 Reduce General Fund Appropriation

(\$10,000) R

(\$10,000) R

Reduce the General Fund appropriation to the Authority by utilizing the interest income earned by the Farm Reserve Loan Fund for the Authority's operating expenses.

Agronomic Services

3 Agronomic Advisory Services

\$314,767 R

\$445,117 R

Funds to increase waste disposal and water management services provided by the Agronomics Division to meet the demand for increased technical assistance from regional agronomists and section chiefs.

\$217,151 NR
7.00

8.00

Food and Drug Protection

4 Food Related Facilities Funds

\$113,994 R

\$113,994 R

Funds to continue support for inspection of food processing facilities, food storage warehouses, retail stores, and medicated livestock-feed manufacturing facilities.

4.00

4.00

Grants-in-Aid

5 Fair and Exhibition Center

Funds for a fair and exhibition center.

\$1,500,000 NR

6 Stanly County Agri-Center

Funds for the Stanly County Agri-Center.

\$50,000 NR

7 Haywood County Agri-Center

Funds for the Haywood County Agri-Center.

\$200,000 NR

8 North Carolina Tobacco Museum

Grant-in-aid to support the North Carolina Tobacco Museum in Kenly.

\$25,000 NR

Senate Subcommittee on Natural and Economic Resources

Maritime Museum

9 Transfer Maritime Museum to Cultural Resources	(\$792,227)	R	(\$786,713)	R
Transfer positions, equipment, and operating support for the North Carolina Maritime Museum to the Department of Cultural Resources.	-17.25		-17.25	

	FY 1997-98	FY 1998-99
Requirements	\$792,527	\$787,013
Receipts	(\$ 300)	(\$ 300)
Appropriation	\$792,227	\$786,713

Marketing

10 Grant-in-Aid	\$37,000	R	\$37,000	R
Increase grant-in-aid to the Western North Carolina Development Association.				

Plant Industry - Plant Protection

11 Bee Regulatory Support	\$170,212	R	\$170,212	R
Funds for expanded regulatory support to protect the North Carolina bee and honey industry from parasitic mites, bee disorders and the Africanized bee.	\$45,894	NR		
	2.00		2.00	

Total Legislative Changes	(\$166,254)	R	(\$30,390)	R
	\$2,038,045	NR		
Position Changes	-4.25		-3.25	
Revised Budget	\$51,352,521		\$49,658,593	

Labor**GENERAL FUND****Recommended Continuation Budget****FY 97-98****\$16,068,855****FY 98-99****\$15,986,184****Legislative Changes****Boiler and Pressure Vessel Bureau****12 Expand Inspection Staff with Receipt Support**

Adds four boiler and pressure vessel inspection staff to conduct safety inspections in accordance with the inspection intervals required in statute. Funding support will be provided with increased receipts generated by inspections conducted with these additional positions.

	FY 1997-98	FY 1998-99
Requirements	\$ 211,316	\$ 196,316
Receipts	(211,316)	(196,316)
Appropriation	0	0

Elevator and Amusement Device Bureau**13 Expand Inspection Staff with Receipt Support**

Adds four elevator inspection staff and one administrative support position to conduct safety inspections -- at six month intervals -- of all elevators in the state. Funding support will be provided with increased receipts generated by these positions assisting in the increased frequency of elevator inspections from an average of every 10 months to every 6 months.

	FY 1997-98	FY 1998-99
Requirements	\$ 248,061	\$ 228,361
Receipts	(248,061)	(228,361)
Appropriation	0	0

Information Office**14 1-800-LABOR-NC**

\$12,000	R	\$14,500	R

Provide additional operating support for the Department's toll-free telephone number.

OSHNC Division**15 Transfer Enforcement Positions to Federal Support**

(\$192,546)	R	(\$192,546)	R

Shifts six OSH Enforcement Positions from 100% state funded support to a combination of 50% federal and 50% state funded support.

-6.00	-6.00

Total Legislative Changes	(\$180,546)	R	(\$178,046)	R
Position Changes	-6.00		-6.00	
Revised Budget	\$15,888,309		\$15,808,138	

Environment, Health, and Natural Resources

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$253,269,888	\$252,502,338

Legislative Changes

(2.00) Environmental Education

16 Environmental Education Grant Fund

\$200,000

R

\$200,000

R

Funds to provide grants to schools, community organizations and environmental education centers to develop environmental education libraries.

(2.00) Forest Resources

17 Reduce equipment

(\$200,000)

R

(\$200,000)

R

Reduce communications equipment budget.

18 Defer Equipment Replacement

(\$500,000)

R

(\$500,000)

R

Defer replacement of certain property, plant and equipment items in forestry field operations.

19 Increase Receipts

(\$120,000)

R

(\$120,000)

R

Increase receipts collected from counties. Counties share in the cost of forestry operations with a match based on the tax base of the county.

20. ~~Contract with Air National Guard~~ *Additional fire fighting*

\$2,500,000

NR

Funds to ~~contract with the Air National Guard~~ for the provision of vehicles and equipment for forest fire fighting purposes. ~~These funds are to be used only if federal funds are not adequate to fund vehicles and equipment for forest fire fighting purposes.~~

21 Rural Community Fire Protection Program

\$100,000

R

\$100,000

R

Funds to provide support to the Rural Community Fire Protection Program.

22 Museum of Forestry

Grant-in-aid to Columbus County for planning and developing a Museum of Forestry.

\$1,500,000

NR

23 Lincoln/Gaston Helicopter Funds

Funds to cover the costs associated with preparing a federal surplus helicopter for fire control in Lincoln and Gaston Counties.

\$282,560

NR

Senate Subcommittee on Natural and Economic Resources

(2.00) Marine Fisheries

24 Moratorium Steering Committee	(\$25,000)	R	(\$25,000)	R

Eliminate funding for the Fisheries Moratorium Steering Committee, which submitted its final report to the Joint Legislative Commission on Seafood and Aquaculture in October 1996.

25 Reduce Marine Fisheries Patrol Equipment	(\$187,321)	R	(\$187,321)	R

Reduce equipment budget to reflect reduced equipment needs associated with the Marine Fisheries law enforcement expansion request funded in 1995, in accordance with the five year fiscal estimate submitted by the division.

26 Operating Reserve for Patrol Vessel			\$97,436	R

Fund vessel operating reserve for the 1998-99 fiscal year. The reserve is for a patrol vessel funded with a 1996-97 capital improvement appropriation and was omitted from the continuation budget by error.

(2.00) Museum of Natural Sciences

27 Grassroots Science Museums	\$100,000	R	\$100,000	R
Additional funds for Grassroots Science Museums.	\$2,550,000	NR		

(2.00) Parks and Recreation

28 Reduce Operating Reserve	(\$300,000)	NR		

Reduce operating reserve for State Parks System.

29 Adopt-a-Trails Program	\$50,000	NR		

Nonrecurring funds to expand the Adopt-a-Trails grant program.

30 Law Enforcement Salary Adjustment	\$363,407	R	\$374,409	R

Funds to adjust the average salary of law enforcement officers in Parks and Recreation based on the average salary of law enforcement officers in the Division of Marine Fisheries and the Wildlife Resources Commission.

(2.00) Soil and Water Conservation

31 Agriculture Cost Share for Animal Waste Management	\$2,000,000	NR		

Additional funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to assist existing farming operations in obtaining approved animal waste management plans.

Senate Subcommittee on Natural and Economic Resources

32 Agriculture Cost Share County Technical Assistance

\$300,000 R \$300,000 R

Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design and installation of agricultural BMPs to improve water quality.

(3.00) Air Quality

33 Increase Receipts

(\$200,000) R (\$200,000) R

Increase the budgeted amount of program receipts and reduce the General Fund appropriation by an equal amount.

(3.00) Land Resources

34 Dam Safety Inspection and Assistance

\$255,336 R \$255,336 R

Funds to establish additional positions to increase the number of dam inspections and to provide technical assistance to owners in the areas of design and construction planning, maintenance, repairs, and emergency action plans.

\$19,000 NR
5.00 5.00

(3.00) Water Quality

35 Wastewater Treatment System Operator Training

Funds to provide training, certification and continuing education courses for wastewater treatment system operators for one year.

\$474,795 NR
5.00

36 Regional Wastewater Management

Funds to develop a regional wastewater collection, treatment and disposal system that uses innovative technology to reduce nutrient and organic loadings to surface waters.

\$1,000,000 NR

37 Federal Wastewater Assistance Matching Funds

Funds to provide the 20% state match required to receive federal wastewater assistance through US EPA's Water Pollution Control Program. Funds will be used to provide low interest loans to local units of government for wastewater construction and improvement projects.

\$4,001,775 NR

38 Basinwide Data Management System Development

\$260,846 R \$375,153 R

Funds for a program delivery initiative to focus on consolidating all existing databases and facilitating access to environmental programs and data. Support staff and equipment needed to maintain the system will be phased in.

1.00 3.00

39 Citizens' Monitoring Program

\$286,950 R \$286,950 R

Funds to establish a citizens' water quality monitoring program. State program staff will be responsible for training volunteers in water quality monitoring and quality assurance activities, coordinating local efforts, and providing program oversight.

\$6,900 NR
2.00 2.00

Senate Subcommittee on Natural and Economic Resources

(3.00) Water Resources

40 Regional Groundwater Management	\$150,000	R	\$150,000	R
Funds for monitoring in the Black Creek and Upper Cape Fear aquifers and for maintenance of monitoring wells in the area. The effective date for these positions is October 1, 1997.	3.00		3.00	

(4.00) Environmental Health

41 Assistance to Local On-Site Wastewater Programs	\$113,016	R	\$113,016	R
Funds to provide additional training, technical assistance and regulatory oversight to local programs in the areas of plan review, septic tank design, manufacture, installation and performance.	\$11,900 2.00	NR	2.00	

42 Straight Pipe Elimination Program	\$87,500	R	\$87,500	R
Funds to provide additional staff to identify and eliminate straight pipe sewage and wastewater discharges and failing septic systems throughout the state.	\$12,500 2.00	NR	2.00	

43 Evaluation of Septic Problems	\$150,000	NR		
Funds to evaluate the condition of septic tanks in the Neuse River Basin.				

44 Support for Local Environmental Health Programs	\$473,870	R	\$473,870	R
Funds to provide training, continuing education and technical assistance to local environmental health specialists performing food, lodging and institution inspections, and other regulatory activities to ensure the sanitation and safety of swimming pools, spas and tatoo artists.	\$26,130 8.00	NR	8.00	

45 Food Sanitation Training Funds	\$100,000	NR		
Funds to provide training and continuing education to persons who conduct food and lodging inspections for county health departments.				

46 Federal Water Supply Assistance Matching Funds	\$9,222,820	NR		
Funds to provide the 20% state match required to receive a federal capitalization grant through US EPA's Drinking Water State Revolving Fund Program. Funds will be used to provide low interest loans to public water systems for capital expenditures associated with drinking water regulations and compliance.				

47 Coastal Water Quality Monitoring	\$337,566	R	\$337,566	R
Funds to develop and implement a program to monitor coastal area waters, rivers and sounds for contaminants to protect the public health of swimmers and other recreational users of the state's coastal waters.	\$59,500 6.00	NR	6.00	

Senate Subcommittee on Natural and Economic Resources

48 Childhood Lead Exposure Control

Funds to expand the state's Childhood Lead Poisoning Prevention Program to emphasize compliance with maintenance standards to minimize lead hazards. Funds contingent upon passage of SB 806.

\$210,879	R	\$210,879	R
\$26,200	NR		
3.00		3.00	

(4.00) Epidemiology

49 Alcohol Chemical Testing Certification Program

Reduce General Fund support for the alcohol chemical testing training and certification program to more accurately reflect actual expenditures.

(\$200,000)	R	(\$200,000)	R

50 Rabies Detection and Prevention Program

Funds to provide additional professional consultation and education services to help prevent the spread of rabies.

\$50,000	R	\$50,000	R
1.00		1.00	

(4.00) Health Promotion

51 Heart Disease & Stroke Prevention Awareness

Funds to develop and maintain a database of existing cardiovascular disease related services and to conduct a statewide media campaign to raise awareness about cardiovascular disease, as recommended by the Heart Disease and Stroke Prevention Task Force established in 1995.

\$170,500	R	\$170,500	R
\$29,500	NR		

52 Heart Disease Data Funds

Funds to begin the identification, coordination and assessment of existing cardiovascular databases within the state.

\$100,000	NR		

53 Cancer Control Plan Implementation Funds

Funds to begin implementation of the North Carolina Cancer Control Plan prepared by the Advisory Committee on Cancer Coordination and Control.

\$500,000	NR		

54 Osteoporosis Task Force

Funds to establish and support the Osteoporosis Task Force.

\$200,000	NR		

55 Arthritis Program

Continue grant-in-aid for private local project providing services to arthritis patients in Mecklenburg County.

\$15,000	NR		

56 State Games of North Carolina

Funds for the Governor's Council on Physical Fitness to support the State Games.

\$200,000	NR		

(4.00) Maternal and Child Health

57 Maternal Outreach Worker Program

Funds to expand the maternal outreach worker program by providing funding for 63 additional home visitors employed by local service providers.

\$825,000	R	\$825,000	R
1.00		1.00	

Senate Subcommittee on Natural and Economic Resources

58 Children's Vision Screening Program

\$419,000 R \$419,000 R

Funds to support a statewide training and certification program for school-based vision screeners. The department will contract with Prevent Blindness, Inc. to implement the program.

59 Cochlear Implants

\$230,000 R \$230,000 R

Funds for grant to UNC Board of Governors for the Carolina Communicative Disorders Program at the School of Medicine at UNC-Chapel Hill to provide cochlear implants and other communication devices for hearing impaired children.

60 UNC Craniofacial Center

\$343,000 R \$343,000 R

Funds for grant to UNC Board of Governors for the UNC Craniofacial Center at the School of Dentistry at UNC-Chapel Hill to provide diagnostic and treatment services for children with craniofacial anomalies.

(5.00) Reserves and Special Funds

61 Water Conservation and Infrastructure District

(\$500,000) R (\$500,000) R

Nonrecurring funds appropriated for the District by the 1995 General Assembly were not eliminated from the 1997-99 continuation budget in error.

62 Maintenance of Existing Water Quality Programs

\$1,000,000 NR

Reserve to maintain the existing level of staff in the Water Quality Section to continue water quality programs and activities at the current level of service for one year.

63 Cape Fear River Assembly, Inc.

\$1,500,000 NR

Funds for programs to monitor and improve the water quality of the Cape Fear River.

64 Roanoke-Pamlico Estuary System Water Quality

\$400,000 NR

Funds to establish a water quality monitoring program for the Roanoke-Pamlico Estuary System.

65 Healthy Start Foundation

\$650,000 NR

Funds to provide statewide planning, promotion, and coordination for the First Step Campaign and to support other programs and activities aimed at reducing infant mortality.

(6.00) Department Wide

66 Salary Reductions/Span of Control

(\$2,335,425) R (\$2,335,425) R

Represents the Department's allocated share of this overall reduction.

(7.00) Wildlife Resources Commission

67 South Mountains Gamelands Funds

\$5,000,000 NR

Funds to assist in the acquisition of gamelands for hunting, fishing, outdoor recreation, and conservation in the South Mountains.

Senate Subcommittee on Natural and Economic Resources

Total Legislative Changes	\$1,009,124	R	\$1,231,869	R
	\$33,288,580	NR		
Position Changes	39.00		36.00	
Revised Budget	\$287,567,592		\$253,734,207	

Commerce

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$37,221,648		\$37,240,885	
Legislative Changes				
Administrative Services				
68 Budget Indirect Cost Receipts	(\$52,000)	R	(\$52,000)	R
Increase the budgeted amount of indirect costs receipts and reduce General Fund appropriation by an equal amount.				
Business and Industry Division				
69 Marketing Missions and Trade Shows	\$80,000	R	\$120,000	R
Increases funding support for the Division's participation at industry trade shows and for conducting national marketing missions.				
70 Fund Industrial Recruitment Competitive Fund	\$1,000,000	NR		
Provides nonrecurring funding support for the Industrial Recruitment Competitive Fund.				
71 Regional Office Staff Support	\$22,100	R	\$26,000	R
Provides an administrative support position for the Piedmont Triad Regional Office. The effective date of the position is September 1, 1997.				
	\$5,900	NR		
	1.00		1.00	
Community Assistance				
72 Reduce Councils of Government (COGs) Funding	(\$180,000)	R	(\$180,000)	R
Reduce General Fund support for Councils of Government/Lead Regional Organizations across the state.				
Department Wide				
73 Salary Reductions/Span of Control Study	(\$672,485)	R	(\$672,485)	R
Represents the Department's allocated share of this overall reduction.				
	-17.00		-17.00	
Economic Development Program				
74 Reduce Support for Data Processing & Subscriptions	(\$29,000)	R	(\$29,000)	R
Reduce funding support for data processing services, subscriptions, and membership dues.				

Senate Subcommittee on Natural and Economic Resources

75 New and Emerging Industry Planning

\$300,000 R \$300,000 R

Provides recurring funding for contracts and operating support to target high growth and emerging technology industries for recruitment to the state, promote technology transfer and entrepreneurship and to develop business support networks within the state.

Executive Aircraft

76 Reduce Repair Funds

(\$188,000) R (\$188,000) R

Reduce funding support for aircraft repair.

Film Office

77 Reduce Travel

(\$25,000) R (\$25,000) R

Reduce budget for board and nonemployee transportation.

Global TransPark Marketing

78 Reduce Support for Global TransPark Marketing

(\$150,000) R (\$150,000) R

Reduce General Fund transfer from the Department of Commerce to the Global TransPark Authority in the Department of Transportation for marketing the Global TransPark.

Industrial Commission

79 Budget Hearing Cost Receipts

(\$202,000) R (\$202,000) R

Increase the budgeted amount of the Commission's Hearing Cost receipts and reduce General Fund appropriations by an equal amount.

80 Case Management System

\$638,571 R \$638,571 R

Provides funds for operating and maintenance costs, staff support to maintain hardware and software, and to develop system applications.

\$17,700 NR
3.00 3.00

81 Temporary Positions

Provides nonrecurring funds to support temporary positions to assist with the Commission's backlog of claims, hearings, and appeals.

\$100,000 NR

82 Increase Industrial Commissioners Salaries

\$113,730 R \$113,730 R

Increases the salaries of the Industrial Commission's six Commissioners to the same amount as that for District Attorneys. Increases the salary of the Chairman of the Industrial Commission to the same amount as District Attorneys plus an additional \$1,500 per annum.

Industrial Finance Center

83 Increase Industrial Development Fund

\$1,000,000 NR

Provides a \$1 million nonrecurring expansion for the Industrial Development Fund.

Senate Subcommittee on Natural and Economic Resources

84 Fund Utility Account (Industrial Development Fund)

Provides nonrecurring funding support for economic development related water and sewer infrastructure projects in tier one enterprise counties.

\$2,000,000 NR

85 Increase Operating Support

Provides additional operating support for the Industrial Finance Center.

\$50,000 R

\$20,000 NR

\$50,000 R

International Trade

86 Global Offices

Funds to contract with representatives to expand the division's foreign offices into 4 new and emerging markets in and around South Africa, the United Kingdom, South America, and the Middle East.

\$300,000 R

\$300,000 R

87 Foreign Trade Shows

Increase recurring funding for trade shows and missions to expose small and medium sized companies to the international marketplace.

\$200,000 R

\$200,000 R

88 International Trade Specialists

Increase the number of international trade specialists to enhance the state's marketability to potential customers in "Big Emerging Markets" (BEM). The effective date of these positions is September 1, 1997.

\$180,736 R

\$196,044 R

\$12,000 NR

2.00

2.00

Reserves and Transfers

89 Reduce Support for the Regional Commissions

Reduces grant-in-aid support for the seven Regional Economic Development Commissions from \$4.68 million to \$4.455 million.

(\$225,000) R

(\$225,000) R

90 Year of the Mountain

Reserve for planning initiatives.

\$300,000 NR

91 Transfer to East Carolina University

Provides nonrecurring funds to be transferred to the UNC Board of Governors for East Carolina University to provide start-up and operating expenses to support the L.T. Walker International Human Performance Center.

\$350,000 NR

92 Institute for Aeronautical Technology

Provides \$1 million in nonrecurring funding for the Institute for Aeronautical Technology. Funds are to be used for planning, design, and land acquisition.

\$1,000,000 NR

93 Special Olympics 1999 World Summer Games

Nonrecurring funds to support the Special Olympics 1999 World Summer Games.

\$700,000 NR

Senate Subcommittee on Natural and Economic Resources

Travel and Tourism

94 Budget Additional Receipts	(\$12,000)	R	(\$12,000)	R
Increase the amount of budgeted receipts and reduce General Fund appropriation by an equal amount.				
95 Advertising Funds	\$1,000,000	R	\$1,000,000	R
Expand current promotional advertising funds and associated expenses to promote North Carolina as a travel destination.				
96 International Marketing	\$950,000	R	\$950,000	R
Funds to continue and expand the promotion of North Carolina as a travel destination in the international arena.				
97 1-800-VISIT-NC	\$250,000	NR		
Additional funds for the tourism hotline operated at Women's Prison.				
98 Rural Tourism Development Funds	\$300,000	NR		
Funds to support the Rural Tourism Development Grants program.				
99 Heritage Tourism	\$300,000	R	\$300,000	R
Funds to operate small scenic attractions of historic value to the state.				
	6.00		6.00	

Wanchese Seafood Industrial Park

100 Restore Governor's Reduction	\$122,594	R	\$122,594	R
Restore Governor's recommended continuation budget reduction in funding and positions.				
	3.00		3.00	
Total Legislative Changes	\$2,522,246	R	\$2,581,454	R
	\$7,055,600	NR		
Position Changes	-2.00		-2.00	
Revised Budget	\$46,799,494		\$39,822,339	

State Aid to Non-State Entities

GENERAL FUND

Recommended Continuation Budget

FY 97-98

\$1,475,000

FY 98-99

\$1,475,000

Legislative Changes

Grants-in-Aid

101 Land Loss Prevention Project

Eliminate recurring appropriation for the Land Loss Prevention Project and defer consideration to expansion.

(\$275,000)

R

(\$275,000)

R

102 Coalition of Farm and Rural Families

Eliminate recurring appropriation to the Coalition of Farm and Rural Families and defer consideration to expansion.

(\$145,000)

R

(\$145,000)

R

103 Institute of Minority Economic Development

Eliminate recurring appropriation and defer consideration to expansion.

(\$780,000)

R

(\$780,000)

R

104 North Carolina Minority Support Center

Eliminate recurring appropriation and defer consideration to expansion.

(\$275,000)

R

(\$275,000)

R

105 Land Loss Prevention Project

Funds to provide free legal representation to low-income, financially distressed farmers.

\$300,000

NR

106 Coalition of Farm and Rural Families

Funds to foster economic development within the state's rural farm communities by offering marketing and technical assistance to small and limited resource farmers.

\$250,000

NR

107 Institute for Minority Economic Development

Funds to foster economic development within the state through policy analysis, information and technical assistance, resource expansion, and support of community-based initiatives.

\$830,000

NR

108 North Carolina Minority Support Center

Funds to provide technical assistance to community-based minority credit unions.

\$375,000

NR

109 Technological Development Authority

Grant-in-aid to the N.C. Technological Development Authority, Inc. for entrepreneurial support and infrastructure including creating new incubators, enhancing existing incubators, developing capital formation initiatives, supporting research commercialization programs and matching federal grant and loan funds.

\$3,000,000

NR

Senate Subcommittee on Natural and Economic Resources

110 World Trade Center North Carolina

Grant-in-Aid to the World Trade Center North Carolina to support international trade education programs to small and medium sized businesses. \$300,000 NR

111 Center for Community Self-Help

Provide funds to further a statewide program of lending for home ownership. \$5,000,000 NR

112 Yadkin/Pee Dee Lakes Project

Funds to the Yadkin/Pee Dee Lakes Project, Inc. to promote tourism and economic development in the area. \$100,000 NR

Total Legislative Changes	(\$1,475,000)	R	(\$1,475,000)	R
	\$10,155,000	NR		
Position Changes				
Revised Budget	\$10,155,000		\$0	

NC Biotechnology Center

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$7,664,396	\$7,664,396

Legislative Changes

NC Biotechnology Center

113 Economic Development Investment Fund

Nonrecurring funding increase for the N.C. Biotechnology Center's Economic Development Investment Fund. Funds provided are to be used for loans or equity investment to biotechnology companies and to biomedical and other bioscience related companies.

\$7,500,000 NR

Total Legislative Changes

\$7,500,000 NR

Position Changes

Revised Budget	\$15,164,396	\$7,664,396

Rural Economic Development Center

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$5,870,000		\$5,870,000	
Legislative Changes				
N.C. Association of CDCs				
114 N.C. Association of CDCs	(\$150,000)	R	(\$150,000)	R
Eliminate recurring funding for the North Carolina Association of Community Development Corporations, Inc. and defer consideration to expansion.				
115 N.C. Association of CDCs	\$200,000	NR		
Funding for the North Carolina Association of Community Development Corporations, Inc. to provide training and technical assistance to community development corporations statewide.				
N.C. Community Development Initiative				
116 Additional Funds	\$200,000	R	\$200,000	R
Additional funds for the North Carolina Community Development Initiative to support operating and program activity grants to mature community development corporations.				
Rural Economic Development Center				
117 Supplemental Funding Program	\$2,400,000	NR		
Additional funds to support the Supplemental Funding Program for economic development in rural communities.				
Total Legislative Changes	\$50,000	R	\$50,000	R
	\$2,600,000	NR		
Position Changes				
Revised Budget	\$8,520,000		\$5,920,000	

SENATE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION

APRIL 22, 1997

A handwritten signature in black ink, appearing to read "Luther Jordan", is written over a horizontal line.

**Senator Luther Jordan
Chairman**

Transportation

HIGHWAY FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$1,082,397,705	\$1,087,670,091

Legislative Changes

Administration

(0000) All Divisions

1 Position Reductions	(\$135,000)	R	(\$135,000)	R
Eliminate 3 vacant positions:				
	-3.00		-3.00	
Asst. Sec. for Government Affairs				
Deputy Secretary				
Personnel Tech III				
2 Reduce Operating Expenses	(\$130,000)	R	(\$130,000)	R
Travel/Other Employee Expenses (22XX)	(\$10,000)			
Payments for Services (22XX)	(\$100,000)			
Materials and Supplies (24XX)	(\$10,000)			
Equipment (25XX)	(\$10,000)			
Total	(\$130,000)			

(0110) Board of Transportation

3 Reduce Operating Expenses	(\$26,000)	R	(\$26,000)	R
Per Diem (2231)	(\$16,000)			
Board-Council Expenses (2235)	(\$10,000)			
Net	(\$26,000)			

(0210) Fiscal

4 Reduce Operating Expenses	(\$10,000)	R	(\$10,000)	R
Travel and Subsistence (2236-40)	(\$18,000)			
Hwy Trust Fund Trans. (0914)	\$ 8,000			
Net	(\$10,000)			

(0220) MIS

5 Support for Year 2000 Conversion				
Contract personnel to provide technical support for the Year 2000 conversion.	\$4,835,000	NR	\$5,575,000	NR
6 Support for Vehicle Registration System (STARS)	\$600,457	R	\$600,457	R
Contract personnel to provide programming support for the Vehicle Registration System (STARS).	\$600,447	NR		

Senate Subcommittee on Transportation

7 Support for Driver License System

Contract personnel to provide programming support for the Driver License System.

\$421,852

R

\$421,852

R

\$140,618

NR

(0250) Internal Audit

8 Reduce Operating Expenses

(\$1,350)

R

(\$1,350)

R

Educational Expenses (2233) (\$3,000)
Hwy Trust Fund Trans. (0914) \$1,650
Net (\$1,350)

(0290) Director of Administration

9 Reduce Operating Expenses

\$0

R

\$0

R

Professional Fees (2310) (\$50,000)
Hwy Trust Fund Trans. (0914) \$50,000
Net (\$ 0)

10 Increase Receipts

(\$185,000)

R

(\$185,000)

R

Employee Commuting Fees (0994) \$185,000

(0660) Ferry Division

11 Increase Receipts

Charges to Work Orders (0910) \$10,000

(\$10,000)

NR

Operations

(0000) All Divisions

12 Reduce Operating Expenses

(\$85,000)

R

(\$85,000)

R

Travel/Other Employee Expenses (22XX) (\$30,000)
Payments for Services (22XX) (\$30,000)
Materials and Supplies (24XX) (\$10,000)
Equipment (25XX) (\$15,000)
Total (\$85,000)

(1030) Chief Engr of Operations

13 Reduce Operating Expenses

(\$8,600)

R

(\$8,600)

R

Educational Expenses (2233) (\$20,000)
Hwy Trust Fund Trans (0914) 11,400
Net (8,600)

Senate Subcommittee on Transportation

(2050) Division Five

14 Reduce Operating Expenses

(\$18,510) R (\$18,705) R

	97/98	98/99
Telephone (2322)	(\$7,000)	(7,210)
Data Processing Equip (2510)	(15,000)	(15,000)
Hwy Trust Fund Trans. (0914)	3,490	3,505
Net	(18,510)	(18,705)

(2140) Division Fourteen

15 Reduce Operating Expenses

(\$2,250) R (\$2,250) R

Repairs (2342)	(\$3,000)
Hwy Trust Fund Trans. (0914)	750
Net	(\$2,250)

(2210) Highway Design

16 Reduce Operating Expenses

(\$51,710) R (\$51,710) R

Subsistence & Travel (2236;7)	(\$20,000)
Repairs (2347)	(5,000)
Photographic Supplies (2410)	(12,000)
Engr & Drafting Equip (2512)	(20,000)
Services by Other Hwy Div. (2640)	(30,000)
Hwy Trust Fund Trans. (0914)	35,290
Net	(51,710)

17 Increase Estimated Receipts

(\$75,000) R (\$75,000) R

Direct Charges to Job Orders (0910)	(\$50,000)
Other Receipts (0990)	(25,000)
Net	(75,000)

(2230) Maintenance

18 Reduce Operating Expenses

(\$33,350) R (\$33,350) R

Subsistence & Travel (2236;7)	(\$35,000)
Rent of Equip (2522)	(5,000)
Hwy Trust Fund Trans. (0914)	6,650
Net	(33,350)

(2240) Construction

19 Reduce Operating Expenses

(\$7,000) R (\$7,000) R

Laboratory Equipment (2514)	(\$7,000)

(2260) Safety & Loss Control

20 Reduce Operating Expenses

(\$24,000) R (\$24,000) R

Educational Expenses (2233)	(\$9,000)
Subsistence and Travel (2236;7;8;9;40)	(15,000)
Net	(24,000)

Senate Subcommittee on Transportation

(2320) Traffic Engineering

21 Reduce Operating Expenses

(\$6,300) R (\$6,300) R

Subsistence and Travel (2236;7;8;9;40) (\$7,500)

Hwy Trust Fund Trans. (0914) 1,200

Net (6,300)

(2330) Right of Way

22 Reduce Operating Expenses

(\$5,000) R (\$5,000) R

Subsistence and Travel (2236;7;8;9;40) (\$5,000)

(2420) Highway Engineering Assoc. Prog.

23 Increase Receipts

(\$250,000) R (\$250,000) R

Direct Charges-Work Orders (0910) \$250,000

Construction and Maintenance

(5180) Construction - Discretionary

24 Increase Small Urban Programs

\$4,000,000 R \$4,000,000 R

Provides an additional funding for rural and small urban highway improvements, industrial access and spot safety.

(5240) Contract Resurfacing

25 Additional Resurfacing Funds

\$9,589,211 R \$9,589,211 R

To provide additional funds for contract resurfacing.

\$11,395,044 NR

Senate Subcommittee on Transportation

(5400) Capital Improvements

26 Capital Facilities Improvements

To provide funds for capital facilities improvements.

\$12,100,000 NR

- 1.R.E.U. Office/Assembly & Storage Facility
Newton - \$434,000
- 2.Equipment Shop, Const.
Marion - \$1,103,000
- 3.Transportation Bldg. Upgrade - Chiller
Raleigh - \$469,000
- 4.Site Planning & Utilities Const.
Asheboro - \$128,000
- 5.Equipment Shop, Const.
Asheboro - \$1,024,000
- 6.Century Center Renovation - Electrical
Raleigh - \$439,000
- 7.Maint. Office/Assembly
Franklin - \$405,000
- 8.DMV - Bldg. Renovation & Addition
Morganton - \$198,000
- 9.Resident Engr's. Office, Const.
Lumberton - \$294,000
- 10.DMV - Bldg. Renovation & Addition
Charlotte - \$262,000
- 11.R.E.U./Road Oil Building
North Wilkesboro - \$1,127,000
- 12.Land Purchase, 1.5 Acres
Currituck - \$84,000
- 13.DMV - HVAC Replacements
Statewide - \$300,000
- 14.DOH - Water and Sewage Systems
Statewide - \$132,000
- 15.Transportation Bldg. Upgrade - Plumbing
Raleigh - \$303,000
- 16.DOH - Misc. (Small) Office Additions
Statewide - \$120,000
- 17.DMV - Life Safety Upgrades
Raleigh - \$142,000
- 18.DMV - Water and Sewage Systems
Statewide - \$100,000
- 19.Weigh Stations - Electrical Renovations
Statewide - \$100,000
- 20.Weigh Stations - HVAC Renovations
Statewide - \$84,000
- 21.DMV - Pkg. Lot Renovations
Statewide - \$185,000
- 22.Div. Traffic Serv. Office/Shop/Whse., Const.
Carthage - \$1,355,000
- 23.Pesticide Storage Bldg., Const.
Carthage - \$75,000
- 24.Salt Storage Facilities
Statewide - \$532,000
- 25.Repair/Supply Facility, Const.
Hatteras North Dock - \$721,000
- 26.DMV - Bldg. Renovation & Addition
North Wilkesboro - \$198,000
- 27.DMV - Roof Replacements

Senate Subcommittee on Transportation

Statewide - \$263,000
28.DMV- Exterior Renovations
Statewide - \$238,000
29.DMV - Interior Renovations
Statewide - \$182,000
30.DMV - Bldg. Renovations & Addition
Sanford - \$378,000
31.DMV - Renovation & Addition
Graham - \$60,000
32.DMV - Computer Room Renovation
Raleigh - \$99,000
33.Land Purchase, 0.75 Acre
Hayesville - \$100,000
34.New Division Office, Land Purchase & Des.
North Wilkesboro - \$366,000
35.Renovate Maintenance Facility
Onslow County - \$100,000

(5600) Federal Construction

27 Reduce Federal Aid Match

Reduce Highway Fund appropriations used to match Federal Aid. (\$8,783,547) NR

(5940 & 5970) State Aid - Rail and Public Transit

28 Public Transportation Improvements

To provide additional funds for the improvement of passenger rail service and support of local public transportation systems.

\$12,600,000 R \$12,600,000 R
\$13,400,000 NR

Division of Motor Vehicles

(0520) Vehicle Registration

29 Adjust Operating Expenses

Professional Fees (2310) (\$ 40,000)
Insurance and Bond Premium (2351) (\$ 30,000)
Uniforms, Arms, Etc (2412) (\$ 1,409)
Branch Agent Commissions (2314) \$268,909
Data Processing Equipment (2510) \$ 40,000
Hwy Trust Fund Trans. (0914) \$ 62,500
Net \$300,000

\$300,000 R \$300,000 R

30 Increase Receipts

Registration Info. Receipts (0985) \$225,000
Acknowledgment Fees (0986) \$ 35,000
Net \$260,000

(\$260,000) R (\$260,000) R

31 Service and Maintenance of Equipment

Increased service and maintenance costs for data processing equipment.

\$150,000 R \$165,000 R

32 Branch Agent Transaction Volume

\$2,565,263 R \$3,633,359 R

Transportation

Senate Subcommittee on Transportation

Increased costs related to larger number of transactions performed by Branch Agents. Branch Agent transaction rate remains unchanged.

33 Increase Highway Trust Fund Receipts	(\$1,016,780)	R	(\$1,210,329)	R
Highway Trust Fund receipts increase due to growth in Highway Use Tax transactions.				
34 Branch Agent Rate Increase	\$1,366,482	R	\$1,475,802	R
Branch Agent rate increases from \$1.20 per transaction to \$1.35 for non-Highway Use Tax transactions.				
35 License Plates and Stickers	\$226,291	R	\$392,763	R
Increased costs related to larger number of license plates.				

(0530) Driver Licensing

36 Adjust Operating Expenses	\$0	R	\$0	R
Repairs and Services to Equip. (2342) (\$ 8,000)				
Repairs and Services to DP Equip.(2347) (\$ 9,000)				
Office supplies (2410) (\$70,000)				
Photographic Supplies (2473) (\$ 5,000)				
Printing and Binding (2411) \$75,000				
Driver License Photo Equipment (2524) \$17,000				
Net \$ 0				
37 Automated Testing System			\$30,000	R
Install automated testing equipment in 10 offices.	\$270,000	NR	\$230,000	NR
38 Renovate 11 Driver License Offices				
The following offices are scheduled for renovation:	\$494,722	NR		
East Greensboro, Asheboro, Clyde, Concord, Greenville, Monroe, Morehead City, Morganton, Rocky Mount, Taylorsville and Whiteville				
39 Automated Customer Queuing System	\$9,500	R	\$39,500	R
Install Queuing Systems in 20 Driver License offices.	\$360,000	NR		
40 Photo Equipment	\$191,444	R	\$399,598	R
Increased costs of leasing digitized photo equipment due to increases in number of transactions performed.				
41 Graduated Driver License Implementation	\$101,789	R	\$255,607	R
Expenditures to implement graduated driver license legislation.	\$20,865 3.00	NR	\$28,595 7.00	NR
42 Driver License Office Staffing	\$904,940	R	\$1,138,735	R
Additional staffing necessary to meet customer demands.	\$95,060	NR	\$23,765	NR

Senate Subcommittee on Transportation

\$95,060
28.00\$23,765
35.00**(0540) School Bus and Traffic Safety****43 Adjust Operating Expenses**

\$0 R

\$0 R

Dues, Subscriptions, Promo. (2352) (\$5,000)
Repairs and Services to Equip. (2342) (\$2,000)
In-State Transportation (2237) \$7,000
Net \$ 0

44 Driver Improvement Clinics

\$18,500 R

\$18,500 R

To enable drivers to complete clinic in one day.

\$35,100 NR

(0550) Traffic Records**45 Increase Receipts**

(\$7,400) R

(\$7,400) R

Reimbursement NHSTA (0959) \$7,400

(0560) International Registration Plan**46 Adjust Operating Expenses**

(\$4,700) R

(\$4,700) R

Travel and Subsistence (2238-9) (\$5,000)
Telephone and Telegraph (2322) (\$2,000)
In-State Transportation (2237) \$2,000
Hwy Trust Fund Trans. (0914) \$ 300
Net (\$4,700)

(0570) Enforcement**47 Adjust Operating Expenses**

\$0 R

\$0 R

Educational Expenses (2233) (\$ 2,186)
Repairs and Service DP Equip. (2347) (\$ 36,000)
Motor Vehicle Operations (2469) (\$ 2,331)
In-State Subsistence (2236) (\$213,184)
Rent of Other Equipment (2523) (\$ 10,000)
In-State Transportation (2237) \$189,184
Out of State Subsistence (2238) \$ 12,000
Out of State Transportation (2239) \$ 6,000
Other Travel Expenses (2240) \$ 6,000
Training Data Processing (2250) \$ 2,186
Professional Fees (2310) \$ 10,000
Shop Supplies and Small Tools (2474) \$ 2,331
Data Processing Equipment (2510) \$ 57,500
Safety Inspection Invest. (2637) (\$ 21,500)
Net \$ 0

48 Equipment

To provide funds to purchase portable scales, scale racks, and 800 MHZ radios.

\$814,630 NR

Senate Subcommittee on Transportation

(0590) Motor Vehicle Exhaust Emission Inspec.

49 Adjust Expenditures and Receipts

\$0 R \$0 R

To budget additional receipts and expenditures for this fee supported program, based on program requirements

	97/98	98/99
Expenditures	\$3,959,086	\$1,478,941
Receipts	(\$3,959,086)	(\$1,478,941)
Net	0	0

Reserves

(0000) Reserves

50 Mid-State Visitor Center Feasibility Study

Funds are appropriated to the Department of Transportation to be allocated to the Fayetteville Area Convention and Visitor's Bureau for a feasibility study for a regional Mid-State Visitor's Center.

\$75,000 NR

51 Minority Contractor Development

\$300,000 R \$500,000 R

To provide funds to the Department of Transportation for the development of minority contractors.

52 State Fire Protection Grant Fund

\$150,000 R \$150,000 R

Highway Fund portion of grants to local fire units for protection of State facilities.

(6270) Crime Control and Public Safety

53 Criminal Justice Information Network (CJIN)

Provide funds for installation of 18 data transmitters and purchase of 200 mobile data units.

\$4,106,600 NR \$156,600 NR

(6310) Dept. of Public Instruction

54 Increased Driver Education Cost

\$922,607 R \$939,955 R

Increased Driver Education Cost due to revised 9th grade Average Daily Membership (ADM) estimates.

(6810) Compensation Increases

55 Reduction of Reserve for Compensation Increases

(\$250,000) R (\$250,000) R

The reserve amount provided in 1996 for the 4.5% FY 96/97 compensation increase was more than was needed to pay for the annualized cost of the increase. As a result, compensation funds can be reduced by \$250,000.

56 Legislative Salary Increase

\$12,569,514 R \$12,569,514 R

Provides funds for a 3% salary increase for all employees p

Senate Subcommittee on Transportation

aid from Highway Fund appropriations.

(6820) New DMV Building

57 New DMV Building

Provides design funds for new DMV Building.

\$1,000,000 NR

(6825) Computer Replacement

58 Computer Replacement Reserve

Provides funds to allow for ongoing replacement of obsolete personal computers.

\$1,000,000 NR \$1,000,000 NR

(6826) New DMV Systems

59 Collisions Reports Re-engineering

Provide funds for the re-engineering of the way data is collected relating to automobile accidents.

\$1,774,500 NR \$1,742,527 NR

60 International Registration Plan (IRP)

Provide funds for enhancements to outdated IRP software.

\$1,270,600 NR \$1,766,000 NR

Total Legislative Changes

\$44,394,900 R \$46,433,159 R

\$44,994,639 NR \$10,522,487 NR

Position Changes

28.00 39.00

Revised Budget

\$1,171,787,244 \$1,144,625,737

CODE NO. 97TRANS-S009-P

Requested by: Senator Jordan

**GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND FROM
FEDERAL SOURCES**

1 Section @. When funds are provided from the Highway Fund to the
2 Global TransPark Authority for environmental impact statements or assessments and
3 the Global TransPark Authority applies for and receives reimbursement for those
4 expenses from federal sources up to one million eight hundred thousand dollars
5 (\$1,800,000), the federal reimbursements shall be paid over by the Global TransPark
6 Authority into the Highway Fund within 30 days of receipt. These funds shall be
7 allocated to State-funded maintenance appropriations in the manner approved by the
8 Board of Transportation.

1 CODE NO. 97TRANS-S002-P

2

3 Requested by: Senator Jordan

4

5 AIRCRAFT AND FERRY ACQUISITIONS

1 Section @. G.S. 143B-350 is amended by adding a new subsection to
2 read:

3 "(i) Before approving the purchase of an aircraft from the Equipment Fund or a
4 ferry in a Transportation Improvement Program, the Board of Transportation shall
5 prepare an estimate of the operational costs and capital costs associated with the
6 addition of the aircraft or ferry and shall report those additional costs to the General
7 Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on
8 Governmental Operations."

1 CODE NO. 97TRANS-S010-P

2

3 Requested by: Senator Jordan

4

5 DEPARTMENT OF TRANSPORTATION TO PAY DEPARTMENT OF
6 CORRECTION ONLY FOR ACTUAL MEDIUM CUSTODY INMATE LABOR

1 Section @. The Department of Transportation shall pay the Department
2 of Correction only for the actual labor performed by medium custody inmates.

1 CODE NO. 97TRANS-S011A-P

2

3 Requested by: Senator Jordan

4

5 **HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

1 Section @. Article 1 of Chapter 136 of the General Statutes is amended
2 by adding a new section to read:

3 "**§ 136-16.10. Allocations by Department Controller to eliminate overdrafts.**

4 The Controller of the Department of Transportation shall allocate at the beginning
5 of each fiscal year from the various appropriations made to the Department of
6 Transportation for State Construction, State Funds to Match Federal Highway Aid,
7 State Maintenance, and Ferry Operations, sufficient funds to eliminate all overdrafts
8 on State maintenance and construction projects, and these allocations shall not be
9 diverted to other purposes."

1 **CODE NO. 97TRANS-S013B-P**

2

3 Requested by: Senator Jordan

4

5 **SMALL URBAN CONSTRUCTION PROGRAM DISCRETIONARY FUNDS**

1 Section @. Of the funds appropriated in this act to the Department of

2 Transportation:

3 (1) \$14,000,000 shall be allocated in each fiscal year for small urban
4 construction projects. These funds shall be allocated equally in
5 each fiscal year of the biennium among the 14 Highway Divisions
6 for the small urban construction program for small urban
7 construction projects that are located within the area covered by a
8 one-mile radius of the municipal corporate limits.

9 (2) \$10,000,000 shall be used statewide for rural or small urban
10 highway improvements, industrial access roads, and spot safety
11 projects as approved by the Secretary of the Department of
12 Transportation.

13 None of these funds used for rural secondary road construction are
14 subject to the county allocation formula as provided in G.S. 136-44.5.

15 The Department of Transportation shall report to the members of the
16 General Assembly on projects funded pursuant to this section in each member's
17 district prior to the Board of Transportation's action. The Department shall make a
18 quarterly comprehensive report on the use of these funds to the Joint Legislative
19 Transportation Oversight Committee and the Fiscal Research Division.

1 **CODE NO. 97TRANS-S016A-P**

2

3 Requested by: Senator Jordan

4

5 **USE OF ANNUAL UNRESERVED HIGHWAY FUND CREDIT BALANCE**

1 Section @. G.S. 136-44.2 reads as rewritten:

2 **"§ 136-44.2. Budget and appropriations.**

3 The Director of the Budget shall include in the 'Current Operations
4 Appropriations Bill' an enumeration of the purposes or objects of the proposed
5 expenditures for each of the construction and maintenance programs for that budget
6 period for the State primary, secondary, urban, and State parks road systems. The
7 State primary system shall include all portions of the State highway system located
8 outside municipal corporate limits which are designated by N.C., U.S. or Interstate
9 numbers. The State secondary system shall include all of the State highway system
10 located outside municipal corporate limits that is not a part of the State primary
11 system. The State urban system shall include all portions of the State highway system
12 located within municipal corporate limits. The State parks system shall include all
13 State parks roads and parking lots which are not also part of the State highway
14 system.

15 All construction and maintenance programs for which appropriations are requested
16 shall be enumerated separately in the budget. Programs that are entirely State
17 funded shall be listed separately from those programs involving the use of federal-aid
18 funds. Proposed appropriations of State matching funds for each of the federal-aid
19 construction programs shall be enumerated separately as well as the federal-aid funds
20 anticipated for each program in order that the total construction requirements for
21 each program may be provided for in the budget. Also, proposed State matching
22 funds for the highway planning and research program shall be included separately
23 along with the anticipated federal-aid funds for that purpose.

24 Other program categories for which appropriations are requested, such as, but not
25 limited to, maintenance, channelization and traffic control, bridge maintenance,
26 public service and access road construction, and ferry operations shall be enumerated
27 in the budget.

28 The Department of Transportation shall have all powers necessary to comply fully
29 with provisions of present and future federal-aid acts. No federally eligible
30 construction project may be funded entirely with State funds unless the Department
31 of Transportation has first consulted with the Joint Legislative Commission on
32 Governmental Operations. For purposes of this section, 'federally eligible
33 construction project' means any construction project except secondary road projects
34 developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any
35 federal-aid act, whether or not federal funds are actually available.

36 The 'Current Operations Appropriations Bill' shall also contain the proposed
37 appropriations of State funds for use in each county for maintenance and
38 construction of secondary roads, to be allocated in accordance with G.S. 136-44.5 and
39 136-44.6. State funds appropriated for secondary roads shall not be transferred nor

1 used except for the construction and maintenance of secondary roads in the county
2 for which they are allocated pursuant to G.S. 136-44.5 and 136-44.6.

3 ~~In the event receipts and increments to the State Highway Fund shall be more than~~
4 ~~the appropriations made for the preceding fiscal year, such excesses shall be allocated~~
5 ~~by the Director of the Budget to the Department of Transportation for school and~~
6 ~~industrial access roads and unforeseen happenings or state of affairs requiring prompt~~
7 ~~action, with fifty percent (50%) of the balance to be allocated to the State secondary~~
8 ~~roads program on the basis of need as determined by the Department of~~
9 ~~Transportation and the remaining fifty percent (50%) to be allocated in accordance~~
10 ~~with G.S. 136-44.5. If the unreserved credit balance in the Highway Fund on the last~~
11 ~~day of a fiscal year is greater than the amount estimated for that date in the Current~~
12 ~~Operations Appropriations Act for the following fiscal year, the excess shall be used~~
13 ~~in accordance with this paragraph. The Director of the Budget may allocate part or~~
14 ~~all of the excess among reserves for access and public roads, for unforeseen events~~
15 ~~requiring prompt action, or for other urgent needs. The amount not allocated to any~~
16 ~~of these reserves by the Director of the Budget shall be credited to a reserve for~~
17 ~~maintenance. The Board of Transportation shall report monthly to the Joint~~
18 ~~Legislative Transportation Oversight Committee and the Fiscal Research Division on~~
19 ~~the use of funds in the maintenance reserve.~~

20 The Department of Transportation may provide for costs incurred or accrued for
21 traffic control measures to be taken by the Department at major events which involve
22 a high degree of traffic concentration on State highways, and which cannot be funded
23 from regular budgeted items. This authorization applies only to events which are
24 expected to generate 30,000 vehicles or more per day. The Department of
25 Transportation shall provide for this funding by allocating and reserving up to one
26 hundred thousand dollars (\$100,000) before any other allocations from the
27 appropriations for State maintenance for primary, secondary, and urban road systems
28 are made, based upon the same proportion as is appropriated to each system."

1 **CODE NO. 97TRANS-S006A-P**

2

3 Requested by: Senator Jordan

4

5 **DRIVERS EDUCATION FUNDING**

1 Section @. From funds appropriated by this act to the Department of
2 Transportation, the Department shall pay for the increased costs for drivers education
3 due to the projected increase in average daily membership in the ninth grade drivers
4 education program.

5 In allocating funds for driver training, the State Board of Education shall
6 consider the needs of small and low-wealth local school administrative units.

1 CODE NO. 97TRANS-S007D-P

2

3 Requested by: Senator Jordan

4

5 **BRANCH AGENT REIMBURSEMENT RATE**

6 Section @. (a) G.S. 20-63(h) reads as rewritten:

7 "(h) Commission Contracts for Issuance of Plates and Certificates. -- All
8 registration plates, registration certificates and certificates of title issued by the
9 Division, outside of those issued from the Raleigh offices of the said Division and
10 those issued and handled through the United States mail, shall be issued insofar as
11 practicable and possible through commission contracts entered into by the Division
12 for the issuance of such plates and certificates in localities throughout North Carolina
13 with persons, firms, corporations or governmental subdivisions of the State of North
14 Carolina and the Division shall make a reasonable effort in every locality, except as
15 hereinbefore noted, to enter into a commission contract for the issuance of such
16 plates and certificates and a record of these efforts shall be maintained in the
17 Division. In the event the Division is unsuccessful in making commission contracts as
18 hereinbefore set out it shall then issue said plates and certificates through the regular
19 employees of the Division. Whenever registration plates, registration certificates and
20 certificates of title are issued by the Division through commission contract
21 arrangements, the Division shall provide proper supervision of such distribution.
22 Commission contracts entered under this subsection shall provide for the payment of
23 compensation ~~at a rate of sixty cents (60c) per transaction~~ for all transactions as set
24 forth below. Nothing contained in this subsection will allow or permit the operation
25 of fewer outlets in any county in this State than are now being operated.

26 A transaction is any of the following activities:

- 27 (1) Issuance of a registration plate, a registration card, a registration
28 renewal sticker, or a certificate of title.
- 29 (2) Issuance of a handicapped placard or handicapped identification
30 card.
- 31 (3) Acceptance of an application for a personalized registration plate.
- 32 (4) Acceptance of a surrendered registration plate, registration card, or
33 registration renewal sticker, or acceptance of an affidavit stating
34 why a person cannot surrender a registration plate, registration
35 card, or registration renewal sticker.
- 36 (5) Cancellation of a title because the vehicle has been junked.
- 37 (6) Acceptance of an application for, or issuance of, a refund for a fee
38 or a tax, other than the highway use tax.
- 39 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in
40 financial responsibility or receipt of the restoration fee imposed by
41 that statute.
- 42 (8) Acceptance of a notice of failure to maintain financial
43 responsibility for a motor vehicle.
- 44 (9) Collection of the highway use tax.

1 Performance at the same time of any combination of the items that are listed
2 within each subdivision or are listed within subdivisions (1) through (8) of this
3 section is a single transaction for which a dollar and thirty-five cent (\$1.35)
4 compensation shall be paid. Performance of the item listed in subdivision (9) of this
5 subsection in combination with any other items listed in this subsection is a separate
6 transaction for which a one dollar and twenty cent (\$1.20) compensation shall be
7 paid."

8 (b) The Department of Transportation shall develop performance
9 measures for commission agent contracts, entered into pursuant to G.S. 20-63(h), as a
10 basis for judging compliance with those contracts. The Department shall report on
11 the performance measures to the Joint Legislative Transportation Oversight
12 Committee and the Fiscal Research Division by December 1, 1997. No performance
13 measures shall be implemented prior that review.

14 (c) Subsection (a) of this section becomes effective July 1, 1997.

1 **CODE NO. 97TRANS-S008-P**

2

3 Requested by: Senator Jordan

4

5 **INTERNATIONAL REGISTRATION PLAN BUDGET CODE MERGED INTO**
6 **VEHICLE REGISTRATION BUDGET CODE**

1 Section @. Within Budget Code 84260 (Division of Motor Vehicles),
2 fund 0560 (International Registration Plan Section) shall be merged into fund 0520
3 (Vehicle Registration).

1 **CODE NO. 97TRANS-S015-P**

2

3 Requested by: Senator Jordan

4

5 **PRIVATIZATION OF THE SCHOOL BUS DRIVER TRAINING PROGRAM**

6

7 Section @. The Department of Transportation shall prepare a plan for
8 the privatization of school bus driver training. This plan shall include, but not be
9 limited to the following:

10

(1) A full description of the school bus driver training activities
carried out by the Department.

11

(2) An accounting of all costs, both personnel and nonpersonnel costs,
to the Department related to school bus driver training.

12

(3) A list of all Department positions performing functions related to
school bus driver training and the portion of time that each
position devotes to these functions.

13

(4) A draft request for proposals for private contracts to provide all
school bus driver training services.

14

(5) An estimate of the cost of private contracts to provide all school
bus driver training services and an explanation of how that
estimate was developed.

15

(6) A detailed estimate of the projected cost to the Department to
administer contracts for school bus driver training.

16

(7) A schedule for issuing a contract for school bus driver training and
a schedule for the elimination of Department positions and
expenditures related to that training.

17

Copies of the plan shall be provided to the Chairs of the Joint Legislative
Transportation Oversight Committee and the Fiscal Research Division by March 1,
1998.

18

1 **CODE NO. 97TRANS-S012-P**

2

3 Requested by: Senator Jordan

4

5 **HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES**

1 Section @. (a) Overexpenditures from Section ??? of this act may be
2 made by authorization of the Director of the Budget,

3 Titles:

4 State Construction Primary Construction

5 State Construction Urban Construction

6 Spot Safety Construction

7 State Construction Access and Public Service Roads

8 State Funds to Match Federal Highway Aid

9 State Maintenance

10 Ferry Operations,

11 provided that there are corresponding underexpenditures from these same Titles.
12 Overexpenditures or underexpenditures in any Titles may not vary by more than ten
13 percent (10%) without prior consultation with the Advisory Budget Commission.
14 Written reports covering overexpenditures or underexpenditures of more than ten
15 percent (10%) shall be made to the Joint Legislative Transportation Oversight
16 Committee. The reports shall be delivered to the Director of the Fiscal Research
17 Division not less than 96 hours prior to the beginning of the Commission's full
18 meeting.

19 (b) Overexpenditures from Section __ of this act,

20 Titles:

21 State Construction Primary Construction

22 State Construction Urban Construction

23 Spot Safety Construction

24 State Construction Access and Public Service Roads

25 State Funds to Match Federal Highway Aid

26 State Maintenance

27 Ferry Operations,

28 for the purpose of providing additional positions shall be approved by the Director of
29 the Budget and shall be reported on a quarterly basis to the Joint Legislative
30 Transportation Oversight Committee and to the Fiscal Research Division.

1 **CODE NO. 97TRANS-S014-P**

2

3 Requested by: Senator Jordan

4

5 **DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL**
6 **STATUTES FOR EXPERIMENTAL PROJECT--CONGESTION MANAGEMENT**

1 Section @. The Department of Transportation may enter into a design-
2 build-warrant contract to develop, with Federal Highway Administration
3 participation under The 1991 Intermodal Surface Transportation Efficiency Act, Title
4 VI, Part B, Sections 6051-6059, a "Congestion Avoidance and Reduction for Autos
5 and Trucks (CARAT)" system of traffic management for the greater Charlotte-
6 Mecklenburg urban areas. Notwithstanding any other provision of law, contractors,
7 contractors' employees, and Department of Transportation employees involved in this
8 project only do not have to be licensed by occupational licensing boards as "license"
9 and "occupational licensing board" are defined in G.S. 93B-1; and for the purpose of
10 entering into contracts, the Department of Transportation is exempted from the
11 provisions of the following General Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58,
12 143-128, and 143-129. These statutory exemptions are limited and available only to
13 the extent necessary to comply with federal rules, regulations, and policies for
14 completion of this project.

15 The Department of Transportation shall report quarterly to the Joint
16 Legislative Transportation Oversight Committee on its efforts to enter into a design-
17 build-warrant contract and to award and construct the project. The report shall
18 include, but not be limited to, the number of types of firms bidding on the project,
19 special qualifications of the firms bidding, and the effect statutory exemptions might
20 have had on the award and construction of the project and the receipt of federal
21 discretionary funding for the project.

1 **CODE NO. 97TRANS-S003-P**

2

3 Requested by: Senator Jordan

4

5 **RESURFACED ROADS MAY BE WIDENED**

1 Section @. Chapter 136 of the General Statutes is amended by adding a
2 new section to read:

3 "§ 136-44.16. Resurfaced roads may be widened.

4 Of the contract maintenance resurfacing program funds appropriated by the
5 General Assembly to the Department of Transportation, an amount not to exceed
6 fifteen percent (15%) of the Board of Transportation's allocation of these funds may
7 be used for widening existing narrow pavements that are scheduled for resurfacing."

1 **CODE NO. 97TRANS-S024A-P**

2

3 Requested by: Senator Jordan

4

5 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

1 Section @. The General Assembly authorizes and certifies anticipated
2 revenues of the Highway Fund as follows:

3 FY 1999-2000 \$1,182.2 million

4 FY 2000-2001 \$1,211.2 million

5 FY 2001-2002 \$1,241.2 million

6 FY 2002-2003 \$1,271.9 million

7 The General Assembly authorizes and certifies anticipated revenues of
8 the Highway Trust Fund as follows:

9 FY 1999-2000 \$861.7 million

10 FY 2000-2001 \$891.0 million

11 FY 2001-2002 \$921.6 million

12 FY 2002-2003 \$953.3 million

CODE NO. 97TRANS-S020-P

Requested by: Senator Jordan

F.E.M.A. RECEIVABLES

1 Section @. The Department of Transportation shall report to the Joint
2 Legislative Transportation Oversight Committee and the Fiscal Research Division by
3 March 1, 1998, on the status of Federal Emergency Management Agency receivables
4 for past natural disasters and the efforts by the State to collect those funds from the
5 federal government.

1 **CODE NO. 97TRANS-S018-P**

2

3 Requested by: Senator Jordan

4

5 **FEASIBILITY STUDY OF DRIVERS EDUCATION TESTING**

1 Section @. The Department of Transportation and the Department of
2 Public Instruction shall conduct a study of the feasibility of having drivers education
3 instructors, rather than Division of Motor Vehicles examiners, administer the
4 required written and road tests before a student is issued his or her first drivers
5 permit or license.

6 The Department of Transportation shall report to the Joint Legislative
7 Transportation Oversight Committee and the Fiscal Research Division by March 1,
8 1998, on the results of this feasibility study along with any enabling legislation
9 necessary to implement any recommended changes.

1 **CODE NO. 97TRANS-S022-P**

2

3 Requested by: Senator Jordan

4

5 **GLOBAL TRANSPARK AUTHORITY BUSINESS PLAN FOR DISADVANTAGED**
6 **BUSINESS PARTICIPATION**

1 Section @. The Global TransPark Authority shall develop a business
2 plan for meeting its ten percent (10%) goal for disadvantaged business participation
3 in contracting. The Global TransPark Authority shall submit a copy of that business
4 plan to the Joint Legislative Transportation Oversight Committee and the Fiscal
5 Research Division by March 1, 1998.

1 **CODE NO. 97TRANS-S028-P**

2
3 Requested by: Senator Jordan

4
5 **USE OF PUBLIC TRANSPORTATION AND PASSENGER RAIL FUNDING**

1 Section @. The Department of Transportation shall prepare a plan for
2 the use of the expansion funds provided in this act for the improvement of public
3 transportation and passenger rail service. This plan shall set out the specific purposes
4 for which the funds will be used and shall set specific, quantitative goals to be met
5 through the use of the additional funds.

6 The goals shall address the following:

- 7 (1) Travel time, cost recovery, and business ridership of passenger rail
8 service between Raleigh and Charlotte;
9 (2) Extension of passenger rail service to Asheville;
10 (3) Assessment of the feasibility and costs of extending passenger rail
11 service in Eastern North Carolina;
12 (4) Increases in the number of routes served by rural, urban, and
13 regional public transportation systems;
14 (5) Increases in ridership for rural, urban, and regional public
15 transportation systems;
16 (6) Public transportation service to Work First clients; and
17 (7) Cost savings achieved by rural, urban, and regional public
18 transportation systems through the use of new technologies.

19 The Department of Transportation shall present this plan to the Joint
20 Legislative Transportation Oversight Committee by October 1, 1997, and shall make
21 a report to the 1999 session of the General Assembly indicating the Department's
22 performance in meeting the goals set forth in the plan.

1 **CODE NO. 97TRANS-S027-P**

2

3 Requested by: Senator Jordan

4

5 **FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS**

1 Section @. To the extent allowable by federal law, the Department of
2 Transportation shall use ten million dollars (\$10,000,000) of federal highway funds for
3 improvements to public transportation.

1 CODE NO. 97TRANS-S029-P

2
3 Requested by: Senator Jordan

4
5 **BIENNIAL REPORT ON MAINTENANCE REQUIREMENTS**

6 Section @. G.S. 136-44.3 reads as rewritten:

7 "~~§ 136-44.3. Annual maintenance program; State primary and urban systems.~~
8 Maintenance program.

9 ~~The Department of Transportation shall make a study of the maintenance needs~~
10 ~~and costs of the State primary and urban systems. On the basis of the costs and~~
11 ~~proposed appropriations, the Department of Transportation shall develop a statewide~~
12 ~~annual maintenance program for the State primary and urban systems which shall be~~
13 ~~subject to the approval of the Board of Transportation and shall take into~~
14 ~~consideration the general maintenance needs, the special maintenance needs and~~
15 ~~vehicular traffic and other factors deemed pertinent. The Department of~~
16 ~~Transportation, from time to time, shall restudy the costs and criteria used as a basis~~
17 ~~for its annual maintenance program. Copies of the annual maintenance program shall~~
18 ~~be made available to any member of the General Assembly upon request. Each~~
19 ~~division engineer, at the end of the fiscal year, shall certify the maintenance of~~
20 ~~highways in his division in accordance with the annual work program, along with the~~
21 ~~explanations of any deviations.~~

22 In each even-numbered year, the Department of Transportation shall survey the
23 condition of the State highway system and shall prepare a report of the findings of
24 the survey. The report shall provide both quantitative and qualitative descriptions of
25 the condition of the system and shall provide estimates of the following:

- 26 (1) The annual cost of routine maintenance of the State highway
27 system;
- 28 (2) The cost of eliminating any maintenance backlog by categories of
29 maintenance requirements;
- 30 (3) The annual cost to resurface the State highway system based upon
31 a 12-year repaving cycle for the primary system and a 15-year cycle
32 for other highways; and
- 33 (4) The cost of eliminating any resurfacing backlog, by type of system.

34 On the basis of the report, the Department of Transportation shall develop a
35 statewide annual maintenance program for the State highway system, which shall be
36 subject to the approval of the Board of Transportation and shall take into
37 consideration the general maintenance needs, special maintenance needs, vehicular
38 traffic, and other factors deemed pertinent.

Each division engineer, at the end of the fiscal year, shall certify the maintenance
of highways in his division in accordance with the annual work program, along with
an explanation for any deviations.

The report on the condition of the State highway system and the annual
maintenance program shall be presented to the Joint Legislative Transportation

- 1 Oversight Committee by November 30 of each even-numbered year, and copies shall
- 2 be made available to any member of the General Assembly upon request."

1 **CODE NO. 97TRANS-S030-P**

2

3 Requested by: Senator Jordan

4

5 **GRADUATED DRIVERS LICENSE PROGRAM**

1 Section @. Section 11 of Chapter 16 of the 1997 Session Laws reads as
2 rewritten:

3 "Section 11. This act becomes effective December 1, 1997, if the General
4 Assembly appropriates the necessary funds from the Highway Fund to the
5 Department of Transportation, Division of Motor Vehicles, to administer the
6 provisional license program. 1997. Sections 1 through 7 of this act do not apply to
7 any person who holds a valid North Carolina limited learner's permit issued before
8 the effective date of this act, who holds a valid North Carolina learner's permit issued
9 before the effective date of this act, or who is a provisional licensee and holds a valid
10 North Carolina drivers license issued before the effective date of this act."

11

1 **CODE NO. 97TRANS-S033A-P**

2
3 Requested by: Senators Odom, Perdue, Plyler

4
5 **OREGON INLET STABILIZATION PROJECT**

6 Section @. (a) The General Assembly finds that:

- 7 (1) Whereas, an emergency situation exists at Oregon Inlet due to the
8 steady and uncontrolled natural closing of the inlet from its north
9 side which cannot be halted by dredging and which prevents the
10 maintenance of a stable channel through the inlet to meet in a
11 satisfactory manner the navigation needs of the State of North
12 Carolina and its citizens; and
13 (2) Whereas, the stability of Oregon Inlet at its current water flow
14 capacity is necessary to provide a source of ocean water into the
15 sounds of North Carolina and to discharge waters from the sounds
16 and to prevent unacceptable changes in the ecology and economy
17 of eastern North Carolina; and
18 (3) Whereas, the closing of Oregon Inlet would result in adverse and
19 irreversible impacts on the fisheries habitat in the sounds of
20 northeastern North Carolina through the disruption of the only
21 source of ocean and sound water interchange for a sound distance
22 of over 100 miles between the Virginia-North Carolina boundary
23 and Hatteras Inlet; and
24 (4) Whereas, the loss of the inlet through the Outer Banks would
25 cause a change in the salinity of the sounds and jeopardize
26 extremely valuable coastal fisheries resources such as the shrimp
27 fishery and have numerous other adverse impacts on the fisheries
28 resources of the sounds in northeastern North Carolina; and
29 (5) Whereas, the navigation channel through Oregon Inlet provides a
30 vital link between the ocean fisheries and the fishing fleets docked
31 in northeastern North Carolina that has not been maintained on a
32 consistent or satisfactory basis for many years with substantial
33 resulting harm to the economy of northeastern North Carolina; and
34 (6) Whereas, the Cape Hatteras National Seashore was created and
35 established by the donation of a substantial portion of the lands by
36 the State of North Carolina to the United States of America in a
37 deed dated 7 August 1958, including the lands on the north side of
38 Oregon Inlet; and
39 (7) Whereas, the Cape Hatteras National Seashore is a national
40 treasure which has been made accessible to its millions of visitors
41 annually only as a consequence of the construction and
42 maintenance of the Bonner Bridge over Oregon Inlet and North
43 Carolina Highway 12 by the State of North Carolina; and

- 1 (8) Whereas, the loss of the hydraulic capacity of Oregon Inlet to
2 release storm waters during hurricanes and northeasters would
3 result over time in the creation by the forces of nature of one or
4 more inlets through the Outer Banks in the area north of Hatteras
5 Inlet; and
- 6 (9) Whereas, each new inlet would cut through North Carolina
7 Highway 158 and the towns north of Oregon Inlet with devastating
8 impacts and/or North Carolina Highway 12, the sole source of
9 vehicular access to the Cape Hatteras National Seashore and the
10 villages of Rodanthe, Waves, Salvo, Avon, Buxton, Frisco, and
11 Hatteras; would greatly increase the costs of maintaining motor
12 vehicle access to the National Seashore and the villages; would
13 greatly increase the public health dangers to the visitors to the
14 National Seashore and the residents of the villages by limited
15 access to medical care; and would have a devastating impact on
16 the economy of those villages; and
- 17 (10) Whereas, the visitors to the Cape Hatteras National Seashore
18 provide an important and critical stimulus to the economy of Dare
19 County and other parts of northeastern North Carolina which
20 economic benefits will be so substantially reduced should Highway
21 12 be closed that the region will suffer irreversible economic harm;
22 and
- 23 (11) Whereas, the North Carolina Department of Transportation must
24 start construction of a replacement for the Bonner Bridge across
25 Oregon Inlet in the near future to maintain a continuous corridor
26 for vehicular access to the National Seashore and the villages; and
- 27 (12) Whereas, the new bridge across Oregon Inlet is to be built at a cost
28 estimated to be more than one hundred million dollars
29 (\$100,000,000) and is to be designed to span the inlet in its present
30 location for 50 years; and
- 31 (13) Whereas, the State of North Carolina's several interests will be
32 served by the stabilization of Oregon Inlet in its present location by
33 the construction of a stabilization project on the north side of the
34 inlet; and
- 35 (14) Whereas, the State of North Carolina made an express reservation
36 in the deed by which it conveyed the lands on the north side of
37 Oregon Inlet to the United States in 1958 which allowed the State
38 of North Carolina to condemn those lands as the State of North
39 Carolina deemed necessary to lay out and establish the highways
40 built over those lands, and the parties to that deed intended by the
41 reservation that the State of North Carolina could condemn lands
42 needed to protect the highways against erosion or other natural
43 threats to maintaining a vehicle transportation link between the
44 villages and the mainland; and

1 (15) Whereas, the General Assembly finds that certain of those lands
2 conveyed to and owned by the United States as a result of the 1958
3 deed issued by the State of North Carolina are needed to construct
4 the inlet stabilization structure on the north side of Oregon Inlet;
5 and
6 (16) Whereas, the United States Department of Interior, as the owner of
7 the lands needed to build a structure to stabilize the north shore of
8 the inlet and prevent its eventual closing, refuses to make the lands
9 available for this purpose to either State or federal agencies; Now,
10 therefore,
11 This section may be referred to as the "Oregon Inlet Stabilization Act of 1997".
12 (b) The North Carolina Department of Transportation may, on behalf of
13 the State of North Carolina, institute condemnation proceedings, pursuant to Chapter
14 136 of the General Statutes, for any lands conveyed by or as a result of the 7 August
15 1958 deed, conveying lands pursuant to the authority of Chapter 257 of the Public
16 Laws of North Carolina 1939 from the State of North Carolina to the United States of
17 America, that the Department of Transportation determines necessary for the
18 construction and subsequent maintenance of inlet stabilization structures now existing
19 or to be built, to stabilize and protect Oregon Inlet and its navigation channel to the
20 depth required for continuous use by the commercial fishing fleets of North Carolina
21 and other vessels requiring similar water depths. The North Carolina Department of
22 Transportation may, further, condemn and acquire from the United States any
23 additional lands adjoining the lands owned by the United States of America at or
24 near Oregon Inlet which are created by avulsion or accretion after the effective date
25 of this act to the extent that those lands, owned by the United States of America, are
26 required for the construction or maintenance of the inlet stabilization structures now
27 existing or to be built at Oregon Inlet.
28 (c) The North Carolina Department of Transportation shall design and
29 construct a terminal groin on the north side of Oregon Inlet to protect Oregon Inlet
30 against closing, to maintain at least the current level of water exchange between the
31 Atlantic Ocean and the sounds, and to maintain the inlet's navigational channel to
32 the depth required for continuous use by the commercial fishing fleets of North
33 Carolina and other vessels requiring similar water depths. The Department of
34 Administration and the Department of Environment, Health, and Natural Resources
35 shall lend their assistance to the Department of Transportation in the design,
36 construction, and permitting of the north terminal groin deemed appropriate and
37 necessary to stabilize Oregon Inlet in its present location and its navigational channel
38 to the depth required for continuous use by the commercial fishing fleets of North
39 Carolina and other vessels requiring similar water depths.
40 (d) The agencies assigned to the North Carolina Department of
41 Environment, Health, and Natural Resources, including the Coastal Resources
42 Commission, shall issue permits to construct the inlet stabilization structures,
43 including a terminal groin on the north side of Oregon Inlet, and may condition those
44 permits so as to protect coastal resources, but may not condition or limit the authority

1 to build the structures in a manner which interferes with the construction or
2 maintenance of its channel to the depth required for continuous use by the
3 commercial fishing fleets of North Carolina and other vessels requiring similar water
4 depths. Notwithstanding any contrary provisions in the Coastal Area Management
5 Act, the Dredge and Fill statute, the North Carolina Environmental Policy Act, the
6 Administrative Procedure Act, G.S. 1-269, or any other provision of the General
7 Statutes, no administrative agency or court of this State shall hear, consider, or
8 determine any challenge, whether brought as a contested case or cause of action in
9 the courts, to any action or decision leading to the issuance of a permit and to the
10 permit issued pursuant to the Coastal Area Management Act in Article 7 of Chapter
11 113A and the Dredge and Fill statute in G.S. 113-229 except for a challenge brought
12 by the North Carolina Department of Transportation to the reasonableness of the
13 conditions imposed in any permits by the Coastal Resources Commission or its
14 designee.

15 (e) The North Carolina Department of Transportation may contract
16 with, or otherwise enter into appropriate arrangements, with the United States Corps
17 of Engineers or with private entities, for assistance in the design, permitting, and
18 construction of a terminal groin on the north side of Oregon Inlet.

19 (f) The Governor and any State agency charged with duties under this
20 section may call upon any of the public institutions of higher education of this State
21 for assistance in the implementation of this section, including without limitation, any
22 of the units of The University of North Carolina.

23 (g) From funds appropriated to the Department of Transportation in this
24 act, up to four hundred thousand dollars (\$400,000) may be used for the
25 implementation of this section.

⑥
Gulley

**SENATE APPROPRIATIONS
SUBCOMMITTEE ON
JUSTICE AND PUBLIC SAFETY**

APRIL 22, 1997

Wib Gulley

**Senator Wib Gulley
Chairman**

Judicial

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Continuation Budget	\$310,944,929		\$316,264,917	
Legislative Changes				
1 Salary Reserve Funds	(\$1,500,000)	R	(\$1,500,000)	R
Reduce Department's available salary reserve funds - these funds are generated by filling positions at a salary less than the budgeted salary authorized by the General Assembly.				
2 Wayne Dispute Settlement Center Funds	(\$5,000)	R	(\$5,000)	R
Eliminate state funds for the Wayne Dispute Settlement Center since the Center discontinued operations on July 1, 1995.				
3 Indigent Defense Funds	(\$1,961,789)	R	(\$2,415,236)	R
Based on projections completed in September 1996, the Judicial Department anticipated needing an additional \$6,073,533 in FY 1997-98 and \$8,750,380 in FY 1998-99 for legal counsel of indigent defendants. These projections were updated in March 1997 and the Department determined expenditures in capital cases were lower than originally anticipated and that receipts from indigents were being collected at a higher rate. It is estimated that increases of \$4,111,744 in FY 1997-98 and \$6,335,144 in FY 1998-99 are more likely which allow for a reduction of \$1,961,789 and \$2,415,236 respectively.				
4 Mecklenburg Drug Court Program	(\$13,394)	R	(\$13,394)	R
Reduce the net State appropriation for this program by increasing receipts received from Mecklenburg County to reflect the 25% local match.				
5 Drug Treatment Court Pilot Program			(\$52,551)	R
Eliminate funding for the Program Administrator position in FY 1998-99 since the program sunsets on June 30, 1998.				
			-1.00	
6 Victim Witness Assistants	\$2,345,707	R	\$3,101,098	R
Provide funds for 91 additional Victim Witness Assistant positions in District Attorneys Offices due to current workload, additional workload anticipated due to implementing the Victim Rights Constitutional Amendment, and to achieve the goal of 1 Victim Witness Assistant for every 3 prosecutors.				
	\$444,080	NR		
	91.00		91.00	
7 Equipment Replacement	\$354,236	R	\$354,236	R
Statewide funding to replace worn and outdated office equipment, computer equipment, and other related areas.				
	\$4,129,674	NR		

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8 Drug Court Program	\$299,792	R	\$399,723	
Funds to implement an additional Drug Court Program in order to expedite felony drug cases. These funds will be used to hire one permanent deputy clerk and legal assistant position along with contractual funds for assistant district attorneys, assistant public defenders, judges, and court reporters. Funding will be matched by 25% local funds.	2.00		2.00	
9 Access to Civil Justice	\$1,000,000	NR		
Provide additional funds to the North Carolina Bar for representation of indigent defendants in civil cases.				
10 Center for Death Penalty Litigation	\$250,000	NR		
Provide additional funds to the Center for Death Penalty Litigation who provides training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.				
11 Guardian Ad Litem Attorney and Training Manual	\$60,615	R	\$67,027	R
Provide funds to add one attorney who would serve as a central resource for Guardian Ad Litem contract attorneys. Most of the nonrecurring funds would be used to develop, publish, and distribute a Guardian Ad Litem abuse and neglect litigation manual for attorneys throughout the state and to conduct follow-up training. The attorney position is effective 10/1/97. This item was recommended by the Guardian Ad Litem Study Commission.	\$10,087	NR		
	1.00		1.00	
12 Software Upgrades	\$330,000	R	\$330,000	
Provide funds to purchase database conversion software and to upgrade existing software for systems statewide.	\$225,000	NR		
13 Replace Telephone Systems	\$36,000	R	\$36,000	R
Funds to replace 12 worn and outdated telephone systems in FY 1997-98.	\$360,000	NR		
14 Reserve for Technology	\$993,487	R	\$1,819,689	R
Funds to establish a reserve for technology that includes funding for new automated systems (e.g. magistrate criminal information system); expansion of existing systems (e.g. district attorney/public defender automated case management system), and new technology support personnel. (Special provision requires task force study and report prior to expenditure of funds).	\$4,077,020	NR		
	22.00		22.00	
15 Data Center Upgrades	\$125,000	R	\$125,000	R
Funds for additional frame relay lines which allow data to be transmitted more efficiently between the central criminal information system and offices statewide.				
16 LAN Connectivity Funds	\$50,000	NR		
Provide funds to connect existing local area networks in Mecklenberg County to allow for sharing of information between court officials.				

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17 Laptop Computers	\$24,000	R	\$24,000	R
Provide funds in FY 1997-98 to purchase 40 laptop computers for superior and district court judges.	\$240,000	NR		
18 Assistant District Attorneys	\$1,969,200	R	\$2,623,920	R
Provide funding for 40 additional Assistant District Attorney positions effective 10/1/97.	\$39,600	NR		
	40.00		40.00	
19 Magistrate Positions	\$124,840	R	\$165,010	R
Provide funds for 5 additional magistrate positions to be located in the following counties -- Edgecombe, Wayne, Wilson, Franklin, and Durham. All positions are effective 10/1/97.	\$26,135	NR		
	5.00		5.00	
20 Clerks of Superior Court	\$951,750	R	\$1,267,650	R
Provide funding for 50 additional deputy clerk positions effective 10/1/97.	\$55,450	NR		
	50.00		50.00	
21 District Court Judges	\$668,344	R	\$862,680	R
Provide funds for 8 additional District Court Judges to be located in Districts 15B, 11, 10, 22, 3B, 19C, 4, and 13. All positions are effective 10/1/97.	\$73,800	NR		
	8.00		8.00	
22 Court Reporters in Superior Court	\$331,160	R	\$441,240	R
Provide funds to reestablish 8 vacant positions eliminated in 1995 and to establish 2 new positions to meet court reporting needs in superior court. All positions are effective 10/1/97.	\$6,180	NR		
	10.00		10.00	
23 Criminal Case Docket Management	\$322,774	R	\$401,310	R
The District Attorney criminal case docket management program was funded as a pilot project in 2 districts in FY 1995-97. This program is designed to help reduce case backlog and to move cases more quickly through the court system. The FY 1997-99 funding makes the 2 pilot programs permanent (Cumberland -- District 12 and Bladen/Brunswick/Columbus -- District 13) and expands the program into eight additional districts.	\$46,672	NR		
	10.00		10.00	
24 Transfer Indigent Defense Funds for Assistant PD's	\$0	R	\$0	R
Allows the Department to transfer up to \$401,464 in FY 1997-98 and \$524,384 in FY 1998-99 from the Indigent Persons' Attorney Fee Fund to fund 8 additional Assistant Public Defender positions. All positions are effective 10/1/97.	8.00		8.00	
25 Juvenile Court Counselors	\$1,260,665	R	\$1,679,370	R
Provide funds for additional intake, probation / aftercare, and intensive juvenile court counselors to assist in getting caseloads to a more manageable level.	\$46,025	NR		
	35.00		35.00	
26 Additional Supply Funds	\$100,000	R	\$100,000	R
Provide additional funds for general office supplies which would be distributed statewide based on need.				
27 Community Penalties	\$500,000	R	\$500,000	R
Provide funds to expand the Community Penalties Program to 4 additional districts. This extends the program statewide.				

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28 Arbitration Program	\$99,232	R	\$164,329	
Provide funds to expand the superior court arbitration program to 5 additional districts. The program would be operational in 30 of 45 superior court districts.	\$10,710	NR		
	2.00		2.00	
29 Custody Mediation Program	\$250,000	R	\$250,000	R
Provide funds to expand the custody mediation program to 8 additional district court districts. The program would be operational in 25 of 39 districts.				
30 Annual Recidivism Study	\$4,000	R	\$4,000	R
Provide funds for the Sentencing and Policy Advisory Commission to cover the operating expenses of researching and publishing an annual report on offender recidivism.				
31 Salary Bonus for Assistant and Deputy Clerks				
Provide funds for a one-time 3% salary bonus for assistant and deputy clerks who are at the top of their salary ranges, and who would otherwise not receive salary increases.	\$750,526	NR		
32 District Court Legal Assistant	\$31,879	R	\$31,879	R
Provide funds for a legal assistant position to be assigned to the Chief District Court Judge in District 9A. The position is effective 7/1/97.	\$5,659	NR		
	1.00		1.00	
Total Legislative Changes	\$7,702,498	R	\$10,761,980	R
	\$11,846,618	NR		
Position Changes	285.00		284.00	
Revised Budget	\$330,494,045		\$327,026,897	

Justice

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$61,166,247	\$63,233,877

Legislative Changes

33 SBI - Vehicle Replacement	(\$317,500)	R	(\$78,000)	R
Replace vehicles for the State Bureau of Investigation on a schedule of 80,000 miles for automobiles and 90,000 miles for trucks. 25 fewer vehicles will be replaced in FY 1997-98 and 11 fewer vehicles in FY 1998-99. The net reduction includes increasing maintenance expenses by \$2,000 per automobile and \$3,000 per truck, as well decreasing expected receipts due to the sale of fewer vehicles.				
34 Criminal Justice Information Network	\$2,000,000	NR		
Continue funding of the Criminal Justice Information Network. These funds will be used to continue developing data sharing standards and to upgrade the Automatic Fingerprinting Identification System.				
35 SBI Pay Equity - One Time Adjustment	\$808,645	R	\$808,645	R
Fund \$808,645 for each year of the biennium to provide a salary adjustment for sworn law enforcement positions within the State Bureau of Investigation.				
36 Consumer Protection Attorney	\$51,637	R	\$68,850	R
Fund an Attorney III position to handle antitrust cases in the Citizens' Rights Division, effective 10/1/97.				
	\$6,000	NR		
	1.00		1.00	
37 Capital Litigation Unit	\$190,718	R	\$264,290	R
Fund 2 Attorney IV positions and 1 Processing Assistant position in the Capital Litigation Unit of the Criminal Division, effective 10/1/97.				
	\$15,060	NR		
	3.00		3.00	
38 Legal Services --Information Systems	\$297,239	NR		
Provide funds to complete the Department's transition to a local area network (LAN).				
39 Training and Standards Attorney	\$58,116	R	\$58,116	R
Fund an Attorney II position to represent the Department of Correction on correctional officer certification issues before the Training and Standards Commission. Position is currently funded by a contractual arrangement with the Department of Correction.				
	1.00		1.00	

6

Senate Subcommittee on Justice and Public Safety

40 General Administration Positions

Fund one Paralegal II as a research technician for the Legal Services Division and one Accounting Technician III in the Administrative Services Division. Both positions are effective 10/1/97.

\$63,567	R	\$84,756
\$9,240	NR	
2.00		2.00

41 NC LEAF Funds

Provide funding to the NC Legal Education Assistance Foundation to assist with loan repayment for public service attorneys.

\$100,000	NR

42 SBI-DCI Technology Improvements and Staff

Provide funds to establish five new positions, effective October 1, 1997, within the Division of Criminal Information of the State Bureau of Investigation. Positions funded will include one computer consultant, two fingerprint technicians, and two processing assistants. Provide \$77,500 in nonrecurring funds to procure an uninterrupted power supply unit, and \$50,000 to begin development of a disaster recovery plan for the Division's computer system.

\$129,786	R	\$173,048	R
\$158,000	NR		
5.00		5.00	

43 SBI Field Agents

Provide funds to hire eight new field agents for the State Bureau of Investigation. Recurring funds in the first year are based on 10/1/97 hiring date.

\$291,402	R	\$388,536	R
\$138,712	NR		
8.00		8.00	

44 Reserve for Sex Offender Registry

Provide funds to develop various changes to the current Sex Offender Registration Program and associated automated files. Funds will allow for the hiring of consultants to develop the program as well as to provide for the purchase of computer hardware and software.

\$31,300	R	\$31,300	R
\$134,025	NR		
1.00		1.00	

45 Safe Neighborhoods Initiative

Funds to continue the Safe Neighborhoods Initiative that assists communities with community policing and other crime prevention programs, starting August 1, 1997. The program is supported with federal funds through July 1997.

\$200,000	R	\$218,180	R
4.50		4.50	

46 DARE Expansion Funds

Provide funds to the State Bureau of Investigation to train additional local law enforcement officers to bring the Drug Abuse Resistance Education Program (DARE) into 7th and 9th grade classrooms.

\$113,300	NR

Total Legislative Changes

\$1,507,671	R	\$2,017,721	R
\$2,971,576	NR		

Position Changes

25.50	25.50

Revised Budget

\$65,645,494	\$65,251,598

Correction

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$889,010,472	\$925,266,138

Legislative Changes

- 47 Out of State Housing of Inmates** (\$16,557,256) R (\$20,819,756) R
- The Governor recommended eliminating all funds in the continuation budget for housing inmates out of state on the premise that the inmates would be returned to North Carolina prisons at the end of 1996-97. However, upon further review, it was determined that inmates will not be returned until December, 1997 due to lack of State prison bedspace. The net result is that an additional \$4,262,500 is needed to fund out of state contracts so only \$16.557 million can be reduced the first year of the biennium.
- 48 County Jail Contracts** (\$5,818,800) R
- The Governor recommended eliminating continuation funding for contracting with county jails to house State inmates on the premise that adequate bedspace would be available in State prisons in 1997-98. However, upon further review the Subcommittee noted that adequate bedspace will not be available until the end of 1997-98. Therefore, the \$5,818,800 in the continuation budget is needed in 1997-98 for county jail contracts.
- 49 Reserve for Private Beds** (\$2,900,000) NR
- One-time reduction in the operating reserves for the two 500 bed private prisons. Delays in signing the final contracts have pushed back prison completion dates and delayed the need for a portion of the 1997-98 funding. Full funding is authorized in the 1998-99 budget.
- 50 Reserve for Operating New Prisons** (\$9,500,000) NR
- One-time reduction in 1997-98 operating reserves due to delays in completion of the Avery/Mitchell prison and the Albemarle Prison. Both prisons are now scheduled for completion in October, 1998.
- 51 Reduction in Inmate Food Budget** (\$5,000,000) R (\$5,000,000) R
- The Governor recommended a \$5,000,000 reduction in the inmate food budget due to system efficiencies that have lowered the cost per meal.

Senate Subcommittee on Justice and Public Safety

52 Reserve for Repeal of Prison Cap

(\$500,000) R (\$500,000)

In 1995, in anticipation of inmates staying in prison longer due to repeal of the prison cap, the General Assembly authorized funding for DOC to add prison beds -- both inside and outside of the State prison system. The funds remaining in the reserve, approximately \$2.1 million dollars, are for operating additional beds at Pasquotank, Central Prison and Marion. The reduction is based on over-estimating the total amount of funds needed when the budget was originally projected in 1995.

53 Adjust Operating Budget for Probation and Parole

(\$3,500,000) R (\$3,500,000) R

The operating budget (travel, telephones etc) was adjusted to a more realistic level of need.

54 Title VII Program

(\$150,000) R (\$150,000) R

In response to a federal lawsuit, the 1995 General Assembly funded 17 positions to implement and monitor improved recruitment, hiring, and promotional practices for females in the Department of Correction. The program has been fully implemented and reductions in positions and support are possible based on documented improvements in personnel practices.

-2.00 -2.00

55 Further Reduction in Inmate Food Cost

(\$1,655,896) R (\$3,675,559) R

The Subcommittee further reduced the inmate food budget due to a more realistic projection of inmate average daily population during the 1997-99 biennium and to anticipated system efficiencies (e.g. statewide automation of food inventory system; newly standardized menus) that have lowered the cost per meal to 83 cents.

56 Reduce Staff at Parole Commission

(\$116,522) R (\$116,522) R

Eliminate vacant positions at the Post-Release Supervision and Parole Commission due to declining numbers of inmates eligible for parole.

-4.00 -4.00

57 Reserve -- Repeal Prison Cap -- Further Reduction

(\$79,568) R (\$79,568) R

The Subcommittee identified additional funds that should have been deleted from the Prison Cap reserve. Total reduction will be \$579,568.

58 Reduce Reserves for Structured Sentencing

(\$572,755) R (\$658,963) R

Reduction in amount in reserves for new probation parole staff due to structured sentencing. The cost is reduced because a decline in the projected total supervised population and in the intensive population will necessitate fewer intensive teams being hired. The cost is also lowered to reflect a phase-in of intermediate punishment officers. Caseload averages for intermediate punishment officers will fall to 65:1 in 1998-9.

-14.00 0.00

Senate Subcommittee on Justice and Public Safety

59 Title VII Program -- Further Reduction	(\$276,797)	R	(\$276,797)	R
The Governor reduced this program by \$150,000, including two positions. The Subcommittee reviewed the program and took a reduction of 7 additional positions since the department has made significant progress in hiring, recruitment and promotion of females. The program will retain eight positions to monitor department wide progress. (Span of Control Study)	-7.00		-7.00	
60 Modular Housing -- Reduce Reserve	(\$543,132)	NR		
One-time reduction in reserve in 1997-98 due to delays in purchasing and siting modular housing units.				
61 Operating Cost for Inmate Work Crews	(\$70,000)	NR		
Fourteen inmate work crews are to be established at prison units where modular housing will be placed. Delays in siting modular units will delay starting the work crews so a one-time reduction in operating costs can be taken.				
62 Custody and Classification Unit	(\$219,935)	R	(\$519,935)	R
Reduce staffing from 17 positions to 10 since this unit will no longer be handling classification and movement of inmates housed out of state after inmates are returned to State prisons in December, 1997. The 1998-99 reduction includes elimination of \$300,000 for airfare for returning inmates from out of state prisons since they will be returned in 1997-98. (Span of Control Study)	-7.00		-7.00	
63 Private Prisons -- Substance Abuse Reserve	\$0	R	\$0	R
The General Assembly authorized funding in 1994 to contract for 500 private prison treatment beds. To date, only contracts for 350 of the beds have been awarded. DOC indicates that with the impact of Structured Sentencing, it will be difficult to keep 500 minimum security pre-release treatment beds full. It is recommended that \$1.2 million of the \$2.7 million in 1997-98 funding (approximately 70 of 150 beds) be diverted to offender aftercare programs (primarily substance abuse aftercare) that were funded in 1996-97 on a pilot basis only (See Special Provision).				
64 Prison Operating Reserve -- 87.5 Million Bond	(\$1,326,927)	R	(\$1,326,927)	R
Reduce positions and operating support for prisons constructed with funds from 1993 Bond. Reductions are based on reducing management levels and increasing employee to supervisor ratios as recommended in the Span of Control Study.	(\$1,288,633)	NR		
	-14.00		-14.00	
65 Prison Operating Reserves	(\$1,436,110)	R	(\$1,436,110)	R
Two actions were taken to reduce this reserve - recurring reductions based on the Span of Control Study and non-recurring reductions based on delays in prison completion (thus pushing back staff hiring dates).	(\$548,779)	NR		
	-30.00		-30.00	
66 Span of Control Study -- Department wide	(\$1,059,349)	R	(\$1,059,992)	R
Eliminate 18 positions department-wide. These positions were identified as part of the Span Of Control Study.	-18.00		-18.00	

Senate Subcommittee on Justice and Public Safety

67 Polk Youth Institution	(\$1,320,181)	R	(\$1,320,181)
Reduce inmate operating costs for new prison (food, clothing, medical).			
68 Private Prisons Reserve -- Further Reduction	(\$1,646,952)	NR	(\$641,824) NR
The Governor reduced this reserve by (\$2,900,000) due to delays in signing private prison contracts which changed construction completion dates. The Subcommittee took an additional one-time reduction based on a revised completion date for the two 500 bed facilities. Dates were changed from 2/98 to 5/98 for Pamlico and 5/98 to 8/98 for Avery/Mitchell. The construction/lease contract has now been signed.			
69 Reimbursement for Housing Aliens	(\$670,000)	R	(\$670,000) R
Correction receives funding from the federal government for housing inmates who are illegal aliens. The DOC anticipates additional federal funds so the General Fund can be reduced to reflect increased receipts.			
70 Salary Reserve	(\$628,000)	R	(\$628,000) R
Reduce salary reserve (funds generated by filling positions at salaries lower than budgeted).			
71 Health Services Budget	(\$2,357,972)	R	(\$3,088,686) R
Based on revised projections of the average daily prison population, the Correction Health Services budget can be reduced.			
72 Close GPAC Prison Units	(\$3,302,599)	R	(\$3,964,705) R
The General Assembly has closed or converted 16 of the 30 prison units originally identified in the GPAC study as being costly and inefficient to operate. Of the remaining 14 units, three units are too costly to operate -- Davie (\$89.40 per day in 1995-96 compared to statewide average of \$62 for medium security units); Haywood (\$61.53 per day compared to statewide average of \$47.87 for minimum security units); and, Henderson (\$70.45 compared to statewide average of \$47.87). Closings would be effective September 1, 1997.			
	-117.00		-117.00
73 Guilford Diagnostic Center	(\$112,510)	R	(\$133,275) R
Due to declining prison admissions, the General Assembly closed one inmate intake and diagnostic center in 1996-97 -- Southern Reception Center. The decline in admissions has continued and one additional diagnostic center is recommended for closing.			
	-5.00		-5.00
74 Title VII Program -- Reserve Fund	(\$5,500,000)	NR	
The General Assembly authorized a \$5.5 million dollar reserve for payment to claimants as part of the settlement of the Title VII lawsuit. It now appears that it will be at least 1998-99 before all claims are received so the amount needed to pay claims cannot be determined at this time.			
75 Salary Reserve -- Further Reduction	(\$872,000)	R	(\$872,000) R
This additional reduction would still leave Correction with approximately 25% of their salary reserve.			

11

Senate Subcommittee on Justice and Public Safety

76 Additional Supervision for Sex Offenders	\$672,699	R	\$896,932	R
Additional Probation/Parole Staff (17 officers, 2 Chief Officers and 2 Clerks) to supervise sex offenders at a caseload average of 60:1. All positions effective October 1, 1997.	21.00		21.00	
77 Additional Road Squads	\$625,351	R	\$781,689	R
Funding to add additional medium security inmate road squads at prisons recently completed or opening in 1997-98. These road squads will be assigned to work with the Department of Transportation to help maintain the state's highways. The recurring funds are for correctional officers to supervise these medium security inmates. (Ratio of 1 officer for every four inmates)	\$400,000	NR		
	27.00		27.00	
78 ECO, Inc. Aftercare Program	\$100,000	NR		
Funds to establish a transitional residential program in Mecklenburg County for women leaving prison. The program will be run by Energy Committed to Offenders, Inc.				
79 Reserve for Enhanced Criminal Penalties			\$500,000	NR
Establish a reserve for funding additional prison beds in 1998-99 due to enhanced criminal penalties as proposed by the Sentencing Commission. Given several factors -- increased prison beds needed due to these enhanced penalties; fluctuations in prison population projections; and, the need to maintain prison capacity at a reasonable level (at or below 130% of capacity) -- it was determined a reserve was necessary.				
Total Legislative Changes	(\$40,416,327)	R	(\$53,937,155)	R
	(\$21,497,496)	NR	(\$141,824)	NR
Position Changes	-170.00		-156.00	
Revised Budget	\$827,096,649		\$871,187,159	

Crime Control and Public Safety

GENERAL FUND

	FY 97-98		FY 98-99
Recommended Continuation Budget	\$33,548,678		\$33,530,244
Legislative Changes			
80 Administration -- Span of Control	(\$68,510)	R	(\$68,510) R
Reduces funds for internship by \$34,124 (Student Temporary Wages). Reduces salary reserves by \$12,804. Eliminates \$21,582 for Indirect Cost Receipts. All of these reductions were based on recommendations by the Span of Control Study.			
81 Emergency Management -- Span of Control	(\$17,202)	R	(\$17,202) R
Reduce funding of Hazardous Materials Response Teams to local governments by \$17,202 to amount actually needed (\$382,798 remains in continuation budget).			
82 Victim & Justice Services -- Span of Control	(\$46,604)	R	(\$46,604) R
Eliminate 1 supervisory position based on recommendations of the Span of Control Study.			
	-1.00		-1.00
83 Governor's Crime Commission -- Span of Control	(\$43,797)	R	(\$43,797) R
Reduce state agency matching funds for use by the Department of Crime Control and Public Safety or other state agencies to match Governor's Crime Commission Grants (\$150,398 remains in continuation budget).			
84 Crime Prevention -- Span of Control	(\$96,419)	R	(\$96,419) R
Eliminate 2 Community Development Specialists positions as recommended by the Span of Control Study.			
	-2.00		-2.00
85 Drug Enforcement - State Agency Match	(\$70,398)	R	(\$70,398) R
Reduces funds by \$70,398 for grant matching monies that other State departments and agencies use for Governor's Crime Commission grants relating to drug enforcement. (\$80,000 remains in the continuation budget for the Department of Crime Control and Public Safety to use as their matching funds for grants.)			
86 Additional Community Service Coordinators	\$118,999	R	\$158,665 R
Fund 5 additional community service work program coordinators to be allocated to the districts with the highest caseload averages. All positions are effective 10/1/97.			
	\$15,830	NR	
	5.00		5.00

Senate Subcommittee on Justice and Public Safety

87 CJIN Hardware/Software

Provide \$156,600 of recurring funds to lease equipment space and telephone lines at 30 new tower sites along the interstate highway system. Provide \$2,250,000 of nonrecurring funds to establish Data Ready Base Stations, Base Station Antennas, and RF Transmission Facilities for 30 new tower sites along the interstate highway system. Also provide \$1,700,000 in nonrecurring funds for the purchase of 200 Mobile Data Computers for Highway Patrol vehicles. These computers will be added to patrol vehicles that are stationed along the interstate highway system. (All funds for these portions of the Criminal Justice Information Network project are provided by the Highway Fund.)

\$0	R	\$0	R
\$0	NR	\$0	NR

88 Emergency Management Personnel

Provides funding for four new positions within the Division of Emergency Management. These four positions include two Planner I positions, a Budget/Finance Officer position, and a Disaster Recovery Manager. Positions are effective October 1, 1997.

\$120,086	R	\$160,118	R
\$36,000	NR		
4.00		4.00	

Total Legislative Changes

(\$103,845)	R	(\$24,147)	R
\$51,830	NR	\$0	NR

Position Changes

6.00	6.00

Revised Budget

\$33,496,663	\$33,506,097

CODE NO. 97AOC-S002-P

Requested by: Senator Gulley

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

1 Section @. Funds appropriated to the Judicial
2 Department in the 1997-99 biennium for equipment and supplies
3 shall be certified in a reserve account. The Administrative
4 Office of the Courts shall have the authority to transfer these
5 funds to the appropriate programs and between programs as the
6 equipment priorities and supply consumptions occur during the
7 operating year. These funds may not be expended for any other
8 purpose. The Administrative Office of the Courts shall make
9 quarterly reports on transfers made pursuant to this section to
10 the Joint Legislative Commission on Governmental Operations and
11 the Chairs of the Senate and House Appropriations Subcommittees
12 on Justice and Public Safety.

CODE NO. 97AOC-S003A

Requested by: Senators Gulley, Ballance

N.C. STATE BAR FUNDS

1 Section @. (a) Of the funds appropriated in the
2 continuation budget as a grant-in-aid to the North Carolina State
3 Bar for the 1997-99 fiscal biennium, the North Carolina State Bar
4 may in its discretion use up to the sum of two hundred fifty
5 thousand dollars (\$250,000) for the 1997-98 fiscal year and up to
6 the sum of two hundred fifty thousand dollars (\$250,000) for the
7 1998-99 fiscal year to contract with the Center for Death Penalty
8 Litigation to provide training, consultation, brief banking, and
9 other assistance to attorneys representing indigent capital
10 defendants.

11 (b) Of the non-recurring funds appropriated in the
12 expansion budget as a grant-in-aid to the North Carolina State
13 Bar for the 1997-98 fiscal year, the North Carolina State Bar may
14 in its discretion use up to the sum of two hundred fifty thousand
15 dollars (\$250,000) to contract with the Center for Death Penalty
16 Litigation to provide training, consultation, brief banking, and
17 other assistance to attorneys representing indigent capital
18 defendants.

CODE NO. 97AOC-S004-P

Requested by: Senator Gulley

INDIGENT PERSONS' ATTORNEY FEE FUND

1 Section @. (a) Effective July 1, 1997, the
2 Administrative Office of the Courts shall each year of the 1997-
3 99 biennium reserve funds for adult, juvenile, and guardian ad
4 litem cases from the Indigent Persons' Attorney Fee Fund. These
5 funds shall be allotted to each judicial district in which the
6 superior and district courts are coterminous, and otherwise by
7 county, according to the caseload of indigent persons who were
8 not represented by the public defender in the districts or
9 counties during 1996-97 and 1997-98, respectively. The remaining
10 available funds in the Indigent Persons' Attorney Fee Fund shall
11 be budgeted for capital cases and for transcripts, professional
12 examinations, expert witness fees, and other supporting services.

13 The Administrative Office of the Courts shall notify all
14 senior resident superior court judges, all chief district court
15 judges, and the clerk of superior court within the district or
16 county immediately after the allotment is made and shall provide
17 a monthly report on the status of the allotment for the district
18 or county.

19 The senior resident superior court judge and the chief
20 district court judge of each district or county shall ask all
21 judges holding court within the district or county: (i) to take
22 into consideration the amount of money allotted at the beginning
23 of the fiscal year and the amount of money remaining in the
24 allotment when they award counsel fees to attorneys of indigent
25 persons, and (ii) to make an effort to award fees equally and
26 justly for legal services provided. The clerk of superior court
27 for each county shall ensure that all judges holding court within
28 the county receive this request from the senior resident superior
29 court judge and the chief district court judge.

30 (b) If the funds allotted pursuant to subsection (a) of
31 this section are depleted in a district or county prior to the
32 end of the fiscal year, the Administrative Office of the Courts
33 shall allot any available funds from the reserve fund specified
34 in subsection (a) or from unanticipated receipts. However, if
35 necessary and appropriate due to unusual and unanticipated
36 circumstances occurring in the current year, the Administrative
37 Office of the Courts may allocate available funds to a district
38 or county in a manner calculated to result in the reasonably fair
39 distribution of remaining funds.

1 (c) If funds allocated in subsections (a) and (b) of
2 this section are depleted in a district or county prior to the
3 end of the fiscal year, the Administrative Office of the Courts
4 shall allot available funds from the Public Defender program.

5 (d) If the funds allotted pursuant to subsections (a),
6 (b), and (c) of this section are depleted in a district or county
7 prior to the end of the fiscal year, the Administrative Office of
8 the Courts is authorized to transfer funds between districts or
9 counties only if the Administrative Office of the Courts
10 determines that the funds transferred will not be needed to meet
11 the obligations incurred by the Indigent Persons' Attorney Fee
12 Fund for the county or district from which the funds are
13 transferred for the fiscal year.

CODE NO. 97AOC-S001D

Requested by: Senator Gulley

REPORT ON DISPUTE SETTLEMENT CENTERS

1 Section @. (a) All local dispute settlement centers
2 currently receiving State funds shall report annually to the
3 Judicial Department on the program's funding and activities,
4 including:

- 5 (1) Types of dispute settlement services provided;
- 6 (2) Clients receiving each type of dispute settlement
7 service;
- 8 (3) Number and type of referrals received, cases
9 actually mediated, cases resolved in mediation, and
10 total clients served in the cases mediated;
- 11 (4) Total program funding and funding sources;
- 12 (5) Itemization of the use of funds, including
13 operating expenses and personnel;
- 14 (6) Itemization of the use of State funds appropriated
15 to the center;
- 16 (7) Level of volunteer activity; and
- 17 (8) Identification of future service demands and budget
18 requirements.

19 The Judicial Department shall compile and summarize the
20 information provided pursuant to this subsection and shall
21 provide the information to the Chairs of the House and Senate
22 Appropriations Committees and the Chairs of the House and Senate
23 Appropriations Subcommittees on Justice and Public Safety by
24 February 1 of each year.

25 (b) A local dispute settlement center requesting State
26 funds for the first time shall provide the General Assembly with
27 the information enumerated in subsection (a) of this section, or
28 projections where historical data is not available, as well as a
29 detailed statement justifying the need for State funding.

30 (c) Each local dispute settlement center receiving
31 State funds for the first time shall document in the information
32 provided pursuant to G.S. 7A-346.1 that, after the second year of
33 receiving State funds, at least ten percent (10%) of total
34 funding comes from non-State sources.

35 (d) Each local dispute settlement center receiving
36 State funds for the third, fourth, or fifth year shall document
37 that at least twenty percent (20%) of total funding comes from
38 non-State sources.

1 (e) Each local dispute settlement center receiving
2 State funds for six or more years shall document that at least
3 fifty percent (50%) of total funding comes from non-State
4 sources.

5 (f) Each local dispute settlement center currently
6 receiving State funds that has achieved a funding level from non-
7 State sources greater than that provided for that center by
8 subsection (c), (d), or (e) of this section shall make a good
9 faith effort to maintain that level of funding.

10 (g) The percentage that State funds comprise of the
11 total funding of each dispute settlement center shall be
12 determined at the conclusion of each fiscal year with the
13 information provided pursuant to G.S. 7A-346.1 and is intended as
14 a funding ratio and not a matching funds requirement. Local
15 dispute settlement centers may include the market value of
16 donated office space, utilities, and professional legal and
17 accounting services in determining total funding.

18 (h) A local dispute settlement center having difficulty
19 meeting the funding ratio provided for that center by subsection
20 (c), (d), or (e) of this section may request a waiver or special
21 consideration through the Administrative Office of the Courts for
22 consideration by the Senate and House Appropriations
23 Subcommittees on Justice and Public Safety.

24 (i) The provisions of G.S. 143-31.4 do not apply to
25 local dispute settlement centers receiving State funds.

CODE NO. 97AOC-S005A

Requested by: Senator Gulley

COMMUNITY PENALTIES PROGRAM

1 Section @. (a) Of the funds appropriated from the
2 General Fund to the Judicial Department for the 1997-99 biennium
3 to conduct the Community Penalties program, the sum of four
4 million four hundred five thousand three hundred eighty-two
5 dollars (\$4,405,382) for the 1997-98 fiscal year and the sum of
6 four million four hundred five thousand three hundred eighty-two
7 dollars (\$4,405,382) for the 1998-99 fiscal year may be allocated
8 by the Judicial Department in each year of the biennium in any
9 amount among existing community penalties programs, including any
10 State-operated programs, or may be used to establish new
11 community penalties programs.

12 (b) The Judicial Department shall report annually to
13 the Senate and House Appropriations Subcommittees on Justice and
14 Public Safety and to the Fiscal Research Division on the
15 administrative expenditures of the community penalties programs.
16 The Judicial Department shall report quarterly to the Joint
17 Legislative Commission on Governmental Operations on any
18 elimination or reduction of funding for community penalties
19 programs funded in the 1996-97 fiscal year or any program
20 receiving initial funding during the 1997-99 biennium.

CODE NO. 97AOC-S006-P

Requested by: Senators Gulley, Ballance

DRUG TREATMENT COURT FUNDS

1 Section @. (a) Funds appropriated to the Judicial
2 Department for the 1997-98 fiscal year for the North Carolina
3 Drug Treatment Court Program shall be used primarily for
4 substance abuse treatment and related program needs, but the sum
5 of fifty-two thousand five hundred fifty-one dollars (\$52,551)
6 may be used to fund one program administrator position.
7 (b) Of the funds appropriated to the Judicial
8 Department in the 1996-97 fiscal year for the North Carolina Drug
9 Treatment Court Program, the sum of one hundred thousand dollars
10 (\$100,000) shall not revert at the end of the fiscal year, but
11 shall remain in the Department during the 1997-98 fiscal year to
12 be used for nonrecurring program items.
13 (c) Subsection (b) of this section becomes effective
14 June 30, 1997.

CODE NO. 97AOC-S022

Requested by: Senators Gulley, Ballance

MAKE SENTENCING COMMISSION PERMANENT

1 Section @. (a) Section 8 of Chapter 1076 of the 1989
2 Session Laws, as amended by Chapters 812 and 816 of the 1991
3 Session Laws, Chapters 253, 321, and 591 of the 1993 Session
4 Laws, and Chapter 236 of the 1995 Session Laws, reads as
5 rewritten:

6 "Sec. 8. This act is effective upon ~~ratification, and shall~~
7 ~~expire July 1, 1997.~~ ratification."

8 (b) G.S. 164-38 reads as rewritten:

9 "**§ 164-38. Terms of members; compensation; expenses.**

10 The terms of existing members shall expire on June 30, ~~1995,~~
11 ~~1997,~~ unless they resign or are removed. New members shall be
12 appointed or the existing members reappointed by the appointing
13 authorities to serve ~~until July 1, 1997,~~ terms of two years,
14 unless they resign or are removed. Members serving by virtue of
15 elective or appointive office or as designees of such
16 officeholders may serve only so long as the officeholders hold
17 those respective offices. Members appointed by the Speaker of the
18 House and the President Pro Tempore of the Senate may be removed
19 by the appointing authority without cause. Vacancies occurring
20 before the expiration of a term shall be filled in the manner
21 provided for the members first appointed. A member of the
22 Commission may be removed only for disability, neglect of duty,
23 incompetence, or malfeasance in office. Before removal, the
24 member is entitled to a hearing. Effective with respect to
25 members designated on or after July 1, 1992, a person making a
26 designation pursuant to G.S. 164-37 may not make another
27 designation, except that the person's successor in elective or
28 appointive office may make a new designation.

29 The Commission members shall receive no salary for serving. All
30 Commission members shall receive necessary subsistence and travel
31 expenses in accordance with the provisions of G.S. 120-3.1, 138-
32 5, and 138-6 as applicable."

33 (c) G.S. 164-36 reads as rewritten:

34 "**§ 164-36. Powers and duties.**

35 Sentences established for violations of the State's criminal
36 laws should be based on the established purposes of our criminal
37 justice and corrections systems. The Commission shall evaluate
38 sentencing laws and policies in relationship to both the stated
39 purposes of the criminal justice and corrections systems and the

1 availability of sentencing options. The Commission shall make
2 recommendations to the General Assembly for the modification of
3 sentencing laws and policies, and for the addition, deletion, or
4 expansion of sentencing options as necessary to achieve policy
5 goals. The Commission shall make a report of its
6 recommendations, including any recommended legislation, to the
7 General Assembly annually."

CODE NO. 97AOC-S009A

Requested by: Senator Gulley

VICTIMS' RIGHTS AMENDMENT/VICTIM WITNESS ASSISTANTS

1 Section @. The victim witness assistants funded in this
2 act are intended to support the implementation of the Victims'
3 Rights Amendment to the North Carolina Constitution and to
4 address the current workload. These positions shall be allocated
5 on the basis of workload and population. The Judicial Department
6 shall report to the Joint Legislative Commission on Governmental
7 Operations on the allocation of these positions by November 1,
8 1997.

CODE NO. 97AOC-S010

Requested by: Senator Gulley

COMPUTER TRAINING

1 Section @. Prior to the allocation of laptop computers
2 funded in this act for superior court and district court judges,
3 each judge requesting a laptop computer shall complete a training
4 course provided by the Administrative Office of the Courts in the
5 use of a laptop computer and the appropriate software.

CODE NO. 97AOC-S011

Requested by: Senator Gulley

CRIMINAL CASE MANAGEMENT FUNDS

1 Section @. (a) The criminal case docket management
2 programs funded in this act shall be distributed in a manner that
3 ensures representation in all areas of the State.
4 (b) The Administrative Office of the Courts shall report
5 by April 1, 1998 to the Chairs of the Senate and House
6 Appropriations Committees and the Chairs of the Senate and House
7 Appropriations Subcommittees on Justice and Public Safety on the
8 criminal case management programs established in ten judicial
9 districts. The report shall assess the success of these ten
10 programs in reducing the backlog of court cases and resolving new
11 court cases more quickly, and shall include recommendations for
12 the location of additional criminal case management programs in
13 the 1998-99 fiscal year.

CODE NO. 97AOC-S012

Requested by: Senator Gulley

RESERVE FOR TECHNOLOGY

1 Section @. The Administrative Office of the Courts
2 shall establish a task force consisting of representatives of
3 clerks of superior court, district attorneys, superior and
4 district court judges, and magistrates to formulate a plan for
5 the most efficient and effective use of funds appropriated to the
6 Reserve for Technology. The plan shall address those items
7 requested in the Administrative Office of the Courts' expansion
8 budget, including:

- 9 (1) Automated forms in courtrooms, clerks' offices, and
10 district attorneys' offices;
- 11 (2) District attorney and public defender case
12 management systems;
- 13 (3) New personal computers for district attorneys,
14 public defenders, and clerks of court;
- 15 (4) Technology support personnel; and
- 16 (5) Magistrate criminal information system.

17 If the task force determines that the funding amounts for these
18 projects should be adjusted or that other projects not enumerated
19 above should receive funding from the Reserve for Technology, it
20 shall make those recommendations to the Administrative Office of
21 the Courts.

22 Prior to the expenditure of funds appropriated to the Reserve
23 for Technology, the Administrative Office of the Courts shall
24 report the findings of the task force by November 1, 1997 to the
25 Joint Legislative Commission on Governmental Operations, the
26 Chairs of the Senate and House Appropriations Committees, and the
27 Chairs of the Senate and House Appropriations Subcommittees on
28 Justice and Public Safety.

CODE NO. 97AOC-S013

Requested by: Senator Gulley

DRUG COURT STUDY

1 Section @. Prior to the expenditure of funds
2 appropriated in this act for an additional drug court program,
3 the Administrative Office of the Courts shall study the
4 feasibility of establishing that court as a regional drug court
5 that could serve several districts on a rotating basis. If the
6 Administrative Office of the courts determines that such an
7 arrangment is not feasible, the funds shall be allocated to a
8 district experiencing a backlog of drug cases.
9 The Administrative Office of the Courts shall report its
10 findings to the Joint Legislative Commission on Governmental
11 Operations by September 1, 1997.

CODE NO. 97AOC-S016B

Requested by: Senator Gulley

ADDITIONAL ASSISTANT DISTRICT ATTORNEYS/REESTABLISH ASSISTANT DISTRICT ATTORNEY POSITIONS IN DISTRICTS 19B AND 20

1 Section @. (a) G.S. 7A-60(a1) reads as rewritten:

2 "(a1) The counties of the State are organized into
 3 prosecutorial districts, and each district has the counties and
 4 the number of full-time assistant district attorneys set forth in
 5 the following table:

6	7		No. of Full-Time
8	Prosecutorial		Asst. District
9	District	Counties	Attorneys
10	1	Camden, Chowan, Currituck,	9
11		Dare, Gates, Pasquotank,	
12		Perquimans	
13	2	Beaufort, Hyde, Martin,	5
14		Tyrrell, Washington	
15	3A	Pitt	~~8~~ 9
16	3B	Carteret, Craven, Pamlico	~~8~~ 9
17	4	Duplin, Jones, Onslow,	~~12~~ 13
18		Sampson	
19	5	New Hanover, Pender	~~11~~ 12
20	6A	Halifax	4
21	6B	Bertie, Hertford,	4
22		Northampton	
23	7	Edgecombe, Nash, Wilson	~~12~~ 15
24	8	Greene, Lenoir, Wayne	~~10~~ 11
25	9	Franklin, Granville,	9
26		Vance, Warren	
27	9A	Person, Caswell	3
28	10	Wake	~~23~~ 28
29	11	Harnett, Johnston, Lee	~~11~~ 14
30	12	Cumberland	~~14~~ 16
31	13	Bladen, Brunswick, Columbus	~~8~~ 9
32	14	Durham	~~10~~ 12
33	15A	Alamance	7
34	15B	Orange, Chatham	~~6~~ 7
35	16A	Scotland, Hoke	4
36	16B	Robeson	8
37	17A	Rockingham	5
38	17B	Stokes, Surry	5

1	18	Guilford	~~22~~ <u>27</u>
2	19A	Cabarrus	5
3	19B	Montgomery, Moore, Randolph	~~9~~ <u>11</u>
4	19C	Rowan	5
5	20	Anson, Richmond,	~~12~~ <u>13</u>
6		Stanly, Union	
7	21	Forsyth	~~13~~ <u>14</u>
8	22	Alexander, Davidson, Davie,	~~13~~ <u>16</u>
9		Iredell	
10	23	Alleghany, Ashe, Wilkes,	5
11		Yadkin	
12	24	Avery, Madison, Mitchell,	4
13		Watauga, Yancey	
14	25	Burke, Caldwell, Catawba	~~12~~ <u>13</u>
15	26	Mecklenburg	~~29~~ <u>32</u>
16	27A	Gaston	~~10~~ <u>11</u>
17	27B	Cleveland,	~~6~~ <u>7</u>
18		Lincoln	
19	28	Buncombe	9
20	29	Henderson, McDowell, Polk,	10
21		Rutherford, Transylvania	
22	30	Cherokee, Clay, Graham,	7
23		Haywood, Jackson, Macon,	
24		Swain."	

25 (b) Subsections (c) and (d) of Section 5 of Chapter 589
 26 of the 1995 Session Laws are repealed.

27 (c) Subsection (a) of this section becomes effective
 28 October 1, 1997.

CODE NO. 97AOC-S015B

Requested by: Senator Gulley

ADDITIONAL DISTRICT COURT JUDGES

1 Section @. (a) G.S. 7A-133(a) reads as rewritten:
 2 "(a) Each district court district shall have the numbers of
 3 judges as set forth in the following table:

DistrictJudges			County
1	4		Camden
			Chowan
			Currituck
			Dare
			Gates
			Pasquotank
			Perquimans
2	3		Martin
			Beaufort
			Tyrrell
			Hyde
			Washington
3A	3		Pitt
3B	4	5	Craven
			Pamlico
			Carteret
4	6	7	Sampson
			Duplin
			Jones
			Onslow
5	6		New Hanover
			Pender
6A	2		Halifax
6B	3		Northampton
			Bertie
			Hertford
7	6		Nash
			Edgecombe
			Wilson
8	5		Wayne
			Greene
			Lenoir

1	9	4	Granville
2			(part of Vance
3			see subsection (b))
4			Franklin
5	9A	2	Person
6			Caswell
7	9B	1	Warren
8			(part of Vance
9			see subsection (b))
10	10	~~12~~ <u>13</u>	Wake
11	11	~~6~~ <u>7</u>	Harnett
12			Johnston
13			Lee
14	12	6	Cumberland
15	13	4 <u>5</u>	Bladen
16			Brunswick
17			Columbus
18	14	5	Durham
19	15A	3	Alamance
20	15B	~~3~~ <u>4</u>	Orange
21			Chatham
22	16A	2	Scotland
23			Hoke
24	16B	5	Robeson
25	17A	2	Rockingham
26	17B	3	Stokes
27			Surry
28	18	10	Guilford
29	19A	3	Cabarrus
30	19B	5	Montgomery
31			Moore
32			Randolph
33	19C	~~3~~ <u>4</u>	Rowan
34	20	6	Stanly
35			Union
36			Anson
37			Richmond
38	21	7	Forsyth
39	22	~~7~~ <u>8</u>	Alexander
40			Davidson
41			Davie
42			Iredell
43	23	3	Alleghany
44			Ashe

1			Wilkes
2			Yadkin
3	24	3	Avery
4			Madison
5			Mitchell
6			Watauga
7			Yancey
8	25	7	Burke
9			Caldwell
10			Catawba
11	26	14	Mecklenburg
12	27A	5	Gaston
13	27B	4	Cleveland
14			Lincoln
15	28	5	Buncombe
16	29	5	Henderson
17			McDowell
18			Polk
19			Rutherford
20			Transylvania
21	30	4	Cherokee
22			Clay 2
23			Graham 3
24			Haywood
25			Jackson
26			Macon
27			Swain."

28 (b) The Governor shall appoint additional district
 29 court judges for District Court Districts 3B, 4, 10, 11, 13, 15B,
 30 19C, and 22 as authorized by subsection (a) of this section.
 31 Those judges' successors shall be elected in the 2000 election
 32 for four-year terms commencing on the first Monday in December
 33 2000.

34 (c) Subsection (a) of this section becomes effective
 35 October 1, 1997, as to any district where no county is subject to
 36 Section 5 of the Voting Rights Act of 1965. As to any district
 37 where any county is subject to Section 5 of the Voting Rights Act
 38 of 1965, subsection (a) of this section becomes effective October
 39 1, 1997, or 15 days after the date upon which that subsection is
 40 approved under Section 5 of the Voting Rights Act.

CODE NO. 97AOC-S017

Requested by: Senator Gulley

AUTHORIZE ADDITIONAL MAGISTRATES

1 Section @. G.S. 7A-133(c) reads as rewritten:
 2 "(c) Each county shall have the numbers of magistrates and
 3 additional seats of district court, as set forth in the following
 4 table:

County	Magistrates Min.-Max.	Additional Seats of Court
Camden	1 2	
Chowan	2 3	
Currituck	1 3	
Dare	3 8	
Gates	2 3	
Pasquotank	3 5	
Perquimans	2 3	
Martin	5 8	
Beaufort	4 8	
Tyrrell	1 3	
Hyde	2 4	
Washington	3 4	
Pitt	10 12	Farmville Ayden Havelock
Craven	7 10	
Pamlico	2 3	
Carteret	5 8	
Sampson	6 8	
Duplin	9 11	
Jones	2 3	
Onslow	8 14	
New Hanover	6 11	
Pender	4 6	
Halifax	9 14	Roanoke Rapids, Scotland Neck
Northampton	5 7	
Bertie	4 6	
Hertford	5 6	
Nash	7 10	Rocky Mount
Edgecombe	4 ~~6~~ 7	Rocky Mount
Wilson	4 ~~6~~ 7	
Wayne	5 ~~11~~ 12	Mount Olive
Greene	2 4	
Lenoir	4 10	La Grange
Granville	3 7	
Vance	3 6	

1	Warren	3	4	
2	Franklin	3	~~6~~ 7	
3	Person	3	4	
4	Caswell	2	5	
5	Wake	12	20	Apex,
6				Wendell,
7				Fuquay-
8				Varina,
9				Wake Forest
10	Harnett	7	11	Dunn
11	Johnston	10	12	Benson,
12				Clayton,
13				Selma
14	Lee	4	6	
15	Cumberland	10	17	
16	Bladen	4	6	
17	Brunswick	4	7	
18	Columbus	6	8	Tabor City
19	Durham	8	~~12~~ 13	
20	Alamance	7	10	Burlington
21	Orange	4	11	Chapel Hill
22	Chatham	3	8	Siler City
23	Scotland	3	5	
24	Hoke	4	5	
25	Robeson	8	16	Fairmont,
26				Maxton,
27				Pembroke,
28				Red Springs,
29				Rowland,
30				St. Pauls
31	Rockingham	4	9	Reidsville,
32				Eden,
33				Madison
34	Stokes	2	5	
35	Surry	5	9	Mt. Airy
36	Guilford	20	26	High Point
37	Cabarrus	5	9	Kannapolis
38	Montgomery	2	4	
39	Randolph	5	10	Liberty
40	Rowan	5	10	
41	Stanly	5	6	
42	Union	4	6	
43	Anson	4	5	
44	Richmond	5	6	Hamlet
45	Moore	5	8	Southern
46				Pines
47	Forsyth	3	15	Kernersville
48	Alexander	2	3	
49	Davidson	7	10	Thomasville
50	Davie	2	3	
51	Iredell	4	9	Mooreville
52	Alleghany	1	2	
53	Ashe	3	4	

1	Wilkes	4	6	
2	Yadkin	3	5	
3	Avery	3	4	
4	Madison	4	5	
5	Mitchell	3	4	
6	Watauga	4	6	
7	Yancey	2	4	
8	Burke	4	7	
9	Caldwell	4	7	
10	Catawba	6	10	Hickory
11	Mecklenburg	15	26	
12	Gaston	11	20	
13	Cleveland	5	8	
14	Lincoln	4	7	
15	Buncombe	6	15	
16	Henderson	4	7	
17	McDowell	3	5	
18	Polk	3	4	
19	Rutherford	6	8	
20	Transylvania	2	4	
21	Cherokee	3	4	
22	Clay	1	2	
23	Graham	2	3	
24	Haywood	5	7	Canton
25	Jackson	3	4	
26	Macon	3	4	
27	Swain	2	3."	

CODE NO. 97AOC-S020

Requested by: Senators Gulley, Ballance

ASSISTANT PUBLIC DEFENDERS

1 Section @. From funds appropriated to the Indigent
2 Persons' Attorney Fee Fund for the 1997-99 biennium, the
3 Administrative Office of the Courts may use up to four hundred
4 one thousand four hundred sixty-four dollars (\$401,464) in the
5 1997-98 fiscal year, and up to five hundred twenty-four thousand
6 three hundred eighty-four dollars (\$524,384) in the 1998-99
7 fiscal year for salaries, benefits, and related expenses to
8 establish up to eight new assistant public defenders.
9

CODE NO. 97AOC-S019

Requested by: Senator Perdue

JUVENILE RECORDS FOR RECIDIVISM

1 Section @. (a) Article 54 of Chapter 7A of the General
2 Statutes is amended by adding a new section to read:

3 "§ 7A-675.1. Records to determine recidivism rates.

4 (a) The Administrative Office of the Courts shall maintain a
5 record of every juvenile who is adjudicated delinquent for an
6 offense that would be a Class A, B1, B2, C, D, or E felony if
7 committed by an adult for the purpose of computing statistics on
8 the number of juveniles adjudicated delinquent for those offenses
9 who subsequently are adjudicated delinquent or convicted. The
10 record shall include the dispositional order and any subsequent
11 orders of the court for each adjudication.

12 (b) The Chief Court Counselor of each judicial district shall
13 forward the information and records required by this section to
14 the Administrative Office of the Courts as soon as practicable
15 but at least within thirty days of the adjudication.

16 (c) The record required pursuant to this section shall be
17 withheld from public inspection and may be examined only by order
18 of the court."

19 (b) The Administrative Office of the Courts shall use funds
20 available to the Office to implement this section.

CODE NO. 97AOC-S023

Requested by: Senators Plyler, Perdue, Odom

IRMC REVIEW OF INFORMATION TECHNOLOGY PLANS OF THE ADMINISTRATIVE
OFFICE OF THE COURTS

1 Section @. (a) G.S. 143B-426.21(b) reads as rewritten:
2 "(b) Powers and Duties. -- The Commission has the following
3 powers and duties:

- 4 (1) To develop, approve, and publish a statewide
5 information technology strategy covering the
6 current and following biennium that shall be
7 updated annually and shall be submitted to the
8 General Assembly on the first day of each regular
9 session.
- 10 (2) To develop, approve, and sponsor statewide
11 technology initiatives and to report on those
12 initiatives in the annual update of the statewide
13 information technology strategy.
- 14 (3) To review and approve biennially the information
15 technology plans of the executive agencies,
16 ~~including their agencies~~ and to review and comment
17 biennially on the information technology plans of
18 the Administrative Office of the Courts. This
19 review shall include plans for the procurement and
20 use of personal computers and workstations.
- 21 (4) To recommend to the Governor and the Office of
22 State Budget and Management the relative priorities
23 across executive agency information technology
24 plans.
- 25 (5) To establish a quality assurance policy for all
26 agency information technology projects, information
27 systems training programs, and information systems
28 documentation.
- 29 (6) To establish and enforce a quality review and
30 expenditure review procedure for major agency
31 information technology projects.
- 32 (7) To review and approve expenditures from
33 appropriations made to the Office of State Budget
34 and Management for the purpose of creating a
35 Computer Reserve Fund.
- 36 (8) To develop and promote a policy and procedures for
37 the fair and competitive procurement of information
38 technology consistent with the rules of the

1 Department of Administration and consistent with
2 published industry standards for open systems that
3 provide agencies with a vendor-neutral operating
4 environment where different information technology
5 hardware, software, and networks operate together
6 easily and reliably."
7 (b) The Information Resources Management Commission
8 shall review the information technology plans of the
9 Administrative Office of the Courts and report its findings to
10 the Joint Legislative Commission on Governmental Operations by
11 November 1, 1997.

CODE NO. 97AOC-S050

40A

Requested by: Senators Odom, Plyler, Perdue

LRC STUDY OF THE ALLOCATION OF JUDICIAL RESOURCES

1 Section @. The Legislative Research Commission shall
2 study the allocation of judicial resources, including but not
3 limited to superior court judges, district court judges,
4 assistant district attorneys, deputy clerks of court, assistant
5 clerks of court, magistrates, and support staff. This study
6 shall include a review of the existing workload and staffing
7 formulas for judicial personnel. The Legislative Research
8 Commission shall report the results of this study to the 1998
9 Regular Session of the 1997 General Assembly.

Department
of
Justice

CODE NO. 97ATTY-S001-P

Requested by: Senator Gulley

DEPARTMENT OF JUSTICE SALARY FUNDS

1 Section @. Of the funds appropriated in this act to the
2 Department of Justice, the sum of ninety-three thousand four
3 hundred fifty-three dollars (\$93,453) for the 1997-98 fiscal year
4 and the sum of ninety-three thousand four hundred fifty-three
5 dollars (\$93,453) for the 1998-99 fiscal year may be used for
6 one-time salary adjustments for attorneys who are eligible for
7 the adjustments based upon outstanding job performance for the
8 preceding year.

CODE NO. 97ATTY-S002-P

Requested by: Senator Gulley

SBI FUNDS/SPENDING PRIORITIES

- 1 Section @. Of the funds appropriated in this act to the
2 Department of Justice, State Bureau of Investigation, for the
3 1997-99 biennium for overtime payments, the first priority for
4 use of the funds by the Department shall be:
- 5 (1) To make overtime payments to SBI agents in the
6 Field Investigations Division; and
- 7 (2) To make overtime payments to supervisory personnel
8 receiving overtime payments as of June 30, 1997, up
9 to a maximum of five thousand two hundred dollars
10 (\$5,200) annually per individual.

43

CODE NO. 97ATTY-S003-P

Requested by: Senator Gulley

SBI USE OF COURT-ORDERED REIMBURSEMENT FUNDS

1 Section @. The State Bureau of Investigation (SBI) may
2 use funds available from court-ordered reimbursement in
3 undercover drug operations.

CODE NO. 97ATTY-S004-P

Requested by: Senator Gulley

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS
PAY FOR USE OF STATE FACILITIES AND SERVICES

1 Section @. The Private Protective Services and Alarm
2 Systems Licensing Boards shall pay the appropriate State agency
3 for the use of physical facilities and services provided to those
4 boards by the State.

CODE NO. 97ATTY-S005-P

Requested by: Senator Gulley

LIMITS ON COMPUTER SYSTEM UPGRADE

1 Section @. Any proposed increase in mainframe computer
2 capacity or system upgrade for the Judicial Department, the
3 Department of Correction, the Department of Justice, or the
4 Department of Crime Control and Public Safety, to be funded from
5 the Continuation Budget, shall be reported to the Joint
6 Legislative Commission on Governmental Operations, to the Senate
7 and House of Representatives Chairs of the Appropriations
8 Committees, and to the Senate and House Chairs of the
9 Appropriations Subcommittees on Justice and Public Safety before
10 the department enters into any contractual agreement. This
11 report is to be made jointly by the Information Resource
12 Management Commission, the Office of State Budget and Management,
13 and the requesting department.

CODE NO. 97ATTY-S006-P

Requested by: Senator Gulley

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

1 Section @. Client departments, agencies, and boards
2 shall reimburse the Department of Justice for reasonable court
3 fees, attorney travel and subsistence costs, and other costs
4 directly related to litigation in which the Department of Justice
5 is representing the department, agency, or board.

CODE NO. 97ATTY-S007-P

Requested by: Senator Gulley

REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION

1 Section @. The Department of Justice shall be
2 reimbursed by the Board of Governors of The University of North
3 Carolina for two Attorney III positions to provide legal
4 representation to The University of North Carolina System.

CODE NO. 97ATTY-S008-P

Requested by: Senator Gulley

**USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW
ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

1 Section @. (a) Assets transferred to the Department of
2 Justice during the 1997-99 biennium pursuant to 19 U.S.C. § 1616a
3 shall be credited to the budget of the Department and shall
4 result in an increase of law enforcement resources for the
5 Department. Assets transferred to the Department of Crime
6 Control and Public Safety during the 1997-99 biennium pursuant to
7 19 U.S.C. § 1616a shall be credited to the budget of the
8 Department and shall result in an increase of law enforcement
9 resources for the Department. The Departments of Justice and
10 Crime Control and Public Safety shall report to the Joint
11 Legislative Commission on Governmental Operations upon receipt of
12 the assets and, before using the assets, shall report on the
13 intended use of the assets and the departmental priorities on
14 which the assets may be expended.

15 The General Assembly finds that the use of assets
16 transferred pursuant to 19 U.S.C. § 1616a for new personnel
17 positions, new projects, the acquisition of real property, repair
18 of buildings where the repair includes structural change, and
19 construction of or additions to buildings may result in
20 additional expenses for the State in future fiscal periods.
21 Therefore, the Department of Justice and the Department of Crime
22 Control and Public Safety are prohibited from using these assets
23 for such purposes without the prior approval of the General
24 Assembly, except during the 1997-98 fiscal year, the Department
25 of Justice may:

26 (1) Use an amount not to exceed the sum of twenty-five
27 thousand dollars (\$25,000) of the funds to extend
28 the lease of space in the Town of Salemburg for SBI
29 training; and

30 (2) Use an amount not to exceed fifty thousand dollars
31 (\$50,000) of the funds to lease space for its
32 technical operations unit, storage of its equipment
33 and vehicles, and command post vehicle.

34 (b) Nothing in this section prohibits North Carolina
35 law enforcement agencies from receiving funds from the United
36 States Department of Justice pursuant to 19 U.S.C. § 1616a.

CODE NO. 97ATTY-S009B

Requested by: Senator Gulley

DEPARTMENT OF JUSTICE RECORD CHECKS FUNDS AND REPORTS

1 Section @. (a) The Department of Justice may use, for
2 each year of the 1997-99 biennium, the sum of up to two hundred
3 ten thousand five hundred sixty-three dollars (\$210,563) to add
4 up to 5 positions in the State Bureau of Investigation to
5 facilitate record checks for concealed weapons permits. The
6 Office of State Budget and Management may adjust the allotment of
7 appropriations to the Department of Justice until receipts are
8 realized. The Department of Justice may fund one and one-half
9 positions per 10,000 record checks for concealed weapons permits.
10 If the total number of annual criminal record checks performed by
11 the State Bureau of Investigation falls below the level of 5,000
12 checks, the number of positions shall be reduced to one.
13 (b) The Department of Justice shall report by January 15 each
14 year to the Joint Legislative Commission on Governmental
15 Operations, the Co-chairs of the Joint Appropriations Committee,
16 and the Co-chairs of the Subcommittees on Justice and Public
17 Safety on the receipts, costs for, and number of criminal record
18 checks performed in connection with applications for concealed
19 weapons permits. The report by the Department of Justice shall
20 also include information on the number of applications received
21 and approved for firearms safety courses.

CODE NO. 97ATTY-S010A

Requested by: Senator Gulley

EXTEND EXPIRATION DATE OF THE PROVISION AUTHORIZING ADDITIONAL
FICTITIOUS LICENSES AND REGISTRATION PLATES ON PUBLICLY OWNED
MOTOR VEHICLES

1 Section @. (a) Subsection (c) of Section 23 of Chapter
2 18 of the Session Laws of the 1996 Second Extra Session reads as
3 rewritten:

4 "(c) Subsection (a) of this section expires ~~June 30, 1997.~~ June
5 30, 1998."

6 (b) This section becomes effective June 29, 1997.

CODE NO. 97ATTY-S011

Requested by: Senator Gulley

SALARY EQUITY FOR SBI LAW ENFORCEMENT

1 Section @. Of the funds appropriated in this act to the
2 Department of Justice for the State Bureau of Investigation, the
3 sum of eight hundred eight thousand six hundred forty-five
4 dollars (\$808,645) for the 1997-98 fiscal year and the sum of
5 eight hundred eight thousand six hundred forty-five dollars
6 (\$808,645) for the 1998-99 fiscal year shall be used to adjust
7 the salaries of law enforcement positions in the State Bureau of
8 Investigation. Within each salary grade, each position shall
9 receive at least a three percent (3%) increase and no more than a
10 ten percent (10%) increase in salary. Salary increases shall be
11 based upon criteria determined by the Department and established
12 for the purpose of achieving equity among personnel within each
13 position classification or level.

Department
of
Correction

CODE NO. 97CORR-S001D

Requested by:

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS
FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING
TRANSFER TO STATE PRISON SYSTEM

1 Sec. ④. (a) G.S. 148-29 reads as rewritten:

2 "§ 148-29. Transportation of convicts to prison; reimbursement
3 to counties; sheriff's expense affidavit.

4 (a) The sheriff having in charge any prisoner to be taken to
5 the State prison system shall send the prisoner to the custody of
6 the Department of Correction within five days after sentencing
7 and the disposal of all pending charges against the prisoner, if
8 no appeal has been taken. Beginning on the sixth day after
9 sentencing and disposal of all pending charges against the
10 prisoner and continuing through the day the prisoner is received
11 by the Division of Prisons, the Department of Correction shall
12 pay the ~~county~~ a county:

13 (1) A standard sum set by the General Assembly in its
14 appropriations acts for the cost of providing food,
15 clothing, personal items, supervision, and
16 necessary ordinary medical services to the prisoner
17 awaiting transfer to the State prison ~~system~~
18 system; and

19 (2) Extraordinary medical costs, as defined in G.S.
20 148-32.1(a), incurred by prisoners awaiting
21 transfer to the State prison system.

22 (b) The sheriff having in charge any parolee or post-release
23 supervisee to be taken to the State prison system shall send the
24 prisoner to the custody of the Department of Correction within
25 five days after preliminary hearing held under G.S. 15A-1368.6(b)
26 or G.S. 15A-1376(b). Beginning on the sixth day after the
27 hearing and continuing through the day the prisoner is received
28 by the Division of Prisons, the Department of Correction shall
29 pay the county:

30 (1) A standard sum set by the General Assembly in its
31 appropriations acts for the cost of providing food,
32 clothing, personal items, supervision, and
33 necessary ordinary medical services to the parolee
34 or post-release supervisee awaiting transfer to
35 the State prison system; and

36 (2) Extraordinary medical costs, as defined in G.S.
37 148-32.1(a), incurred by parolees or post-release

1 supervisees awaiting transfer to the State prison
2 system.

3 (c) The sheriff shall file with the board of commissioners of
4 his county a copy of his affidavit as to necessary guard,
5 together with a copy of his itemized account of expenses, both
6 certified to by him as true copies of those on file in his
7 office."

8 (b) The Department of Correction may use funds
9 appropriated to the Department for the 1997-99 biennium to pay
10 the sum of forty dollars (\$40.00) per day as reimbursement to
11 counties for the cost of housing convicted inmates and parolees
12 and post-release supervisees awaiting transfer to the State
13 prison system, as provided in G.S. 148-29. The Department shall
14 report quarterly to the Joint Legislative Commission on
15 Governmental Operations, the Joint Legislative Corrections
16 Oversight Committee, the Chairs of the Senate and House
17 Appropriations Committees, and the Chairs of the Senate and House
18 Appropriations Subcommittees on Justice and Public Safety on the
19 expenditure of funds to reimburse counties for prisoners awaiting
20 transfer and on its progress in reducing the jail backlog.

21 Prior to the expenditure of more than the sum of six
22 million five hundred thousand dollars (\$6,500,000) for the 1997-
23 98 fiscal year or more than the sum of four million dollars
24 (\$4,000,000) for the 1998-99 fiscal year to reimburse counties
25 for prisoners awaiting transfer, the Department of Correction and
26 the Office of State Budget and Management shall report to the
27 Joint Legislative Commission on Governmental Operations on the
28 necessity of that expenditure.

CODE NO. 97CORR-S003A

Requested by: Senator Gulley

INMATE HOUSING FUNDS

1 Section @. The Department of Correction may use funds
2 appropriated to the Department for the 1997-98 fiscal year to
3 contract for prison beds to house inmates in out-of-state prisons
4 or in local jails. The Department shall report quarterly to the
5 Joint Legislative Commission on Governmental Operations, the
6 Joint Legislative Corrections Oversight Committee, the Chairs of
7 the Senate and House Appropriations Committees, and the Chairs of
8 the Senate and House Appropriations Subcommittees on Justice and
9 Public Safety on these contracts. The report shall include the
10 amount expended monthly for each contract, the source of funding
11 used to pay for the contracts, the status of each contract, and
12 the projected dates for returning the inmates housed out-of-state
13 or in local jails to the State prison system.

14 Prior to the expenditure of more than the sum of six
15 million dollars (\$6,000,000) to fund contracts for out-of-state
16 and local jail beds, the Department of Correction and the Office
17 of State Budget and Management shall report to the Joint
18 Legislative Commission on Governmental Operations on the
19 necessity of that expenditure.

CODE NO. 97CORR-S004-P

Requested by: Senator Gulley

EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

- 1 Section @. (a) Inpatient chemical dependency or
2 substance abuse facilities that provide services exclusively to
3 inmates of the Department of Correction shall be exempt from
4 licensure by the Department of Human Resources under Chapter 122C
5 of the General Statutes. If an inpatient chemical dependency or
6 substance abuse facility provides services both to inmates of the
7 Department of Correction and to members of the general public,
8 the portion of the facility that serves inmates shall be exempt
9 from licensure.
- 10 (b) Any person who contracts to provide inpatient
11 chemical dependency or substance abuse services to inmates of the
12 Department of Correction may construct and operate a new chemical
13 dependency or substance abuse facility for that purpose without
14 first obtaining a certificate of need from the Department of
15 Human Resources pursuant to Article 9 of Chapter 131E of the
16 General Statutes. However, a new facility or addition developed
17 for that purpose without a certificate of need shall not be
18 licensed pursuant to Chapter 122C of the General Statutes and
19 shall not admit anyone other than inmates unless the owner or
20 operator first obtains a certificate of need.
- 21 (c) This section applies to existing facilities, as
22 well as future facilities contracting with the Department of
23 Correction.

CODE NO. 97CORR-S005-P

Requested by: Senator Gulley

LIMIT USE OF OPERATIONAL FUNDS

1 Section @. Funds appropriated in this act to the
2 Department of Correction for operational costs for additional
3 facilities shall be used for personnel and operating expenses set
4 forth in the budget approved by the General Assembly in this act.
5 These funds may not be expended for any other purpose, except as
6 provided for in this act, and may not be expended for additional
7 prison personnel positions until the new facilities are within 90
8 days of projected completion, except for certain management,
9 security, and support positions necessary to prepare the facility
10 for opening, as authorized in the budget approved by the General
11 Assembly.

CODE NO. 97CORR-S006-P

Requested by: Senator Gulley

USE OF FACILITIES CLOSED UNDER GPAC

1 Section @. In conjunction with the closing of small
2 expensive prison units recommended for consolidation by the
3 Government Performance Audit Committee, the Department of
4 Correction shall consult with the county or municipality in which
5 the unit is located or any private for-profit or nonprofit firm
6 about the possibility of converting that unit to other use.
7 Consistent with existing law, the Department may provide for the
8 lease of any of these units to counties, municipalities, or
9 private firms wishing to convert them to other use. The
10 Department of Correction may also consider converting some of the
11 units recommended for closing from medium security to minimum
12 security, where that conversion would be cost-effective.
13 The Department of Correction shall report quarterly to
14 the Joint Legislative Corrections Oversight Committee on the
15 conversion of these units to other use.

CODE NO. 97CORR-S007-P

Requested by: Senator Gulley

FEDERAL GRANT REPORTING

1 Section @. The Department of Correction, the Department
2 of Justice, the Department of Crime Control and Public Safety,
3 and the Judicial Department shall report by December 1 and May 1
4 of each year to the Joint Legislative Commission on Governmental
5 Operations, the Chairs of the Senate and House Appropriations
6 Committees, and the Chairs of the Senate and House Appropriations
7 Subcommittees on Justice and Public Safety on federal grant funds
8 received or pre-approved for receipt by those departments. The
9 report shall include information on the amount of grant funds
10 received or preapproved for receipt by each department, the use
11 of the funds, and the State match expended to receive the funds.

CODE NO. 97CORR-S008-P

Requested by: Senator Gulley

HARRIET'S HOUSE FUNDS/FUNDS SHALL NOT REVERT

1 Section @. (a) Funds appropriated in this act to the
2 Department of Correction to support the programs of Harriet's
3 House may be used for program operating costs, the purchase of
4 equipment, and the rental of real property. Harriet's House
5 shall report by December 1 and May 1 of each year to the Joint
6 Legislative Commission on Governmental Operations on the
7 expenditure of State appropriations and on the effectiveness of
8 the program including information on the number of clients served
9 and the number of clients who successfully complete the Harriet's
10 House program.

11 (b) The balance of the two hundred thousand dollars
12 (\$200,000) appropriated in Chapter 507 of the 1995 Session Laws
13 to the Department of Correction for the 1996-97 fiscal year to
14 support the programs at Harriet's House shall not revert at the
15 end of the fiscal year but shall remain available to the
16 Department during the 1997-98 fiscal year to be used for program
17 operating costs, the purchase of equipment, and the rental of
18 real property.

19 (c) This section becomes effective June 30, 1997.

CODE NO. 97CORR-S009B

Requested by: Senators Gulley, Odom, Ballance

REPORT ON SUMMIT HOUSE

1 Section ②. (a) Summit House shall report by December 1
2 and May 1 of each year to the Joint Legislative Commission on
3 Governmental Operations on the expenditure of State
4 appropriations and on the effectiveness of the program, including
5 information on the number of clients served, the number of
6 clients who have their probation revoked, and the number of
7 clients who successfully complete the program while housed at
8 Summit House.

9 (b) Summit House shall report by December 1, 1998 to
10 the Joint Legislative Commission on Governmental Operations on
11 (i) possible expansion of the programs in Mecklenburg and
12 Guilford Counties; (ii) on possible expansion to other areas of
13 the State; and (iii) the status of the Wake County program. This
14 report shall include the estimated size of the population to be
15 served, estimated costs and anticipated obstacles to
16 establishment of a residential program.

17 (c) The balance of the one million one hundred three
18 thousand seven hundred fifty-eight dollars (\$1,103,758)
19 appropriated in Chapter 507 of the 1995 Session Laws and Chapter
20 18 of the Session Laws of the 1996 Second Extra Session to the
21 Department of Correction for the 1996-97 fiscal year for support
22 and expansion of the programs at Summit House in Greensboro and
23 Mecklenburg and Wake Counties shall not revert at the end of the
24 fiscal year but shall remain in the Department during the 1997-98
25 fiscal year for that purpose.

26 (d) This section becomes effective June 30, 1997.

CODE NO. 97CORR-S010-P

Requested by: Senator Gulley

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT

1 Section @. Notwithstanding the funding formula set
2 forth in G.S. 143B-273.15, grants made through the North Carolina
3 State-County Criminal Justice Partnership Act for the 1997-98
4 fiscal year shall be distributed to the counties as specified in
5 G.S. 143B-273.15(2) only, and not as discretionary funds. The
6 Department may also use funds from the State-County Criminal
7 Justice Partnership Account in order to maintain the counties'
8 allocations of nine million six hundred thousand dollars
9 (\$9,600,000) as provided in previous fiscal years.
10 Appropriations not claimed or expended by the counties during the
11 1997-99 biennium shall be distributed as specified in G.S. 143B-
12 273.15(1).

CODE NO. 97CORR-S011-P

Requested by: Senator Gulley

**POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON STAFFING
REORGANIZATION AND REDUCTION**

1 Section @. The Post-Release Supervision and Parole
2 Commission shall report to the Joint Legislative Commission on
3 Governmental Operations and the Joint Legislative Corrections
4 Oversight Committee by March 1, 1998, on a staffing
5 reorganization and reduction plan. The report shall address the
6 impact on Commission staffing of the declining parole workload,
7 the automation of Commission functions, and the anticipated role
8 of the Commission in Post-Release Supervision. The report shall
9 include a transition plan for implementing staff reductions over
10 the next five years, including a minimum of a ten percent (10%)
11 reduction in the 1998-99 fiscal year over the 1997-98 fiscal
12 year.

CODE NO. 97CORR-S017

Requested by: Senator Gulley

FEDERAL MATCHING FUNDS

1 Section @. Appropriations made for the 1997-99 biennium
2 to the Office of State Construction of the Department of
3 Administration for the planning and construction of new prison
4 beds are to match federal funds available for prison
5 construction. Appropriations not needed or used to match federal
6 funds may be made available for construction of new prison beds,
7 segregation units, support buildings and systems, and other
8 needed facilities.

CODE NO. 97CORR-S018A

Requested by: Senator Gulley

USE OF FEDERAL PRISON CONSTRUCTION GRANT FUNDS

1 Section @. The Department of Correction shall use
2 federal grant funds received from the U.S. Justice Department as
3 part of the Violent Offender Incarceration Program and the Truth-
4 In-Sentencing Incentive Grant Program for the further planning
5 and design and construction of the following state prison
6 facilities, provided that the project meets the criteria of the
7 federal grant program:

8	9 <u>Facility</u>	<u>Location</u>	<u>Number of Beds</u>	<u>Custody</u>
10	Central Prison	Wake	196	Close
11	Diagnostic Center			
12	Warren Correctional	Warren	168	Med/Close
13	Institution			
14	Improvements to	Wake	208	Med/Close
15	NCCIW			
16	Scotland Facility	Scotland	712	Close
17	Alexander Facility	Alexander	520	Close
18	Metro Facility	Charlotte	520	Close
19		Area		

20
21 No more than the sum of seventeen million five hundred
22 thousand dollars (\$17,500,000) in federal funds may be allocated
23 to the Central Prison Diagnostic Center Project, the proposed
24 revised Phase I of the Central Prison Master Plan, or the
25 planning and design of the Warren, NCCIW, or Metro projects until
26 federal funds have been allocated to complete the working
27 drawings phase of planning and design for the Alexander and
28 Scotland Close Custody Prison Facilities.

29 The Department of Correction shall report quarterly to
30 the Joint Legislative Commission on Governmental Operations and
31 the Joint Legislative Corrections Oversight Committee on the
32 allocation of any federal funds received and of anticipated
33 future federal grant funds.

CODE NO. 97CORR-S013

Requested by: Senators Gulley, Ballance

SUBSTANCE ABUSE FUNDS

1 Section @. (a) Of the funds appropriated in the
2 continuation budget to the Department of Correction for the 1997-
3 99 biennium for private prison substance abuse beds, the
4 Department shall allocate for the 1997-98 fiscal year up to the
5 sum of one million two hundred thousand dollars (\$1,200,000) to a
6 Reserve for Substance Abuse and Impact Program Aftercare for
7 community corrections programs that emphasize offender aftercare,
8 with emphasis on substance abuse aftercare programs. These
9 programs shall include the aftercare program for the DART/DWI
10 program at Cherry Hospital, the IMPACT aftercare program, and
11 other aftercare programs for parolees, probationers, and post-
12 release supervisees. The Department shall allocate at least the
13 sum of five hundred thousand dollars (\$500,000) to the DART/DWI
14 aftercare program and at least the sum of sixty thousand dollars
15 (\$60,000) for an evaluation of the Department's substance abuse
16 programs. The evaluation study shall review and update findings
17 from the study of Department of Correction substance abuse
18 programs funded by the General Assembly in Section 19.1 of
19 Chapter 507 of the 1995 Session Laws, expand the study to include
20 aftercare programs funded in this section, and develop proposed
21 performance measures for the Department's substance abuse
22 programs.

23 (b) Prior to the expenditure of more than the sum of six
24 hundred thousand dollars (\$600,000) of the funds allocated to the
25 Reserve for Substance Abuse and Impact Program Aftercare, the
26 Secretary of Correction shall report to the Joint Legislative
27 Corrections Oversight Committee, the Chairs of the Senate and
28 House Appropriations Committees, and the Chairs of the Senate and
29 House Appropriations Subcommittees on Justice and Public Safety
30 on the allocation of funding to date for community corrections
31 programs, the justification for those allocations, and the
32 proposed allocation of the remaining funds in the Reserve. The
33 Secretary shall also report to the Joint Legislative Corrections
34 Oversight Committee, the Chairs of the Senate and House
35 Appropriations Committees, and the Chairs of the Senate and House
36 Appropriations Subcommittees on Justice and Public Safety by
37 March 15, 1998 on the cost and benefits of those programs funded
38 and the results of the substance abuse evaluation study. Both of

1 these reports shall also address the Department's progress in
2 contracting for additional private treatment beds.

CODE NO. 97CORR-S020

Requested by: Senator Gulley

REPORT ON DART/DWI PROGRAM AT CHERRY HOSPITAL

1 Section @. The Department of Correction shall report by
2 December 1, 1997 and by May 1, 1998 to the Joint Legislative
3 Corrections Oversight Committee, the Chairs of the Senate and
4 House Appropriations Committees, and the Chairs of the
5 Appropriations Subcommittees on Justice and Public Safety on the
6 residential DWI/Substance abuse treatment program for
7 probationers and parolees at the DART facility at Cherry
8 Hospital. The report shall include monthly statistical summaries
9 of population versus capacity and comparisons of the percentage
10 of offenders entering the program versus those completing the
11 program, for both probationers and parolees. The report shall
12 also include a budget report showing expenditures by purpose. If
13 the program is not operating at capacity by the end of each
14 reporting period, the Department of Correction shall explain the
15 reasons for underutilization and its proposed strategies for
16 addressing the problem of underutilization. Any new initiatives
17 that would revise or expand the treatment model at the facility,
18 along with the accompanying costs, shall also be included in each
19 report.

CODE NO. 97CORR-S021

Requested by: Senator Gulley

ADDITIONAL PRISON BEDS/INCREASE THE CRIMINAL PENALTY FOR THE SALE OF CERTAIN CONTROLLED SUBSTANCES/INCREASE THE CRIMINAL PENALTY FOR CERTAIN EMBEZZLEMENT OFFENSES/RECLASSIFY OFFENSE OF ACCESSORY AFTER THE FACT/INCREASE PENALTY FOR VOLUNTARY MANSLAUGHTER FROM A CLASS E FELONY TO A CLASS D FELONY/REQUIRE ACTIVE TIME FOR HABITUAL IMPAIRED DRIVING CONVICTIONS/INCREASE THE PENALTY FOR CERTAIN OFFENSES COMMITTED WHILE A PERSON IS INCARCERATED/ADD TO THE LIST OF AGGRAVATING FACTORS THAT CERTAIN PEOPLE WERE SERIOUSLY INJURED AS A RESULT OF THE OFFENSE/INCREASE THE PENALTY FOR THE ESTABLISHMENT OF PYRAMID DISTRIBUTION PLANS/ESTABLISH THE OFFENSES OF TRESPASS ON PINE STRAW PRODUCTION LAND AND LARCENY OF PINE STRAW/INCREASE THE PENALTY FROM A MISDEMEANOR TO A CLASS H FELONY FOR THE OFFENSES OF FALSELY REPORTING THAT A BOMB OR OTHER DESTRUCTIVE DEVICE MAY EXPLODE AND PERPETRATING A HOAX BY USING A FALSE DESTRUCTIVE DEVICE/ADD TO THE LIST OF AGGRAVATING FACTORS THAT THE OFFENSE WAS COMMITTED IN ASSOCIATION WITH A CRIMINAL STREET GANG/FELONY TO CONCEAL MERCHANDISE BY USING A LEAD-LINED OR ALUMINUM-LINED BAG OR OTHER DEVICE THAT WILL PREVENT THE ACTIVATION OF AN ANTISHOPLIFTING CONTROL DEVICE

1 Section  . (a) Of the funds appropriated to the
2 Department of Correction in this act for the 1998-99 fiscal year,
3 the sum of five hundred thousand dollars (\$500,000) shall be
4 placed in a reserve to fund additional prison beds and other
5 associated costs to implement the provisions of this section.

6 (b) G.S. 90-95(b) reads as rewritten:

7 "(b) Except as provided in subsections (h) and (i) of this
8 section, any person who violates G.S. 90-95(a)(1) with respect
9 to:

- 10 (1) A controlled substance classified in Schedule I or
11 II shall be punished as a Class H ~~felon~~; felon,
12 except that the sale of a controlled substance
13 classified in Schedule I or II shall be punished as
14 a Class G felon;
- 15 (2) A controlled substance classified in Schedule III,
16 IV, V, or VI shall be punished as a Class I felon,
17 except that the sale of a controlled substance
18 classified in Schedule III, IV, V, or VI shall be
19 punished as a Class H felon. ~~but the~~ The transfer
20 of less than 5 grams of marijuana for no

1 remuneration shall not constitute a delivery in
2 violation of G.S. 90-95(a)(1)."

3 (c) G.S. 14-74 reads as rewritten:

4 "§ 14-74. Larceny by servants and other employees.

5 If any servant or other employee, to whom any money, goods or
6 other chattels, or any of the articles, securities or choses in
7 action mentioned in the following section [G.S. 14-75], by his
8 master shall be delivered safely to be kept to the use of his
9 master, shall withdraw himself from his master and go away with
10 such money, goods or other chattels, or any of the articles,
11 securities or choses in action mentioned as aforesaid, or any
12 part thereof, with intent to steal the same and defraud his
13 master thereof, contrary to the trust and confidence in him
14 reposed by his said master; or if any servant, being in the
15 service of his master, without the assent of his master, shall
16 embezzle such money, goods or other chattels, or any of the
17 articles, securities or choses in action mentioned as aforesaid,
18 or any part thereof, or otherwise convert the same to his own
19 use, with like purpose to steal them, or to defraud his master
20 thereof, the servant so offending shall be ~~punished as a Class H~~
21 ~~felon~~ guilty of a felony: Provided, that nothing contained in
22 this section shall extend to apprentices or servants within the
23 age of 16 years. If the value of the money, goods, or other
24 chattels, or any of the articles, securities, or choses in action
25 mentioned in G.S. 14-75, is one hundred thousand dollars
26 (\$100,000) or more, the person is guilty of a Class C felony. If
27 the value of the money, goods, or other chattels, or any of the
28 articles, securities, or choses in action mentioned in G.S. 14-
29 75, is less than one hundred thousand dollars (\$100,000), the
30 person is guilty of a Class H felony."

31 (d) G.S. 14-90 reads as rewritten:

32 "§ 14-90. Embezzlement of property received by virtue of office
33 or employment.

34 If any person exercising a public trust or holding a public
35 office, or any guardian, administrator, executor, trustee, or any
36 receiver, or any other fiduciary, or any officer or agent of a
37 corporation, or any agent, consignee, clerk, bailee or servant,
38 except persons under the age of 16 years, of any person, shall
39 embezzle or fraudulently or knowingly and willfully misapply or
40 convert to his own use, or shall take, make away with or secrete,
41 with intent to embezzle or fraudulently or knowingly and
42 willfully misapply or convert to his own use any money, goods or
43 other chattels, bank note, check or order for the payment of
44 money issued by or drawn on any bank or other corporation, or any

1 treasury warrant, treasury note, bond or obligation for the
2 payment of money issued by the United States or by any state, or
3 any other valuable security whatsoever belonging to any other
4 person or corporation, unincorporated association or organization
5 which shall have come into his possession or under his care, he
6 shall be ~~punished as a Class H felon.~~ guilty of a felony. If the
7 value of the property is one hundred thousand dollars (\$100,000)
8 or more, the person is guilty of a Class C felony. If the value
9 of the property is less than one hundred thousand dollars
10 (\$100,000), the person is guilty of a Class H felony."

11 (e) G.S. 14-91 reads as rewritten:

12 "\$ 14-91. Embezzlement of State property by public officers and
13 employees.

14 If any officer, agent, or employee of the State, or other
15 person having or holding in trust for the same any bonds issued
16 by the State, or any security, or other property and effects of
17 the same, shall embezzle or knowingly and willfully misapply or
18 convert the same to his own use, or otherwise willfully or
19 corruptly abuse such trust, such offender and all persons
20 knowingly and willfully aiding and abetting or otherwise
21 assisting therein shall be ~~punished as a Class F felon.~~ guilty of
22 a felony. If the value of the property is one hundred thousand
23 dollars (\$100,000) or more, a violation of this section is a
24 Class C felony. If the value of the property is less than one
25 hundred thousand dollars (\$100,000), a violation of this section
26 is a Class F felony."

27 (f) G.S. 14-92 reads as rewritten:

28 "\$ 14-92. Embezzlement of funds by public officers and trustees.

29 If an officer, agent, or employee of an entity listed below, or
30 a person having or holding money or property in trust for one of
31 the listed entities, shall embezzle or otherwise willfully and
32 corruptly use or misapply the same for any purpose other than
33 that for which such moneys or property is held, such person shall
34 be ~~punished as a Class F felon.~~ guilty of a felony. If the value
35 of the money or property is one hundred thousand dollars
36 (\$100,000) or more, the person is guilty of a Class C felony. If
37 the value of the money or property is less than one hundred
38 thousand dollars (\$100,000), the person is guilty of a Class F
39 felony. If any clerk of the superior court or any sheriff,
40 treasurer, register of deeds or other public officer of any
41 county, unit or agency of local government, or local board of
42 education shall embezzle or wrongfully convert to his own use, or
43 corruptly use, or shall misapply for any purpose other than that
44 for which the same are held, or shall fail to pay over and

1 deliver to the proper persons entitled to receive the same when
2 lawfully required so to do, any moneys, funds, securities or
3 other property which such officer shall have received by virtue
4 or color of his office in trust for any person or corporation,
5 such officer shall be ~~punished as a Class F felon~~, guilty of a
6 felony. If the value of the money, funds, securities, or other
7 property is one hundred thousand dollars (\$100,000) or more, the
8 person is guilty of a Class C felony. If the value of the money,
9 funds, securities, or other property is less than one hundred
10 thousand dollars (\$100,000), the person is guilty of a Class F
11 felony. The provisions of this section shall apply to all
12 persons who shall go out of office and fail or neglect to account
13 to or deliver over to their successors in office or other persons
14 lawfully entitled to receive the same all such moneys, funds and
15 securities or property aforesaid. The following entities are
16 protected by this section: a county, a city or other unit or
17 agency of local government, a local board of education, and a
18 penal, charitable, religious, or educational institution."

19 (g) G.S. 14-93 reads as rewritten:

20 "§ 14-93. Embezzlement by treasurers of charitable and religious
21 organizations.

22 If any treasurer or other financial officer of any benevolent
23 or religious institution, society or congregation shall lend any
24 of the moneys coming into his hands to any other person or
25 association without the consent of the institution, association
26 or congregation to whom such moneys belong; or, if he shall fail
27 to account for such moneys when called on, he shall be guilty of
28 a ~~Class H~~ felony. If the violation of this section involves
29 money with a value of one hundred thousand dollars (\$100,000) or
30 more, the person is guilty of a Class C felony. If the violation
31 of this section involves money with a value of less than one
32 hundred thousand dollars (\$100,000) or less, a violation of this
33 section is a Class H felony."

34 (h) G.S. 14-94 reads as rewritten:

35 "§ 14-94. Embezzlement by officers of railroad companies.

36 If any president, secretary, treasurer, director, engineer,
37 agent or other officer of any railroad company shall embezzle any
38 moneys, bonds or other valuable funds or securities, with which
39 such president, secretary, treasurer, director, engineer, agent
40 or other officer shall be charged by virtue of his office or
41 agency, or shall in any way, directly or indirectly, apply or
42 appropriate the same for the use or benefit of himself or any
43 other person, state or corporation, other than the company of
44 which he is president, secretary, treasurer, director, engineer,

1 agent or other officer, for every such offense the person so
 2 offending shall be guilty of a felony, and on conviction in the
 3 superior or criminal court of any county through which the
 4 railroad of such company shall pass, shall be punished as a Class
 5 ~~H~~ felon. If the value of the money, bonds, or other valuable
 6 funds or securities is one hundred thousand dollars (\$100,000) or
 7 more, a violation of this section is a Class C felony. If the
 8 value of the money, bonds, or other valuable funds or securities
 9 has value of less than one hundred thousand dollars (\$100,000), a
 10 violation of this section is a Class H felony."

11 (i) G.S. 14-97 reads as rewritten:

12 "§ 14-97. Appropriation of partnership funds by partner to
 13 personal use.

14 Any person engaged in a partnership business in the State of
 15 North Carolina who shall, without the knowledge and consent of
 16 his copartner or copartners, take funds belonging to the
 17 partnership business and appropriate the same to his own personal
 18 use with the fraudulent intent of depriving his copartners of the
 19 use thereof, shall be guilty of a ~~Class H~~ felony. Appropriation
 20 of partnership funds with a value of one hundred thousand dollars
 21 (\$100,000) or more by a partner is a Class C felony.
 22 Appropriation of partnership funds with the value of less than
 23 one hundred thousand dollars (\$100,000) by a partner is a Class H
 24 felony."

25 (j) G.S. 14-98 reads as rewritten:

26 "§ 14-98. Embezzlement by surviving partner.

27 If any surviving partner shall willfully and intentionally
 28 convert any of the property, money or effects belonging to the
 29 partnership to his own use, and refuse to account for the same on
 30 settlement, he shall be ~~punished as a Class H felon~~ guilty of a
 31 felony. If the property, money, or effects has a value of one
 32 hundred thousand dollars (\$100,000) or more, a violation of this
 33 section is a Class C felony. If the property, money, or effects
 34 has a value of less than one hundred thousand dollars (\$100,000),
 35 a violation of this section is a Class H felony."

36 (k) G.S. 14-99 reads as rewritten:

37 "§ 14-99. Embezzlement of taxes by officers.

38 If any officer appropriates to his own use the State, county,
 39 school, city or town taxes, he shall be guilty of embezzlement,
 40 and shall be punished as a ~~Class F~~ felon. If the value of the
 41 taxes is one hundred thousand dollars (\$100,000) or more, a
 42 violation of this section is a Class C felony. If the value of
 43 the taxes is less than one hundred thousand dollars (\$100,000), a
 44 violation of this section is a Class F felony."

1 (1) G.S. 14-100(a) reads as rewritten:

2 "(a) If any person shall knowingly and designedly by means of
3 any kind of false pretense whatsoever, whether the false pretense
4 is of a past or subsisting fact or of a future fulfillment or
5 event, obtain or attempt to obtain from any person within this
6 State any money, goods, property, services, chose in action, or
7 other thing of value with intent to cheat or defraud any person
8 of such money, goods, property, services, chose in action or
9 other thing of value, such person shall be guilty of a ~~felony,~~
10 ~~and shall be punished as a Class H felon:~~ felony: Provided, that
11 if, on the trial of anyone indicted for such crime, it shall be
12 proved that he obtained the property in such manner as to amount
13 to larceny or embezzlement, the jury shall have submitted to them
14 such other felony proved; and no person tried for such felony
15 shall be liable to be afterwards prosecuted for larceny or
16 embezzlement upon the same facts: Provided, further, that it
17 shall be sufficient in any indictment for obtaining or attempting
18 to obtain any such money, goods, property, services, chose in
19 action, or other thing of value by false pretenses to allege that
20 the party accused did the act with intent to defraud, without
21 alleging an intent to defraud any particular person, and without
22 alleging any ownership of the money, goods, property, services,
23 chose in action or other thing of value; and upon the trial of
24 any such indictment, it shall not be necessary to prove either an
25 intent to defraud any particular person or that the person to
26 whom the false pretense was made was the person defrauded, but it
27 shall be sufficient to allege and prove that the party accused
28 made the false pretense charged with an intent to defraud. If
29 the value of the money, goods, property, services, chose in
30 action, or other thing of value is one hundred thousand dollars
31 (\$100,000) or more, a violation of this section is a Class C
32 felony. If the value of the money, goods, property, services,
33 chose in action, or other thing of value is less than one hundred
34 thousand dollars (\$100,000), a violation of this section is a
35 Class H felony."

36 (m) G.S. 53-129 reads as rewritten:

37 "\$ 53-129. Misapplication, embezzlement of funds, etc.

38 Whoever being an officer, employee, agent or director of a
39 bank, with intent to defraud or injure the bank, or any person or
40 corporation, or to deceive an officer of the bank or an agent
41 appointed to examine the affairs of such bank, embezzles,
42 abstracts, or misapplies any of the money, funds, credit or
43 property of such bank, whether owned by it or held in trust, or
44 who, with such intent, willfully and fraudulently issues or puts

1 forth a certificate of deposit, draws an order or bill of
2 exchange, makes an acceptance, assigns a note, bond, draft, bill
3 of exchange, mortgage, judgment, decree or fictitiously borrows
4 or solicits, obtains or receives money for a bank not in good
5 faith, intended to become the property of such bank; or whoever
6 being an officer, employee, agent, or director of a bank, makes
7 or permits the making of a false statement or certificate, as to
8 a deposit, trust fund or contract, or makes or permits to be made
9 a false entry in a book, report, statement or record of such
10 bank, or conceals or permits to be concealed by any means or
11 manner, the true and correct entries of said bank, or its true
12 and correct transactions, who knowingly loans, or permits to be
13 loaned, the funds or credit of any bank to any insolvent company
14 or corporation, or corporation which has ceased to exist, or
15 which never had any existence, or upon collateral consisting of
16 stocks or bonds of such company or corporation, or who makes or
17 publishes or knowingly permits to be made or published a false
18 report, statement or certificate as to the true financial
19 condition of such bank, shall be ~~punished as a Class H felon.~~
20 guilty of a felony. If an offense committed under this section
21 involves money, funds, credit or property with a value of one
22 hundred thousand dollars (\$100,000) or more, it is a Class C
23 felony. If an offense committed under this section involves
24 money, funds, credit or property with a value of less than one
25 hundred thousand dollars (\$100,000), it is a Class H felony. Any
26 other offense committed under this section is a Class H felony."

27 (n) G.S. 58-2-162 reads as rewritten:

28 "§ 58-2-162. Embezzlement by insurance agents, brokers, or
29 administrators.

30 If any insurance agent, broker, or administrator embezzles or
31 fraudulently converts to his own use, or, with intent to use or
32 embezzle, takes, secretes, or otherwise disposes of, or
33 fraudulently withholds, appropriates, lends, invests, or
34 otherwise uses or applies any money, negotiable instrument, or
35 other consideration received by him in his performance as an
36 agent, broker, or administrator, he shall be ~~punished as a Class~~
37 ~~H felon.~~ guilty of a felony. If the value of the money,
38 negotiable instrument, or other consideration is one hundred
39 thousand dollars (\$100,000) or more, violation of this section is
40 a Class C felony. If the value of the money, negotiable
41 instrument, or other consideration is less than one hundred
42 thousand dollars (\$100,000), violation of this section is a Class
43 H felony."

44 (o) G.S. 90-210.70(a) reads as rewritten:

1 "(a) Anyone who embezzles or who fraudulently, or knowingly
2 and willfully misapplies, or in any manner converts preneed
3 funeral funds to his own use, or for the use of any partnership,
4 corporation, association, or entity for any purpose other than as
5 authorized by this Article; or anyone who takes, makes away with
6 or secretes, with intent to embezzle or fraudulently or knowingly
7 and willfully misapply or in any manner convert preneed funeral
8 funds for his own use or the use of any other person for any
9 purpose other than as authorized by this Article shall be
10 ~~punished as a Class H felon.~~ guilty of a felony. If the value of
11 the preneed funeral funds is one hundred thousand dollars
12 (\$100,000) or more, violation of this section is a Class C
13 felony. If the value of the preneed funeral funds is less than
14 one hundred thousand dollars (\$100,000), violation of this
15 section is a Class H felony. Each such embezzlement, conversion,
16 or misapplication shall constitute a separate offense and may be
17 prosecuted individually. Upon conviction, all licenses issued
18 under this Article shall be revoked."

19 (p) G.S. 14-7 reads as rewritten:

20 "§ 14-7. Accessories after the fact; trial and punishment.

21 If any person shall become an accessory after the fact to any
22 felony, whether the same be a felony at common law or by virtue
23 of any statute made, or to be made, such person shall be guilty
24 of a ~~felony,~~ crime, and may be indicted and convicted together
25 with the principal felon, or after the conviction of the
26 principal felon, or may be indicted and convicted for such ~~felony~~
27 crime whether the principal felon shall or shall not have been
28 previously convicted, or shall or shall not be amenable to
29 ~~justice, and shall be punished as a Class H felon.~~ justice.
30 Unless a different classification is expressly stated, that
31 person shall be punished for an offense that is two classes lower
32 than the felony the principal felon committed, except that an
33 accessory after the fact to a Class A or Class B1 felony is a
34 Class C felony, an accessory after the fact to a Class B2 felony
35 is a Class D felony, an accessory after the fact to a Class H
36 felony is a Class 1 misdemeanor, and an accessory after the fact
37 to a Class I felony is a Class 2 misdemeanor. The offense of
38 such person may be inquired of, tried, determined and punished by
39 any court which shall have jurisdiction of the principal felon,
40 in the same manner as if the act, by reason whereof such person
41 shall have become an accessory, had been committed at the same
42 place as the principal felony, although such act may have been
43 committed without the limits of the State; and in case the
44 principal felony shall have been committed within the body of any

1 county, and the act by reason whereof any person shall have
 2 become accessory shall have been committed within the body of any
 3 other county, the offense of such person guilty of a felony as
 4 aforesaid may be inquired of, tried, determined, and punished in
 5 either of said counties: Provided, that no person who shall be
 6 once duly tried for such felony shall be again indicted or tried
 7 for the same offense."

8 (q) G.S. 14-18 reads as rewritten:

9 "§ 14-18. Punishment for manslaughter.

10 Voluntary manslaughter shall be punishable as a Class E D
 11 felony, and involuntary manslaughter shall be punishable as a
 12 Class F felony."

13 (r) G.S. 20-138.5(b) reads as rewritten:

14 "(b) A person convicted of violating this section shall be
 15 punished as a Class G felon. Notwithstanding the dispositions
 16 authorized in G.S. 15A-1340.17 for Class G felonies, the court
 17 shall impose an active term of imprisonment. The term of
 18 imprisonment shall be consistent with the durations specified for
 19 that class of offense and prior record level. Sentences imposed
 20 under this subsection shall run consecutively with and shall
 21 commence at the expiration of any sentence being served."

22 (s) G.S. 14-255 reads as rewritten:

23 "§ 14-255. Escape of working prisoners from custody.

24 If any prisoner removed from the local confinement facility or
 25 satellite jail/work release unit of a county pursuant to G.S.
 26 162-58 shall escape from the person having him in custody or the
 27 person supervising him, he shall be guilty of a Class 3 1
 28 misdemeanor."

29 (t) G.S. 14-256 reads as rewritten:

30 "§ 14-256. Prison breach and escape from county or municipal
 31 confinement facilities or officers.

32 If any person shall break any prison, jail or lockup maintained
 33 by any county or municipality in North Carolina, being lawfully
 34 confined therein, or shall escape from the lawful custody of any
 35 superintendent, guard or officer of such prison, jail or lockup,
 36 he shall be guilty of a Class 1 misdemeanor, except that the
 37 person is guilty of a Class 4 H felony if:

- 38 (1) He has been convicted of a felony and has been
 39 committed to the facility pending transfer to the
 40 State prison system; or
- 41 (2) He is serving a sentence imposed upon conviction of
 42 a felony."

43 (u) G.S. 148-45 reads as rewritten:

1 "§ 148-45. Escaping or attempting escape from State prison
2 system; failure of conditionally and temporarily released
3 prisoners and certain youthful offenders to return to custody of
4 Department of Correction.

5 (a) Any person in the custody of the Department of Correction
6 in any of the classifications hereinafter set forth who shall
7 escape from the State prison system, shall for the first such
8 offense, except as provided in subsection (g) of this section, be
9 guilty of a Class ~~I felony~~: 1 misdemeanor:

10 (1) A prisoner serving a sentence imposed upon
11 conviction of a misdemeanor;

12 (2) A person who has been charged with a misdemeanor
13 and who has been committed to the custody of the
14 Department of Correction under the provisions of
15 G.S. 162-39;

16 (3) Repealed by Session Laws 1985, c. 226, s. 4.

17 (4) A person who shall have been convicted of a
18 misdemeanor and who shall have been committed to
19 the Department of Correction for presentence
20 diagnostic study under the provisions of G.S.
21 15A-1332(c).

22 (b) Any person in the custody of the Department of Correction,
23 in any of the classifications hereinafter set forth, who shall
24 escape from the State prison system, shall, except as provided in
25 subsection (g) of this section, be punished as a Class ~~I~~ H felon.

26 (1) A prisoner serving a sentence imposed upon
27 conviction of a felony;

28 (2) A person who has been charged with a felony and who
29 has been committed to the custody of the Department
30 of Correction under the provisions of G.S. 162-39;

31 (3) Repealed by Session Laws 1985, c. 226, s. 5.

32 (4) A person who shall have been convicted of a felony
33 and who shall have been committed to the Department
34 of Correction for presentence diagnostic study
35 under the provisions of G.S. 15A-1332(c); or

36 (5) Any person previously convicted of escaping or
37 attempting to escape from the State prison system.

38 (c) Repealed by Session Laws 1979, c. 760, s. 5.

39 (d) Any person who aids or assists other persons to escape or
40 attempt to escape from the State prison system shall be guilty of
41 a Class 1 misdemeanor.

42 (e) Repealed by Session Laws 1983, c. 465, s. 5.

43 (f) Any person convicted of an escape or attempt to escape
44 classified as a felony by this section shall be immediately

1 classified and treated as a convicted felon even if such person
2 has time remaining to be served in the State prison system on a
3 sentence or sentences imposed upon conviction of a misdemeanor or
4 misdemeanors.

5 (g) (1) Any person convicted and in the custody of the
6 North Carolina Department of Correction and ordered
7 or otherwise assigned to work under the
8 work-release program, G.S. 148-33.1, or any
9 convicted person in the custody of the North
10 Carolina Department of Correction and temporarily
11 allowed to leave a place of confinement by the
12 Secretary of Correction or his designee or other
13 authority of law, who shall fail to return to the
14 custody of the North Carolina Department of
15 Correction, shall be guilty of the crime of escape
16 and subject to the applicable provisions of this
17 section and shall be deemed an escapee. For the
18 purpose of this subsection, escape is defined to
19 include, but is not restricted to, willful failure
20 to return to an appointed place and at an appointed
21 time as ordered.

22 (2) If a person, who would otherwise be guilty of a
23 first violation of G.S. 148-45(g)(1), voluntarily
24 returns to his place of confinement within 24 hours
25 of the time at which he was ordered to return, such
26 person shall not be charged with an escape as
27 provided in this section but shall be subject to
28 such administrative action as may be deemed
29 appropriate for an escapee by the Department of
30 Correction; said escapee shall not be allowed to be
31 placed on work release for a four-month period or
32 for the balance of his term if less than four
33 months; provided, however, that if such person
34 commits a subsequent violation of this section then
35 such person shall be charged with that offense and,
36 if convicted, punished under the provisions of this
37 section."

38 (v) G.S. 90-95(e) reads as rewritten:

39 "(e) The prescribed punishment and degree of any offense under
40 this Article shall be subject to the following conditions, but
41 the punishment for an offense may be increased only by the
42 maximum authorized under any one of the applicable conditions:

43 (1), (2) Repealed by Session Laws 1979, c. 760, s. 5.

- 1 (3) If any person commits a Class 1 misdemeanor under
2 this Article and if he has previously been
3 convicted for one or more offenses under any law of
4 North Carolina or any law of the United States or
5 any other state, which offenses are punishable
6 under any provision of this Article, he shall be
7 punished as a Class I felon. The prior conviction
8 used to raise the current offense to a Class I
9 felony shall not be used to calculate the prior
10 record level;
- 11 (4) If any person commits a Class 2 misdemeanor, and if
12 he has previously been convicted for one or more
13 offenses under any law of North Carolina or any law
14 of the United States or any other state, which
15 offenses are punishable under any provision of this
16 Article, he shall be guilty of a Class 1
17 misdemeanor. The prior conviction used to raise the
18 current offense to a Class 1 misdemeanor shall not
19 be used to calculate the prior conviction level;
- 20 (5) Any person 18 years of age or over who violates
21 G.S. 90-95(a)(1) by selling or delivering a
22 controlled substance to a person under 16 years of
23 age or a pregnant female shall be punished as a
24 Class D felon. Mistake of age is not a defense to a
25 prosecution under this section. It shall not be a
26 defense that the defendant did not know that the
27 recipient was pregnant;
- 28 (6) For the purpose of increasing punishment under G.S.
29 90-95(e)(3) and (e)(4), previous convictions for
30 offenses shall be counted by the number of separate
31 trials at which final convictions were obtained and
32 not by the number of charges at a single trial;
- 33 (7) If any person commits an offense under this Article
34 for which the prescribed punishment requires that
35 any sentence of imprisonment be suspended, and if
36 he has previously been convicted for one or more
37 offenses under any law of North Carolina or any law
38 of the United States or any other state, which
39 offenses are punishable under any provision of this
40 Article, he shall be guilty of a Class 2
41 misdemeanor;
- 42 (8) Any person 21 years of age or older who commits an
43 offense under G.S. 90-95(a)(1) on property used for
44 an elementary or secondary school or within 300

1 feet of the boundary of real property used for an
2 elementary or secondary school shall be punished as
3 a Class E felon. For purposes of this subdivision,
4 the transfer of less than five grams of marijuana
5 for no remuneration shall not constitute a delivery
6 in violation of G.S. 90-95(a)(1).

7 (9) Any person who violates G.S. 90-95(a)(3) on the
8 premises of a penal institution or local
9 confinement facility shall be guilty of a Class ~~I~~ H
10 felony."

11 (w) G.S. 148-46.1 reads as rewritten:

12 "§ 148-46.1. Inflicting or assisting in infliction of self
13 injury to prisoner resulting in incapacity to perform assigned
14 duties.

15 Any person serving a sentence or sentences within the State
16 prison system who, during the term of such imprisonment,
17 willfully and intentionally inflicts upon himself any injury
18 resulting in a permanent or temporary incapacity to perform work
19 or duties assigned to him by the State Department of Correction,
20 or any prisoner who aids or abets any other prisoner in the
21 commission of such offense, shall be punished as a Class ~~I~~ H
22 felon."

23 (x) G.S. 15A-1340.16(d) reads as rewritten:

24 "(d) Aggravating Factors. -- The following are aggravating
25 factors:

- 26 (1) The defendant induced others to participate in the
27 commission of the offense or occupied a position of
28 leadership or dominance of other participants.
- 29 (2) The defendant joined with more than one other
30 person in committing the offense and was not
31 charged with committing a conspiracy.
- 32 (3) The offense was committed for the purpose of
33 avoiding or preventing a lawful arrest or effecting
34 an escape from custody.
- 35 (4) The defendant was hired or paid to commit the
36 offense.
- 37 (5) The offense was committed to disrupt or hinder the
38 lawful exercise of any governmental function or the
39 enforcement of laws.
- 40 (6) The offense was committed against or proximately
41 caused serious injury to a present or former law
42 enforcement officer, employee of the Department of
43 Correction, jailer, fireman, emergency medical
44 technician, ambulance attendant, justice or judge,

1 clerk or assistant or deputy clerk of court,
2 magistrate, prosecutor, juror, or witness against
3 the defendant, while engaged in the performance of
4 that person's official duties or because of the
5 exercise of that person's official duties.

- 6 (7) The offense was especially heinous, atrocious, or
7 cruel.
- 8 (8) The defendant knowingly created a great risk of
9 death to more than one person by means of a weapon
10 or device which would normally be hazardous to the
11 lives of more than one person.
- 12 (9) The defendant held public office at the time of the
13 offense and the offense related to the conduct of
14 the office.
- 15 (10) The defendant was armed with or used a deadly
16 weapon at the time of the crime.
- 17 (11) The victim was very young, or very old, or mentally
18 or physically infirm, or handicapped.
- 19 (12) The defendant committed the offense while on
20 pretrial release on another charge.
- 21 (13) The defendant involved a person under the age of 16
22 in the commission of the crime.
- 23 (14) The offense involved an attempted or actual taking
24 of property of great monetary value or damage
25 causing great monetary loss, or the offense
26 involved an unusually large quantity of contraband.
- 27 (15) The defendant took advantage of a position of trust
28 or confidence to commit the offense.
- 29 (16) The offense involved the sale or delivery of a
30 controlled substance to a minor.
- 31 (17) The offense for which the defendant stands
32 convicted was committed against a victim because of
33 the victim's race, color, religion, nationality, or
34 country of origin.
- 35 (18) The defendant does not support the defendant's
36 family.
- 37 (18a) The defendant has previously been adjudicated
38 delinquent for an offense that would be a Class A,
39 B1, B2, C, D, or E felony if committed by an adult.
- 40 (19) The serious injury inflicted upon the victim is
41 permanent and debilitating.
- 42 (20) Any other aggravating factor reasonably related to
43 the purposes of sentencing.

1 Evidence necessary to prove an element of the offense shall not
2 be used to prove any factor in aggravation, and the same item of
3 evidence shall not be used to prove more than one factor in
4 aggravation. Evidence necessary to establish that an enhanced
5 sentence is required under G.S. 14-2.2 may not be used to prove
6 any factor in aggravation.

7 The judge shall not consider as an aggravating factor the fact
8 that the defendant exercised the right to a jury trial."

9 (y) G.S. 14-291.2 reads as rewritten:

10 "§ 14-291.2. Pyramid and chain schemes prohibited.

11 (a) ~~Any No person who shall establish, promote, operate or~~
12 ~~participate in operate, participate in, or otherwise promote~~ any
13 pyramid distribution plan, program, device or scheme whereby a
14 participant pays a valuable consideration for the opportunity or
15 chance to receive a fee or compensation upon the introduction of
16 other participants into the program, whether or not such
17 opportunity or chance is received in conjunction with the
18 purchase of ~~merchandise, shall be deemed to have participated~~
19 merchandise. A person who establishes or operates a pyramid
20 distribution plan is guilty of a Class H felony. A person who
21 participates in or otherwise promotes a pyramid distribution plan
22 is deemed to participate in a lottery and shall be is guilty of a
23 Class 2 misdemeanor.

24 (b) 'Pyramid distribution plan' means any program utilizing a
25 pyramid or chain process by which a participant gives a valuable
26 consideration for the opportunity to receive compensation or
27 things of value in return for inducing other persons to become
28 participants in the program; and

29 'Compensation' does not mean payment based on sales of goods or
30 services to persons who are not participants in the scheme, and
31 who are not purchasing in order to participate in the ~~scheme; and~~
32 scheme.

33 ~~'Promotes' shall mean inducing one or more other persons to~~
34 ~~become a participant.~~

35 (c) Any judge of the superior court shall have jurisdiction,
36 upon petition by the Attorney General of North Carolina or
37 district attorney of the superior court, to enjoin, as an unfair
38 or deceptive trade practice, the continuation of the scheme
39 described in subsection (a); in such proceeding the court may
40 assess civil penalties and attorneys' fees to the Attorney
41 General or the District Attorney pursuant to G.S. 75-15.2 and
42 75-16.1; and the court may appoint a receiver to secure and
43 distribute assets obtained by any defendant through participation
44 in any such scheme.

1 (d) Any contract hereafter created for which a part of the
2 consideration consisted of the opportunity or chance to
3 participate in a program described in subsection (a) is hereby
4 declared to be contrary to public policy and therefore void and
5 unenforceable."

6 (z) The title of Article 22A of Chapter 14 of the
7 General Statutes reads as rewritten:

8 "ARTICLE 22A.

9 Trespassing upon 'Posted' Property to Hunt,
10 ~~Fish or Trap.~~ Fish, Trap, or Remove Pine Needles/Straw."

11 (aa) G.S. 14-159.6 reads as rewritten:

12 "§ 14-159.6. Trespass for purposes of hunting, etc., without
13 written consent a misdemeanor.

14 (a) Any person who willfully goes on the land, waters, ponds,
15 or a legally established waterfowl blind of another upon which
16 notices, signs or ~~posters, described in G.S. 14-159.7,~~ posters
17 prohibiting hunting, fishing or trapping, trapping have been
18 placed in accordance with the provisions of G.S. 14-159.7, or
19 upon which 'posted' notices have been placed, placed in
20 accordance with the provisions of G.S. 14-159.7, to hunt, fish or
21 trap without the written consent of the owner or his agent shall
22 be guilty of a Class 2 misdemeanor. Provided, further, that no
23 arrests under authority of this section subsection shall be made
24 without the consent of the owner or owners of said land, or their
25 duly authorized agents in the following counties: Halifax and
26 Warren.

27 (b) Any person who willfully goes on the land of another upon
28 which notices, signs, or posters prohibiting raking or removing
29 pine needles or pine straw have been placed in accordance with
30 the provisions of G.S. 14-159.7, or upon which 'posted' notices
31 have been placed in accordance with the provisions of G.S. 14-
32 159.7, to rake or remove pine needles or pine straw without the
33 written consent of the owner or his agent shall be guilty of a
34 Class 2 misdemeanor."

35 (bb) Article 16 of Chapter 14 of the General Statutes
36 is amended by adding a new section to read:

37 "§ 14-79.1. Larceny of pine needles or pine straw.

38 If any person shall take and carry away, or shall aid in taking
39 or carrying away, any pine needles or pine straw being produced
40 on the land of another person upon which land notices, signs, or
41 posters prohibiting the raking or removal of pine needles or pine
42 straw have been placed in accordance with the provisions of G.S.
43 14-159.7, or upon which posted notices have been placed in
44 accordance with the provisions of G.S. 14-159.7, with the intent

1 to steal the pine needles or pine straw, that person shall be
 2 guilty of a Class H felony."

3 (cc) Chapter 601 of the 1995 Session Laws is repealed.

4 (dd) G.S. 14-69.1 reads as rewritten:

5 "**§ 14-69.1. Making a false report concerning destructive device.**

6 (a) If any person shall, by any means of communication to any
 7 person or group of persons, make a report, knowing or having
 8 reason to know the same to be false, that there is located in any
 9 building, house or other structure whatsoever or any vehicle,
 10 aircraft, vessel or boat any device designed to destroy or damage
 11 the building, house or structure or vehicle, aircraft, vessel or
 12 boat by explosion, blasting or burning, he shall be guilty of a
 13 ~~Class 1 misdemeanor.~~ H felony.

14 ~~(b) If any person shall, by any means of communication to any~~
 15 ~~person or group of persons, make a report, knowing or having~~
 16 ~~reason to know the same to be false, that there is located in any~~
 17 ~~hospital facility as defined in G.S. 131E-6, which includes a~~
 18 ~~health clinic facility, any device designed to destroy or damage~~
 19 ~~the hospital or health clinic facility by explosion, blasting, or~~
 20 ~~burning, he shall, upon a first conviction, be guilty of a Class~~
 21 ~~1 misdemeanor, punishable by a minimum of 100 hours of mandatory~~
 22 ~~community service. Upon a second or subsequent conviction under~~
 23 ~~this subsection, he shall be guilty of a Class I felony."~~

24 (ee) G.S. 14-69.2 reads as rewritten:

25 "**§ 14-69.2. Perpetrating hoax by use of false bomb or other**
 26 **device.**

27 (a) If any person, with intent to perpetrate a hoax, shall
 28 secrete, place or display any device, machine, instrument or
 29 artifact, so as to cause any person reasonably to believe the
 30 same to be a bomb or other device capable of causing injury to
 31 persons or property, he shall be guilty of a ~~Class 1 misdemeanor.~~
 32 H felony.

33 ~~(b) A violation of subsection (a) of this section that occurs~~
 34 ~~in a hospital facility as defined in G.S. 131E-6 is, upon a first~~
 35 ~~conviction, a Class 1 misdemeanor punishable by a minimum of 100~~
 36 ~~hours of mandatory community service. A second or subsequent~~
 37 ~~conviction under subsection (a) of this section is a Class I~~
 38 ~~felony."~~

39 (ff) G.S. 15A-1340.16(d) reads as rewritten:

40 "(d) Aggravating Factors. -- The following are aggravating
 41 factors:

42 (1) The defendant induced others to participate in the
 43 commission of the offense or occupied a position of
 44 leadership or dominance of other participants.

- 1 (2) The defendant joined with more than one other
2 person in committing the offense and was not
3 charged with committing a conspiracy.
- 4 (2a) The offense was committed for the benefit of, or at
5 the direction of, any criminal street gang, with
6 the specific intent to promote, further, or assist
7 in any criminal conduct by gang members, and the
8 defendant was not charged with committing a
9 conspiracy. A 'criminal street gang' means any
10 ongoing organization, association, or group of
11 three or more persons, whether formal or informal,
12 having as one of its primary activities the
13 commission of felony or violent misdemeanor
14 offenses, or delinquent acts that would be felonies
15 or violent misdemeanors if committed by an adult,
16 and having a common name or common identifying
17 sign, colors, or symbols.
- 18 (3) The offense was committed for the purpose of
19 avoiding or preventing a lawful arrest or effecting
20 an escape from custody.
- 21 (4) The defendant was hired or paid to commit the
22 offense.
- 23 (5) The offense was committed to disrupt or hinder the
24 lawful exercise of any governmental function or the
25 enforcement of laws.
- 26 (6) The offense was committed against a present or
27 former law enforcement officer, employee of the
28 Department of Correction, jailer, fireman,
29 emergency medical technician, ambulance attendant,
30 justice or judge, clerk or assistant or deputy
31 clerk of court, magistrate, prosecutor, juror, or
32 witness against the defendant, while engaged in the
33 performance of that person's official duties or
34 because of the exercise of that person's official
35 duties.
- 36 (7) The offense was especially heinous, atrocious, or
37 cruel.
- 38 (8) The defendant knowingly created a great risk of
39 death to more than one person by means of a weapon
40 or device which would normally be hazardous to the
41 lives of more than one person.
- 42 (9) The defendant held public office at the time of the
43 offense and the offense related to the conduct of
44 the office.

- 1 (10) The defendant was armed with or used a deadly
2 weapon at the time of the crime.
- 3 (11) The victim was very young, or very old, or mentally
4 or physically infirm, or handicapped.
- 5 (12) The defendant committed the offense while on
6 pretrial release on another charge.
- 7 (13) The defendant involved a person under the age of 16
8 in the commission of the crime.
- 9 (14) The offense involved an attempted or actual taking
10 of property of great monetary value or damage
11 causing great monetary loss, or the offense
12 involved an unusually large quantity of contraband.
- 13 (15) The defendant took advantage of a position of trust
14 or confidence to commit the offense.
- 15 (16) The offense involved the sale or delivery of a
16 controlled substance to a minor.
- 17 (17) The offense for which the defendant stands
18 convicted was committed against a victim because of
19 the victim's race, color, religion, nationality, or
20 country of origin.
- 21 (18) The defendant does not support the defendant's
22 family.
- 23 (18a) The defendant has previously been adjudicated
24 delinquent for an offense that would be a
25 Class A, B1, B2, C, D, or E felony if
26 committed by an adult.
- 27 (19) The serious injury inflicted upon the victim is
28 permanent and debilitating.
- 29 (20) Any other aggravating factor reasonably related to
30 the purposes of sentencing.

31 Evidence necessary to prove an element of the offense shall not
32 be used to prove any factor in aggravation, and the same item of
33 evidence shall not be used to prove more than one factor in
34 aggravation. Evidence necessary to establish that an enhanced
35 sentence is required under G.S. 14-2.2 may not be used to prove
36 any factor in aggravation.

37 The judge shall not consider as an aggravating factor the fact
38 that the defendant exercised the right to a jury trial."

39 (gg) G.S. 14-72.1 is amended by adding a new subsection
40 to read:

41 "(d1) Notwithstanding subsection (e) of this section, any
42 person who violates subsection (a) of this section by using a
43 lead-lined or aluminum-lined bag, a lead-lined or aluminum-lined
44 article of clothing, or a similar device to prevent the

1 activation of any antishoplifting or inventory control device is
2 guilty of a Class H felony."

3 (hh) This section becomes effective December 1, 1997,
4 and applies to offenses committed on or after that date.

CODE NO. 97CCPS-S001-P

Requested by: Senator Gulley

LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

1 Section @. (a) Section 1303(4) of the Omnibus Crime
2 Control and Safe Streets Act of 1968 provides that the State
3 application for Drug Law Enforcement Grants is subject to review
4 by the State legislature or its designated body. Therefore, the
5 Governor's Crime Commission of the Department of Crime Control
6 and Public Safety shall report on the State application for
7 grants under the State and Local Law Enforcement Assistance Act
8 of 1986, Part M of the Omnibus Crime Control and Safe Streets Act
9 of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug
10 Abuse Act of 1986, to the Senate and House Appropriations
11 Subcommittees on Justice and Public Safety when the General
12 Assembly is in session. When the General Assembly is not in
13 session, the Governor's Crime Commission shall report on the
14 State application to the Joint Legislative Commission on
15 Governmental Operations.

16 (b) Unless a State statute provides a different forum
17 for review, when a federal law or regulation provides that an
18 individual State application for a grant must be reviewed by the
19 State legislature or its designated body and at the time of the
20 review the General Assembly is not in session, that application
21 shall be reviewed by the Joint Legislative Commission on
22 Governmental Operations.

CODE NO. 97CCPS-S003-P

Requested by: Senator Gulley

VICTIMS ASSISTANCE NETWORK FUNDS

- 1 Section @. Of the funds appropriated in this act to the
- 2 Department of Crime Control and Public Safety, the sum of one
- 3 hundred fifty thousand dollars (\$150,000) for the 1997-98 fiscal
- 4 year and the sum of one hundred fifty thousand dollars (\$150,000)
- 5 for the 1998-99 fiscal year shall be used to support the Victims
- 6 Assistance Network. These funds shall be used by the Victims
- 7 Assistance Network to perform the following functions under the
- 8 direction of and as required by the Department of Crime Control
- 9 and Public Safety:
- 10 (1) Conduct surveys and gather data on crime victims
- 11 and their needs;
- 12 (2) Act as a clearinghouse for crime victims services;
- 13 (3) Provide an automated crime victims bulletin board
- 14 for subscribers;
- 15 (4) Coordinate and support the activities of other
- 16 crime victims advocacy groups;
- 17 (5) Identify training needs of crime victims services
- 18 providers and criminal justice personnel
- 19 coordinate training efforts for those persons; and
- 20 (6) Provide other services as identified by the
- 21 Governor's Crime Commission or the Department of
- 22 Crime Control and Public Safety.
- 23

CODE NO. 97CCPS-S004-P

Requested by: Senator Gulley

REPORT ON COMMUNITY SERVICE WORKERS

1 Section @. The Department of Crime Control and Public
2 Safety shall report to the Joint Legislative Commission on
3 Governmental Operations and the Fiscal Research Division by March
4 1 and September 1 of each fiscal year of the 1997-99 biennium on
5 the number of community service workers who were available during
6 each month of the time period preceding that report to perform
7 repairs and maintenance of the parks and when and where they were
8 available.

Requested by: Senator Gulley

REPORT ON CRIME VICTIMS COMPENSATION FUND

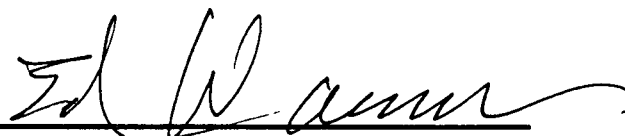
1 Section @. The Department of Crime Control and Public
2 Safety shall report to the Chairs of the Senate and House
3 Appropriations Committees, the Chairs of the Senate and House
4 Appropriations Subcommittees on Justice and Public Safety, and
5 the Fiscal Research Division of the General Assembly by December
6 31 each year on the North Carolina Crime Victims Compensation
7 Fund. The report shall include a statement regarding:

- 8 (1) The administrative expenses of the Fund for the
9 prior fiscal year and the current fiscal year on
10 the date of the report;
- 11 (2) The current unencumbered balance of the Fund;
- 12 (3) The amount of funds carried over from the prior
13 fiscal year;
- 14 (4) The amount of funds received in the prior fiscal
15 year from the Department of Correction and from the
16 compensation fund established pursuant to the
17 Victims Crime Act of 1984, 42 U.S.C. § 10601, et.
18 seq.;
- 19 (5) The amount of funds expected to be received in the
20 current fiscal year, as well as the amount actually
21 received in the current fiscal year on the date of
22 the report, from the Department of Correction and
23 from the compensation fund established pursuant to
24 the Victims Crime Act of 1984, 42 U.S.C. § 10601,
25 et. seq.; and
- 26 (6) The total amount of funds paid to victims in the
27 prior fiscal year and in the current fiscal year on
28 the date of the report.

⑦
Warren

**SENATE APPROPRIATIONS
SUBCOMMITTEE
ON GENERAL GOVERNMENT**

APRIL 22, 1997

A handwritten signature in cursive script, appearing to read "Ed Warren", is written over a horizontal line.

**Senator Ed Warren
Chairman**

Governor

GENERAL FUND

	FY 97-98		FY 98-99
Recommended Budget	\$5,286,620		\$5,302,348
Legislative Changes			
(0000) Departmentwide			
1 Purchased Contractual Services	(\$22,367)	R	(\$22,367) R
(1110) Administration			
2 Senior Advisor for Children and Families			
Provides funding in the Governor's Office for the position of Senior Advisor for Children and Families.	\$105,597	NR	
	1.00		
(1130) Office of Intergovernmental Relations			
3 Eliminate Military Liaison Position	(\$25,220)	R	(\$25,220) R
Eliminate the position and associated benefits for Military Liaison. This position has been vacant since 10-01-94.	-1.00		-1.00
(1631) Raleigh Executive Residence			
4 Transfer to CC & PS	(\$6,099)	R	(\$6,099) R
This transfer repays Crime Control & Public Safety (CC & PS) the costs of supplying the Governor's guards. \$6,099 was the amount of the requested increase from last year. The money will be saved by using guards with the same salaries as the current guards are earning.			
Total Legislative Changes	(\$53,686)	R	(\$53,686) R
	\$105,597	NR	
Position Changes	0.00		-1.00
Revised Budget	\$5,338,531		\$5,248,662

State Budget and Management

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Budget	\$3,855,400	\$3,938,220

Legislative Changes

(1022) 1997 Special Appropriations

5 St Mark's Capital Funds

Appropriates to St. Mark's, Incorporated, a nonprofit corporation, a grant for building a new preschool facility to serve children with developmental disabilities.

\$1,700,000 NR

6 Women's Memorial Funds

This is a State Donation to the Women in Military Service for America Memorial Foundation, Inc., for the purpose of creating a memorial to women veterans of the armed services.

\$50,000 NR

7 NC Humanities Council

Provides a grant to the North Carolina Humanities Council, a not-for-profit organization.

\$100,000 NR

8 Fire Protection Grant Funds

Creates the State Fire Protection Grant Fund, to compensate local fire districts and political subdivisions for providing fire protection to State-owned buildings. Requires the Office of State Budget and Management to develop a statewide method for distributing these funds to the State's local fire districts and political subdivisions.

\$3,080,000 R \$3,080,000 R

9 Reserve for Purchase of State Flags

\$50,000 NR

(1310) Office of State Budget and Management

10 Reduce Employee Costs

Reduce objects Employee Benefit Cost and Supplement to Regular Wage. Department plans that this money will not be needed due to savings accrued while vacancies exist.

(\$5,010) R (\$5,010) R

11 Property, Plant & Equipment

Department will save money by deferring purchase of new items of equipment.

(\$32,372) R (\$32,372) R

Senate Subcommittee on General Government

Total Legislative Changes	\$3,042,618	R	\$3,042,618	R
	\$1,900,000	NR		
Position Changes				
Revised Budget	\$8,798,018		\$6,980,838	

Office of State Planning

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$1,820,279		\$1,833,679	
Legislative Changes				
(1412) Geodetic Survey				
12 Make One-Half Position Receipt-Supported	(\$17,829)	R	(\$17,829)	R
Office of State Planning has one position which receives one-half of its funding from the General Fund. This position will become entirely receipt-supported.	-0.50		-0.50	
Total Legislative Changes	(\$17,829)	R	(\$17,829)	R
Position Changes	-0.50		-0.50	
Revised Budget	\$1,802,450		\$1,815,850	

Lieutenant Governor

GENERAL FUND

	FY 97-98		FY 98-99
Recommended Budget	\$612,176		\$612,336
Legislative Changes			
(1110) Administration			
13 Miscellaneous Expenses, Equipment, and Services	(\$2,946)	R	(\$2,946) R
Reductions in Registration Fees, Other Employee Educational Expenses, Maintenance Agreement-Equipment, DP Equipment, Repairs-Computer Equipment, General Office Expenses, Cellular Phone Service, Postage, and Telephone Service.			
Total Legislative Changes	(\$2,946)	R	(\$2,946) R
Position Changes			
Revised Budget	\$609,230		\$609,390

Secretary of State

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$5,243,012		\$5,230,680	
Legislative Changes				
(0000) Departmentwide				
14 New Computer System	\$80,000	R	\$80,000	R
Replaces old computer equipment with new local area network, new imaging system, new relational database software. Funds include money for a project manager and for computer consultants.	\$1,230,000	NR	\$0	NR
	1.00		1.00	
Total Legislative Changes	\$80,000	R	\$80,000	R
	\$1,230,000	NR	\$0	NR
Position Changes	1.00		1.00	
Revised Budget	\$6,553,012		\$5,310,680	

Auditor

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$9,495,886		\$9,504,085	
Legislative Changes				
(1120) Support Services				
15 Maintenance on Printing Equipment	\$38,600	R	\$38,600	R
Provides funds to maintain printing and duplicating equipment. Recommended by the Governor.				
(1210) Field Audit Division				
16 Equipment Replacement Reserve	\$175,000	R	\$175,000	R
Recurring funds would allow the Auditor to replace computers every three years. Recommended by the Governor.				
17 Audit Software	\$0	R	\$15,000	R
	\$159,000	NR	\$0	NR
18 EDP Audit Positions	\$136,586	R	\$191,899	R
Additional electronic data processing auditors.				
	2.00		3.00	
19 Additional Audit Positions	\$179,792	R	\$282,647	R
Additional performance and financial auditors				
	3.00		5.00	
Total Legislative Changes	\$529,978	R	\$703,146	R
	\$159,000	NR	\$0	NR
Position Changes	5.00		8.00	
Revised Budget	\$10,184,864		\$10,207,231	

Treasurer

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$18,432,034		\$18,434,193	
Legislative Changes				
(1110) General Administration				
20 Strengthen Personnel Function	\$0	R	\$0	R
Funds a Personnel Officer I position in the department. Recommended by the Governor. Expenditures of \$44,558 in 1997-98 and \$42,127 in 1998-99 would be covered by increased receipts.	1.00		1.00	
(1150) Information Systems				
21 Maintenance of Automated Programs	\$0	R	\$0	R
Increased staffing to maintain automation in the department. Recommended by the Governor. Expenditures of \$240,968 in 1997-98 and \$230,264 in 1998-99 will be covered by increased receipts.	5.00		5.00	
(210) Investment Management				
22 Strengthen Investment Administration	\$74,889	R	\$56,065	R
Additional Portfolio Manager to handle increased volumes of investments. Recommended by the Governor. These appropriations from the General Fund would be offset by increases in non-tax revenues.	1.00		1.00	
(1310) Local Government Operations				
23 Improve Ability to Manage Debt Approval	\$101,901	R	\$101,023	R
Additional staff to respond to increased demands for technical assistance. Recommended by the Governor. These appropriations from the General Fund would be offset by increases in non-tax revenues.	2.00		2.00	
Total Legislative Changes	\$176,790	R	\$157,088	R
Position Changes	9.00		9.00	
Revised Budget	\$18,608,824		\$18,591,281	

Treasurer

Insurance

		GENERAL FUND	
		FY 97-98	FY 98-99
Recommended Budget		\$19,880,965	\$19,909,612
Legislative Changes			
(1300) Technical Services			
24 Additional Market Practices Examiners	\$313,314 R	\$333,174 R	
Adds two three-person teams to monitor market practices. One of the teams will monitor Life and Health Insurance companies; the other will monitor the practices of Health Maintenance Organizations (HMOs).	6.00	6.00	
(1500) Safety Services			
25 Upgrade and Increase Fire and Rescue Services	\$96,000 R	\$96,000 R	
Computer software for counties to submit Fire Incident Reports and implement Rescue Reporting Program.			
(1900) Reserves and Transfers			
26 Pay for Revenue Workers	(\$99,270) R	(\$99,270) R	
This transfer pays the Department of Revenue for the two (2) positions which collect the gross premiums tax which supports the Department of Insurance.			
27 Transfer Fire Protection Grant Program	(\$1,450,000) R	(\$1,450,000) R	
The Fire Protection Grant Program is transferred to the Office of State Budget and Management. The Department of Insurance will not need an appropriation to fund this program.			
28 Fire and Rescue Workers' Comp	\$4,500,000 R	\$4,500,000 R	
Provides a recurring grant to the Fire and Rescue Workers' Comp Fund. Intent is for the State to contribute to the Fund until its reserves (projected time: about 8 years) are sufficient to let it be self-supporting.			
Total Legislative Changes	\$3,360,044 R	\$3,379,904 R	
Position Changes	6.00	6.00	
Revised Budget	\$23,241,009	\$23,289,516	

Administration

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$59,567,213		\$60,961,819	

Legislative Changes

(0000) All Divisions

29 Personnel Reductions	(\$527,405)	R	(\$527,405)	R
Reductions recommended by the Governor, including one painter supervisor, nine painters, one vacant office assistant position in Facilities Management, a vacant position in the Council for Person's with Disabilities, and an office assistant position in the Board of Science and Technology. Reduction also includes \$105,014 in salary reserve money.	-13.00		-13.00	

(1121) Fiscal Management

30 Reduced Data Processing Services	(\$7,000)	R	(\$7,000)	R

(225) State Health Plan Purchasing Alliance

31 Reversions From Previous Operating Budgets	\$0	R	\$0	R
Under the statutory language creating the State Health Plan Purchasing Alliance Fund, left over balances from the Board's operating budget have not been reverting to the General Fund. These past balances and the interest earned on them should be transferred from the State Health Plan Purchasing Alliance Fund to the General Fund at the end of 1996-97. This transfer will increase funds available for 1997-98 by \$648,718.				
32 Eliminate Vacant Position	(\$46,517)	R	(\$46,517)	R
Eliminates vacant policy development analyst position. Position vacant since January, 1997.	-1.00		-1.00	

(1241) Management Information Systems

33 Reductions in Operating Expenses	(\$3,463)	R	(\$3,463)	R
Reductions in data processing maintenance and office furniture and equipment				

(1264) Agency for Public Telecommunication

34 Reductions in contractual services and travel	(\$8,920)	R	(\$8,920)	R

Senate Subcommittee on General Government

(1311) Office of State Personnel

35 Staff for Personnel Mgmt Information System (PMIS)

The Governor recommends funding to provide two (2) computer analyst programmers and a support position to enable the Office to respond to increased mainframe data collection and analytical needs, and to continue to efficiently respond to PMIS users.

\$137,934	R	\$137,934	R
\$15,000	NR		
3.00		3.00	

36 Operating Budget Reductions

Reduce funds in the following line items in FY 97-98:

(\$70,406) NR

(531572) Unemp Comp Payments to ES	(\$ 7,016)
(531625) St Disability Payment	(15,000)
(532199) Misc Contractual Svs	(26,000)
(532850) Printing	(2,390)
(532942) Other Emp Educational Ex	(10,000)
(536905) Employer OJT Incentive	(5,000)
(537102) Res Emp Survey	(5,000)

(1421) Facility Management

37 Delays in Operating New Buildings

Reductions recommended by the Governor due to delays in the opening of the new SBI Laboratory, the Old Revenue Building and the Natural Science Museum.

(\$678,000) NR (\$370,000) NR

Additional Delays in Operating New Buildings

Additional reductions beyond those recommended by the Governor due to additional delays in the opening of the new SBI Laboratory, the Old Revenue Building and the Natural Science Museum.

(\$215,773) NR (\$371,920) NR

39 Increase Rental Receipts

Increases receipts to the Department of Administration by charging rent to the State Treasurer and to the Department of Insurance. The rent paid by these agencies is offset by increases in the receipts they collect and in the non-tax revenues their operations generate. The Treasurer will be charged \$645,025. Insurance will be charged \$511,225.

(\$1,156,250) R (\$1,156,250) R

40 Reduce Operating Budget for New Buildings

Reduces amount budgeted for indirect costs in operating new buildings.

(\$496,440) R (\$518,437) R

(1623) State Capitol Police

41 Eliminate Two Vacant Property Guard Positions

(\$42,524) R (\$42,524) R

-2.00

-2.00

(1741) Human Relations Council

42 Reduction in Miscellaneous Line Items

(\$11,938) R (\$11,938) R

Senate Subcommittee on General Government

(1761) Youth Involvement Office

43 Increase Wages for Interns

\$77,616 R \$77,616 R

Increases hourly wage for interns from \$5.00 to \$6.75 per hour. Increase is recommended by the Governor.

(1771) Veteran Affairs

44 Reductions in Expenses

(\$65,124) R (\$65,124) R

Two veterans cemetery maintenance positions will be converted to receipts-supported positions, and motor vehicle replacements will be reduced.

(1781) Domestic Violence Program

45 Additional Position

\$50,000 R \$50,000 R

Administrative assistant position to monitor batterers treatment programs. Recommended by Governor.

1.00 1.00

46 Funds for Local Domestic Violence Programs

\$1,100,000 NR \$0 NR

Provides additional one-time funding to local domestic violence programs.

(1811) Advocacy for Disabled

47 Reduced Operating Expenses

(\$8,600) R (\$8,600) R

Reductions in contractual services, and board member travel and subsistence

(1861) Commission of Indian Affairs

48 Delete Match for Title XX

(\$15,000) R (\$15,000) R

Title XX federal funds for Indian Day Care have been discontinued. Therefore, matching funds are no longer needed.

(1862) Low-Level Radioactive Waste

49 Reductions in Communication Expense and Travel

(\$11,018) R (\$11,018) R

(1871) Board of Science and Technology

50 Reduction in Communications Expense

(\$13,110) R (\$13,110) R

Senate Subcommittee on General Government

Total Legislative Changes	(\$2,147,759)	R	(\$2,169,756)	R
	\$150,821	NR	(\$741,920)	NR
Position Changes	-12.00		-12.00	
Revised Budget	\$57,570,275		\$58,050,143	

State Controller

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$16,053,306		\$16,056,630	
Legislative Changes				
(1000) Divisionwide				
51 Additional Operating Budget Reductions				
Reduce the following line items in FY 97-98:	(\$147,433)	NR		
(532821) Data Processing Services (\$94,055)				
(5369AA) NCIH (53,378)				
52 Year 2000 Computer Conversion				
Nonrecurring funding is recommended by the Governor to assist state government departments and agencies in the conversion of computer applications to accommodate year 2000 requirements.	\$5,000,000	NR		
53 532700 Travel/Subsistence	(\$13,100)	R	(\$13,100)	R
Reduce the following line items each fiscal year:				
(532714) In-State transportation (\$10,000)				
(532724) In-State meals (\$ 3,100)				
54 5369AA Information Highway	(\$5,337,824)	R	(\$5,337,824)	R
Provide non-recurring support in FY 97-98 for 101 existing sites - 52 high schools; 30 Community Colleges, including 1 data only site; two (2) campuses in the University System; and 17 State and local agencies. Additionally, appropriates to the Office of State Controller funds for long distance services and Data Hubs.	\$5,337,824	NR		
Funding for FY 98-99 to be considered in the 1998 Session.				
Total Legislative Changes	(\$5,350,924)	R	(\$5,350,924)	R
	\$10,190,391	NR		
Position Changes				
Revised Budget	\$20,892,773		\$10,705,706	

Revenue

		GENERAL FUND	
		FY 97-98	FY 98-99
Recommended Budget		\$68,045,123	\$68,862,535
Legislative Changes			
(0000) Departmentwide			
55 Salary Reductions/Span of Control		(\$592,976) R	(\$592,976) R
Reduce positions in the department as a result of the study authorized per Section 10.1, Chapter 324, 1995 Session Laws. The approach for the Department is three-fold with the elimination of nine (9) positions; reduction of salary reserve created by lowering the budgeted level of fifteen (15) revenue officer and revenue tax auditor trainee positions to the first step; and reduction of operating line items.		-9.00	-9.00
(1600) Administration			
56 Administrative Program Reductions		(\$200,000) R	(\$200,000) R
Reduce funds for data processing equipment and for repairs to buildings each year of the biennium:			
FY 97-98			
(532310) Repairs - Buildings	(\$100,000)		
(534522) Equipment - Computers	(\$100,000)		
FY 98-99			
(534522) Equipment - Computers	(\$200,000)		
(1620) Tax Administration			
57 Assist New Audit Positions		\$31,305 R	\$62,609 R
Add an Administrative Officer III, as recommended by the Governor, to offset increased workload resulting from the new audit positions, effective January 1, 1998.		\$8,500 NR	
		1.00	1.00
(1640) Tax Compliance			
58 Premiums Tax Positions		(\$99,270) R	(\$99,270) R
Funds transferred from the Department of Insurance regulatory charge to provide continued support for the two (2) positions that are responsible for collection of the gross premiums tax. For the Department of Revenue the transfer of funds increases receipts, reducing the General Fund appropriation.		-2.00	-2.00

Senate Subcommittee on General Government

(1660) Field Operations

59 Additional Interstate Audit Personnel

\$298,192 R \$629,977 R

Appropriate funds for seven (7) new auditor positions and two (2) Tax Technicians in the Interstate Audit Division per the recommendation of the Governor. Positions are effective January 1, 1998.

\$94,000 NR
9.00 9.00

(1680) Legal and Administrative Services

60 Reductions to Postage and Printing

(\$263,800) R (\$263,800) R

Adjust appropriations for the following line items each fiscal year:

(532840) Postage (\$251,800)
(532850) Printing (\$ 12,000)

Total Legislative Changes

(\$826,549) R (\$463,460) R
\$102,500 NR

Position Changes

-1.00 -1.00

Revised Budget

\$67,321,074 \$68,399,075

Cultural Resources

GENERAL FUND

Recommended Budget	FY 97-98		FY 98-99
	\$52,608,363		\$52,922,221
Legislative Changes			
(0000) Departmentwide			
61 Salary Reductions/Span of Control	(\$610,262)	R	(\$610,262) R
Reduce positions in the department as a result of the study authorized per Section 10.1, Chapter 324, 1995 Session Laws. The Department will eliminate 22 positions, including four (4) supervisory positions; and reduce Reserve Funds for the Museum of History and Home Creek Farm.	-22.00		-22.00
(1110) Office of the Secretary			
62 Grants to Local Organizations			
Provide funds to local arts, cultural, and historical organizations; and local museums as grants-in-aid.	\$8,000,000	NR	
(1210) Division of Archives and History -Adm			
63 Maritime Museum	\$792,227	R	\$786,713 R
Transfer funds and personnel from the Department of Agriculture to the Department of Cultural Resources, Division of Archives and History (Fund 1210) for the Maritime Museum.	17.25		17.25
(1241) State Historic Sites			
64 State Civil War Sites			
Funding is authorized to preserve, improve, and promote the State's Civil War era sites.	\$1,000,000	NR	
65 Town Creek Indian Mound			
Appropriate funds for an archaeological curation and education facility at the site.	\$50,000	NR	
66 Somerset Place			
Provide funds for construction and contracted personal services.	\$250,000	NR	
67 Reductions in Travel and Equipment			(\$30,000) R
Reduce the following line items in FY 98-99:			
FY 98-99:			
(532714) In-State transportation (\$15,000)			
(534549) Other Motorized Vehicles (\$15,000)			

Senate Subcommittee on General Government

(1410) State Library Services

68 Library and Learning Resources

(\$6,000) R

Reduce funds in line item 534630 in FY 98-99.

(1480) Statewide Programs & Grants

69 6960 Aid to Counties

\$3,000,000 R \$3,000,000 R

Increase funds for grants to public libraries in accordance with the formula for State-Aid to libraries.

70 NC LIVE - Statewide Electronic Library

\$200,000 R \$200,000 R

Funding to support NC-Live (North Carolina Libraries and Virtual Education), a collaborative effort among the State Library and public libraries statewide in partnership with libraries in the University of North Carolina system and the Community College system recommended by the Governor to expand access to library and information resources. Initial funds will support statewide licensing of on-line reference and research materials.

(1500) Museum of History

71 Equipment

(\$30,000) R

Reduce funds in line item 534522 in FY 98-99.

(1992) Continuation Reserves

72 Reduce Funds in Operating Reserves

(\$100,000) R (\$34,000) R

Reduce funds in the reserves both years of the biennium as follows:

FY 97-98

(537102) Museum of History

2 Hist Mus Specs, Gr. 65, eff. 9/97	(\$39,720)
1 Pub Info Asst III, Gr. 57, eff 9/97	(14,490)
Social Security	(4,022)
Retirement	(5,694)
Med Ins	(1,560)
In-State Trans	(3,000)
In-State Subsistence	(2,200)
Training and Registration	(1,000)
Printing, Binding, etc.	(1,000)
Other Mat & Supplies	(483)
Office Furniture	(1,000)

(537110) Tryon Palace

1 Painter	(\$20,336)
Social Security	(1,556)
Retirement	(2,203)
Med Ins	(1,736)

FY 98-99

Senate Subcommittee on General Government

(537103) Historic Sites

Hist Halifax Tap Room	
Misc Contractual Services	(\$ 5,000)
Enrg Ser - Electrical	(3,000)
Enrg - Water & Sewer	(200)
Repairs - Other	(3,500)
In-State Trans	(200)
In-State Lodging	(100)
In-State Subsistence	(100)
Telephone Service	(550)
Postage, etc.	(200)
Print, Binding, etc.	(6,250)
Other Emp Educ Exp	(100)
Other Mat & Supplies	(800)
Equip - Other	(9,000)
Art & Artifacts	(5,000)

Total Legislative Changes	\$3,281,965	R	\$3,276,451	R
	\$9,300,000	NR		
Position Changes	-4.75		-4.75	
Revised Budget	\$65,190,328		\$56,198,672	

State Board of Elections

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$1,052,787		\$1,046,381	
Legislative Changes				
(0000) Departmentwide				
73 Computerized Voter Registration System	\$500,000	R	\$1,089,000	R
Funding to supplement the \$5.0 million computer reserves appropriated to design and implement the statewide voter registration system. Additional funds may be required to maintain the voter registration system in later years.				
Total Legislative Changes	\$500,000	R	\$1,089,000	R
Position Changes				
Revised Budget	\$1,552,787		\$2,135,381	

Office of Administrative Hearings

GENERAL FUND

	FY 97-98		FY 98-99	
Recommended Budget	\$2,217,486		\$2,217,486	
Legislative Changes				
(1100) Administration and Operations				
74 LAN Administrator	\$47,387	R	\$47,387	R
Provides funds to hire one person to administer local-area-network (LAN) system. Not included in Governor's recommendations.	1.00		1.00	
75 Administrative Law Judge Salaries	\$103,206	R	\$103,206	R
Sets salaries for Administrative Law Judges at 90% of the salary of the Chief Administrative Law Judge, and establishes that Administrative Law Judges shall receive longevity pay.				
76 Reduce Services and Equipment	(\$10,690)	R	(\$10,690)	R
Reductions in Maintenance Agreements, Data Processing Services, Furniture & Equipment, and Printing.				
Total Legislative Changes	\$139,903	R	\$139,903	R
Position Changes	1.00		1.00	
Revised Budget	\$2,357,389		\$2,357,389	

Rules Review Commission

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Budget	\$281,892	\$273,441
Legislative Changes		
(1100) Administration		
77 Other Expenses		
Appropriate funds to support legal expenses resulting from the lawsuit.	\$240,000	NR
Total Legislative Changes	\$240,000	NR
Position Changes		
Revised Budget	\$521,892	\$273,441

Requested by: Senators Plyler, Perdue, Odom

ANALYSIS OF STATE BUDGET DURING THE INTERIM

1 Section @. (a) The President Pro Tempore of the Senate
2 shall authorize the standing Appropriations Committees and
3 standing Appropriations Subcommittees of the Senate and the
4 Speaker of the House of Representatives shall authorize the
5 standing Appropriations Committees and standing Appropriations
6 Subcommittees of the House of Representatives to meet separately
7 or jointly during the interim between the Regular 1997 and 1998
8 Sessions of the General Assembly to review matters related to the
9 State budget, the organization of State government, and any other
10 matter as they deem appropriate. The review shall include, but
11 not be limited to, an analysis of the budget of each agency to
12 determine:

13 (1) The cost savings that could be realized from
14 improvements in administrative structure,
15 practices, and procedures in State agencies;

16 (2) Ways to increase efficiency in budgeting and use of
17 resources; and

18 (3) Instances in which functions of agencies are
19 duplicative, overlapping, obsolete, incomplete in
20 scope or coverage, or fail to accomplish
21 legislative objectives, and should be abolished,
22 transferred, or modified to accomplish cost
23 savings.

24 (b) The President Pro Tempore of the Senate shall
25 appoint an oversight committee comprised of the Senate
26 Appropriations Committee Chairs and one member of each Senate
27 Appropriations Subcommittee and the Speaker of the House of
28 Representatives shall appoint an oversight committee comprised of
29 the House Appropriations Committee Chairs and one member of each
30 House Appropriations Subcommittee to meet separately or jointly
31 to oversee the work of the Appropriations Committees and
32 Subcommittees during the interim.

1 Sec. @. (a) Of the funds appropriated in this act to the
2 General Assembly, the sum of fifty thousand dollars (\$50,000) for
3 the 1997-98 fiscal year and the sum of fifty thousand dollars
4 (\$50,000) for the 1998-99 fiscal year shall be allocated by the
5 Legislative Services Commission for the Joint Legislative Health
6 Care Oversight Committee established under subsection (b) of this
7 section.

10 "ARTICLE 12K.

12 "§ 120-70.96. Creation and membership of Joint Legislative
13 Health Care Oversight Committee.

17 (1) Seven members of the Senate appointed by the
18 President Pro Tempore of the Senate, at least three
19 of whom are members of the minority party; and

24 Terms on the Committee are for two years and begin on the
25 convening of the General Assembly in each odd-numbered year,
26 except the terms of the initial members, which begin on
27 appointment. Members may complete a term of service on the
28 Committee even if they do not seek reelection or are not
29 reelected to the General Assembly, but resignation or removal
30 from service in the General Assembly constitutes resignation or
31 removal from service on the Committee.

35 "§ 120-70.97. Purpose and powers of Committee.

24

1 improve health care for North Carolinians. To this end, the
2 Committee shall study the delivery, availability, and cost of
3 health care in North Carolina. The Committee may also study
4 other matters related to health care and health care coverage in
5 this State.

6 (b) The Committee may make interim reports to the General
7 Assembly on matters for which it may report to a regular session
8 of the General Assembly. A report to the General Assembly may
9 contain any legislation needed to implement a recommendation of
10 the Committee.

11 "§ 120-70.98. Organization of Committee.

12 (a) The President Pro Tempore of the Senate and the Speaker of
13 the House of Representatives shall each designate a cochair of
14 the Joint Legislative Health Care Oversight Committee. The
15 Committee shall meet at least once a quarter and may meet at
16 other times upon the joint call of the cochairs.

17 (b) A quorum of the Committee is eight members. No action may
18 be taken except by a majority vote at a meeting at which a quorum
19 is present. While in the discharge of its official duties, the
20 Committee has the powers of a joint committee under G.S. 120-19
21 and G.S. 120-19.1 through G.S. 120-19.4.

22 (c) Members of the Committee receive subsistence and travel
23 expenses as provided in G.S. 120-3.1. The Committee may contract
24 for consultants or hire employees in accordance with G.S. 120-
25 32.02. The Legislative Services Commission, through the
26 Legislative Services Officer, shall assign professional staff to
27 assist the Committee in its work. Upon the direction of the
28 Legislative Services Commission, the Supervisors of Clerks of the
29 Senate and of the House of Representatives shall assign clerical
30 staff to the Committee. The expenses for clerical employees shall
31 be borne by the Committee."

32

33

34

Requested by: Senators Odom, Perdue, Plyler, Conder, Jordan

FIRE PROTECTION GRANT FUNDS

1 Section @. (a) Chapter 58 of the General Statutes is
2 amended by adding a new Article to read:

3 "ARTICLE 85A.

4 "State Fire Protection Grant Fund.

5 "§ 58-85A-1. Creation of Fund; allocation to local fire
6 districts and political subdivisions of the State.

7 (a) There is created in the Office of State Budget and
8 Management the State Fire Protection Grant Fund. The purpose of
9 the Fund is to compensate local fire districts and political
10 subdivisions of the State for providing local fire protection to
11 State-owned buildings and their contents.

12 (b) The Office of State Budget and Management shall develop and
13 implement an equitable and uniform statewide method for
14 distributing any funds to the State's local fire districts and
15 political subdivisions.

16 Upon the request of the Director of the Budget, the Department
17 of Insurance shall provide the Office of State Budget and
18 Management all information necessary to develop and implement the
19 formula.

20 (c) It is the intent of the General Assembly to appropriate
21 annually to the State Fire Protection Grant Fund at least three
22 million eighty thousand dollars (\$3,080,000) from the General
23 Fund, one hundred fifty thousand dollars (\$150,000) from the
24 Highway Fund, and nine hundred seventy thousand dollars
25 (\$970,000) from University of North Carolina receipts to the
26 State Fire Protection Fund. Funds received from the General Fund
27 shall be allocated only for providing local fire protection for
28 State-owned property supported by the General Fund; funds
29 received from the Highway Fund shall be allocated only for
30 providing local fire protection for State-owned property
31 supported by the Highway Fund; and funds received from University
32 of North Carolina receipts shall be allocated only for providing
33 local fire protection for State-owned property supported by
34 University of North Carolina receipts."

35 (b) G.S. 143-3.7 is repealed.

36 (c) Of the funds appropriated from the General Fund to
37 the Office of State Budget and Management, the sum of three
38 million eighty thousand dollars (\$3,080,000) for the 1997-98
39 fiscal year and the sum of three million eighty thousand dollars

1 (\$3,080,000) for the 1998-99 fiscal year shall be used for the
2 State Fire Protection Grant Fund.

3 (d) Of the funds appropriated from the Highway Fund to
4 the Office of State Budget and Management, the sum of one hundred
5 fifty thousand dollars (\$150,000) for the 1997-98 fiscal year and
6 the sum of one hundred fifty thousand dollars (\$150,000) for the
7 1998-99 fiscal year shall be used for the State Fire Protection
8 Grant Fund.

9 (e) Of the funds available to The University of North
10 Carolina from federal receipts, the sum of nine hundred seventy
11 thousand dollars (\$970,000) for the 1997-98 fiscal year and the
12 sum of nine hundred seventy thousand dollars (\$970,000) for the
13 1998-99 fiscal year shall be transferred to the State Fire
14 Protection Grant Fund for the State Fire Protection Grant Fund.

1 CODE NO. 97SEC-S001A-P

2

3 Requested by: Senator Warren

4

5 INFORMATION RESOURCES MANAGEMENT COMMISSION

1 Section @. (a) Effective July 1, 1997, G.S. 143B-426.21(a) reads as
2 rewritten:

3 "(a) Creation; Membership. -- The Information Resource Management
4 Commission is created in the Office of the State Controller. The Commission consists
5 of the following members:

6 (1) Four members of the Council of State, appointed by the Governor.

7 (1a) The Secretary of State.

8 (2) The Secretary of Administration.

9 (3) The State Budget Officer.

10 (4) Two members of the Governor's cabinet, appointed by the
11 Governor.

12 (5) One citizen of the State of North Carolina with a background in
13 and familiarity with information systems or telecommunications,
14 appointed by the General Assembly upon the recommendation of
15 the President Pro Tempore of the Senate in accordance with G.S.
16 120-121.

17 (6) One citizen of the State of North Carolina with a background in
18 and familiarity with information systems or telecommunications,
19 appointed by the General Assembly upon the recommendation of
20 the Speaker of the House of Representatives in accordance with
21 G.S. 120-121.

22 (7) The Chair of the Governor's Committee on Data Processing and
23 Information Systems.

24 (8) The Chair of the State Information Processing Services Advisory
25 Board.

26 (9) The Chair of the Criminal Justice Information Network Governing
27 Board.

28 Members of the Commission shall not be employed by or serve on the board of
29 directors or other corporate governing body of any information systems, computer
30 hardware, computer software, or telecommunications vendor of goods and services to
31 the State of North Carolina.

32 The two initial cabinet members appointed by the Governor and the two initial
33 citizen members appointed by the General Assembly shall each serve a term
34 beginning September 1, 1992, and expiring on June 30, 1995. Thereafter, their
35 successors shall be appointed for four-year terms, commencing July 1. Members of
36 the Governor's cabinet shall be disqualified from completing a term of service of the
37 Commission if they are no longer cabinet members.

38 The appointees by the Governor from the Council of State shall each serve a term
39 beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their

1 successors shall be appointed for four-year terms, commencing July 1. Members of
2 the Council of State shall be disqualified from completing a term of service on the
3 Commission if they are no longer members of the Council of State.

4 Vacancies in the two legislative appointments shall be filled as provided in G.S.
5 120-122.

6 The Commission chair shall be elected in the first meeting of each calendar year
7 from among the appointees of the Governor from the Council of State and shall serve
8 a term of one year. The Secretary of Administration shall be secretary to the
9 Commission.

10 No member of the Information Resource Management Commission shall vote on
11 an action affecting solely his or her own State agency."

12 (b) This section expires June 30, 2001.

1 CODE NO. 97AUD-S001-P

2

3 Requested by: Senators Plyler, Perdue, Odom

4

5 **ADVICE OF GOVERNMENTAL OPERATIONS ON PRIORITIZING REQUESTS**
6 **FOR ASSISTANCE**

1 Section @. G.S. 147-64.5(b) reads as rewritten:

2 "(b) Requests for Auditor Assistance. -- Committees of the General Assembly, the
3 Governor, and other State officials may make written requests that the Auditor
4 undertake, to the extent deemed practicable and within the resources provided, a
5 specific audit or investigation; provide technical assistance and advice; and provide
6 recommendations on management systems, finance, accounting, auditing, and other
7 areas of management interest. The Auditor may request the advice of the Joint
8 Legislative Commission on Governmental Operations in prioritizing these requests
9 and in determining whether the requests are practicable and can be undertaken
10 within the resources provided."

1 CODE NO. 97INS-S001-P

2

3 Requested by: Senator Warren

4

5 **CONSTRUCTION CODE RECEIPTS**

1 Section @. Departmental receipts realized by the Department of
2 Insurance in excess of amounts approved for expenditure by the General Assembly,
3 as adjusted by the Office of State Budget and Management to reflect the distribution
4 of statewide reserves, shall revert to the General Fund at the end of each fiscal year.
5 This section shall not apply to receipts realized by the Department from the sale of
6 copies of the State construction code if the receipts are used for the purchase of
7 copies of the code for sale to the public, except that unspent construction code
8 receipts shall revert to the General Fund at the end of each fiscal year.

1 CODE NO. 97INS-S002A-P

2

3 Requested by: Senator Warren

4

5 **EXPAND USE OF INSURANCE REGULATORY FUND**

1 Section @. G.S. 58-6-25(d) reads as rewritten:

2 "(d) Use of Proceeds. -- The Insurance Regulatory Fund is created in the State
3 treasury, under the control of the Office of State Budget and Management. The
4 proceeds of the charge levied in this section and all fees collected under Articles 69
5 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the
6 General Statutes shall be credited to the Fund. The Fund shall be placed in an
7 interest-bearing account and any interest or other income derived from the Fund
8 shall be credited to the Fund. Moneys in the Fund may be spent only pursuant to
9 appropriation by the General Assembly and in accordance with the line item budget
10 enacted by the General Assembly. The Fund is subject to the provisions of the
11 Executive Budget Act, except that no unexpended surplus of the Fund shall revert to
12 the General Fund. All money credited to the Fund shall be used to reimburse the
13 General Fund for the following:

14 (1) Money appropriated to the Department of Insurance to pay its
15 expenses incurred in regulating the insurance industry and other
16 industries in this State.

17 (2) Money appropriated to State agencies to pay the expenses incurred
18 in regulating the insurance industry, in certifying statewide data
19 processors under Article 11A of Chapter 131E of the General
20 Statutes, and in purchasing reports of patient data from statewide
21 data processors certified under that Article.

22 (3) Money appropriated to the Department of Revenue to pay the
23 expenses incurred in collecting and administering the taxes on
24 insurance companies levied in Article 8B of Chapter 105 of the
25 General Statutes."

1 CODE NO. 97ADMIN-S002B-P

2

3 Requested by: Senator Warren

4

5 **PROCUREMENT CARD PILOT PROGRAM**

6 Section @. (a) Except as provided by this section, no State agency,
7 community college, constituent institution of The University of North Carolina, or
8 local school administrative unit shall use procurement cards for the purchase of
9 equipment or supplies prior to July 1, 1998.

10 (b) The Secretary of Administration shall designate not more than 15
11 governmental entities to participate in a pilot program on the purchase of supplies
12 and equipment by procurement card. Those designated shall represent a cross-
13 section of governmental entities and shall include at least one State agency, one
14 community college, two constituent institutions of The University of North Carolina,
15 and one local school administrative unit.

16 (c) The Division of Purchase and Contract and the State Controller shall
17 report to the Joint Legislative Commission on Governmental Operations on March 1,
18 1998, on this pilot program. The report shall include estimates from the pilot
19 program of how many purchasing and accounts payable personnel hours could be
20 saved or redirected or both as a result of the procurement card, and the impact of the
21 procurement card on accounting and budgeting records and on purchasing history
22 records. The report shall also include a discussion of the effect of the procurement
card on the State's ability to track both out-of-state sales taxes and North Carolina
State and local sales tax payments by county. Finally, the report shall include a
discussion of any other costs and benefits of the procurement card.

(d) This section does not affect contracts for procurement cards entered
into prior to March 31, 1997.

1 CODE NO. 97INS-S001C-P

2

3 Requested by: Senator Warren

4

5 STATE HEALTH PLAN PURCHASING ALLIANCE BOARD OPERATING FUNDS
6 REVERT

1 Section @. (a) G.S. 143-635(c) reads as rewritten:

2 "(c) Moneys appropriated by the General Assembly ~~shall be deposited in the Fund~~
3 ~~and shall become part of the continuation budget of the Department of~~
4 ~~Administration.~~ for operations of the State Health Plan Purchasing Alliance Board
5 shall not be part of the State Health Plan Purchasing Alliance Fund."

6 (b) The sum of six hundred forty-eight thousand seven hundred eighteen
7 dollars (\$648,718) for the 1996-97 fiscal year shall be transferred from the State
8 Health Plan Purchasing Alliance Fund to the General Fund.

9 (c) All monies for operations of the State Health Plan Purchasing
10 Alliance Board unexpended at the end of the 1996-97 fiscal year shall revert to the
11 General Fund.

12 (d) This section becomes effective June 30, 1997.

1 CODE NO. 97ADMIN-S001-P

2

3 Requested by: Senator Warren

4

5 **GOVERNOR'S ADVOCACY COUNCIL FOR PERSONS WITH DISABILITIES**

1 Section @. The Department of Human Resources shall continue to
2 provide the current office space for the four regional offices of the Governor's
3 Advocacy Council for Persons with Disabilities or office space that is comparable to
4 that now used by the Council.

1 CODE NO. 97ADMIN-S008-P

2

3 Requested by: Senator Warren

4

5 FEES FOR USE OF STATE-OWNED OFFICE SPACE

1 Section @. G.S. 143-342.1 reads as rewritten:

2 "§ 143-342.1. State-owned office space; fees for use by self-supporting agencies.

3 The Department shall determine equitable fees for the use of State owned and
4 operated office space, and it shall assess the Department of State Treasurer, the
5 Department of Insurance, and all self-supporting agencies using any of this office
6 space for payment of these fees. For the purposes of this section, self-supporting
7 agencies are those agencies designated by the Director of the Budget as being
8 primarily funded from sources other than State appropriations. Fees assessed under
9 this section shall be paid to the General Fund."

1 **CODE NO. 97GEN-S001B-P**

2

3 Requested by: Senator Warren

4

5 **PARKING REVENUES**

1 Section @. The Secretary of Administration may use funds from parking
2 revenues that are in excess of parking system expense requirements to fund the fifteen
3 dollar (\$15.00) per month subsidies for vanpools and transit passes.

CODE NO. 97ADMIN-S009A

Requested by: Senators Perdue, Plyler, Odom

COMBINE PROGRAMS TO HELP WOMEN AND CHILDREN

1 Section @. The Office of State Budget and Management
2 shall study the feasibility of consolidating the budgets and
3 services and the administration of federal and State grants for
4 domestic violence programs and rape crisis programs in the State,
5 including those programs currently administered by the Council
6 for Women, Department of Administration, the Governor's Crime
7 Commission, Department of Crime Control and Public Safety, and
8 the Division of Social Services, Department of Human Resources.
9 This study shall include an analysis of the feasibility of
10 combining budgets and services of the NC Council for Women (Fund
11 1731), the Domestic Violence Program (Fund 1781), the Domestic
12 Violence Center (Fund 1782), the Displaced Homemakers Program
13 (Fund 1732), and the Rape Crisis Program (Fund 1734) and an
14 analysis of ways to promote more efficient and effective
15 coordination of resources and services at the State and local
16 levels. The Office of State Budget and Management shall report
17 the findings and recommendations of the study to the House and
18 Senate Appropriations Subcommittees on General Government and the
19 Fiscal Research Division by March 31, 1998.

1 CODE NO. 97CONT-S001A-P

2

3 Requested by: Senator Warren

4

5 NORTH CAROLINA INFORMATION HIGHWAY

1 Section @. (a) The funds appropriated in this act to the Office of State
2 Controller for the operation of the North Carolina Information Highway shall be used
3 only for costs incurred by the Office of State Controller related to the operations and
4 support of the North Carolina Information Highway. No funds appropriated in this
5 act shall be expended to pay Minimum Monthly usage charges for North Carolina
6 Information Highway Services.

7 (b) Of the funds appropriated to the Office of State Controller for the
8 North Carolina Information Highway (NCIH), an amount not to exceed five hundred
9 thousand dollars (\$500,000) for fiscal year 1997-98 shall be used to support long
10 distance capacity and provide for the establishment of regional hubs in each of the
11 seven Local Access Transport Areas (LATAs) in North Carolina. The remaining
12 funds shall be used to help defray the costs of existing NCIH sites except those
13 located at university sites other than East Carolina University academic affairs
14 campus. Any savings accrued shall be placed in reserve in the Office of State
15 Controller for consideration by the 1997 General Assembly at its session in 1998.

16 (c) In the interim, the Office of State Controller is encouraged to
17 consider new technologies and capabilities as a means of providing NCIH users access
18 to information and resources. The Office of State Controller shall report to the
19 General Assembly in 1998 before the reconvening of the Regular Session on its
20 findings.

21 (d) The State Controller shall report quarterly to the Joint Legislative
22 Commission on Governmental Operations regarding the costs incurred by the Office
23 of State Controller related to the operations and support of the North Carolina
24 Information Highway and the savings placed in reserve in the Office of State
25 Controller.

CODE NO. 97CONT-S005A

Requested by: Senators Rand, Plyler, Perdue, Odom

FUNDS FOR YEAR 2000 CONVERSION OF THE STATE'S COMPUTER SYSTEM

1 Section @. (a) The Office of State Controller shall
2 include in its charges for data processing services costs of
3 converting computer applications to operate properly at the turn
4 of the century. The State Controller shall develop procedures
5 for managing the year 2000 conversion.

6 (b) The State Controller shall analyze the needs of
7 State agencies for funds to convert their systems. In the course
8 of the analysis, the State Controller shall consider an agency's
9 need for each system it wishes to covert and the most cost-
10 effective manner in which to manage conversion. The State
11 Controller shall certify to the Office of State Budget and
12 Management the cost of each State agency for the year 2000
13 conversion.

14 (c) The Director of the Budget may use up to
15 \$20,000,000 of projected 1997-98 General Fund reversions to cover
16 the cost of the year 2000 conversion in General Fund agencies
17 during the 1997-98 fiscal year.

18 (d) Beginnning October 1, 1997, and quarterly
19 thereafter, the Office of State Controller shall report to the
20 Joint Legislative Commission on Governmental Operations on the
21 status of the conversion and cost projections.

1 CODE NO. 97REV-S001C-P

2

3 Requested by: Senator Warren

4

5 **STUDY REVENUE'S STAFF REQUIREMENTS**

1 Section @. The Office of State Budget and Management, Management
2 and Productivity Unit, shall continue work on the assessment of the Department of
3 Revenue's staff requirements initiated pursuant to Section 15.6 of Chapter 18 of the
4 Session Laws, Second Extra Session 1996. In the final phase of the study, the Office
5 of State Budget and Management shall review workload requirements and make
6 specific recommendations about staffing for the Department. The Office of State
7 Budget and Management shall make a final report to the House and Senate
8 Appropriations Subcommittees on General Government and the Fiscal Research
9 Division of the General Assembly by March 31, 1998, on the results.

10

Requested by: Senators Plyler, Perdue, Odom

ALLOW CORPORATE ANNUAL REPORTS TO BE FILED WITH DEPARTMENT OF REVENUE AND TO EXTEND TIME FOR REINSTATEMENT AFTER ADMINISTRATIVE DISSOLUTION

1 Section @. (a) G.S. 55-14-22(a) reads as rewritten:
2 "(a) A corporation administratively dissolved under G.S. 55-14-
3 21 may apply to the Secretary of State for reinstatement ~~within~~
4 ~~two years not later than five years~~ after the effective date of
5 dissolution. The application must:
6 (1) Recite the name of the corporation and the
7 effective date of its administrative dissolution;
8 and
9 (2) State that the ground or grounds for dissolution
10 either did not exist or have been eliminated.
11 (3) Reserved.
12 (4) Repealed by Session Laws 1995, c. 539, s. 6."
13 (b) G.S. 55A-14-22(a) reads as rewritten:
14 "(a) A corporation administratively dissolved under G.S. 55A-
15 14-21 may apply to the Secretary of State for reinstatement
16 ~~within two years not later than five years~~ after the effective
17 date of dissolution. The application shall:
18 (1) Recite the name of the corporation and the
19 effective date of its administrative dissolution;
20 and
21 (2) State that the ground or grounds for dissolution
22 either did not exist or have been eliminated."
23 (c) G.S. 57C-6-03(c) reads as rewritten:
24 "(c) A limited liability company administratively dissolved
25 under this section may apply to the Secretary of State for
26 reinstatement ~~within two years not later than five years~~ after
27 the effective date of the administrative dissolution. The
28 procedures for reinstatement and for the appeal of any denial of
29 the limited liability company's application for reinstatement
30 shall be the same procedures applicable to business corporations
31 under G.S. 55-14-22, 55-14-23, and 55-14-24."
32 (d) G.S. 55-16-22 reads as rewritten:
33 "§ 55-16-22. Annual report for Secretary of State report.
34 (a) Each Except as provided in subsections (a1) and (a2) of
35 this section, each domestic corporation except those governed by
36 Chapter 55B, and each foreign corporation authorized to transact
37 business in this State, State shall deliver to the Secretary of

1 ~~State for filing an annual report that sets forth:~~ an annual
2 report to the Secretary of Revenue.

3 (a1) Each insurance company subject to the provisions of
4 Chapter 58 of the General Statutes shall deliver an annual report
5 to the Secretary of State.

6 (a2) A domestic corporation governed by Chapter 55B of the
7 General Statutes is exempt from this section.

8 (a3) The annual report required by this section shall be in a
9 form jointly prescribed by the Secretary of Revenue and the
10 Secretary of State. The Secretary of Revenue shall provide the
11 form needed to file an annual report. The annual report shall
12 set forth all of the following:

13 (1) The name of the corporation and the state or
14 country under whose law it is incorporated;
15 incorporated.

16 (2) The street address, and the mailing address if
17 different from the street address, of the
18 registered office, the county in which its
19 registered office is located, and the name of its
20 registered agent at that office in this State, and
21 a statement of any change of such registered office
22 or registered agent, or both; both.

23 (3) The address and telephone number of its principal
24 office; office.

25 (4) The names, titles, and business addresses of its
26 principal officers; officers.

27 ~~(4a) The names and business addresses of its directors;~~
28 ~~and~~

29 (5) A brief description of the nature of its business.
30 If the information contained in the most recently filed annual
31 report has not changed, a certification to that effect may be
32 made instead of setting forth the information required by
33 subdivisions (2) through (5) of this subsection.

34 (b) Information in the annual report must be current as of the
35 date the annual report is executed on behalf of the corporation.

36 (c) ~~The annual report shall be delivered to the Secretary of~~
37 ~~State each year within 60 days immediately following the last day~~
38 ~~of the month in which the domestic corporation was incorporated~~
39 ~~or the foreign corporation received a certificate of authority in~~
40 ~~this State. Forms required for the filing of the annual report~~
41 ~~shall be mailed by the Secretary of State to the domestic or~~
42 ~~foreign corporation at its registered office for the first annual~~
43 ~~report, then to its principal office for subsequent annual~~
44 ~~reports.~~ An annual report required to be delivered to the

1 Secretary of Revenue is due by the due date for filing the
2 corporation's income and franchise tax returns. An extension of
3 time to file a return is an extension of time to file an annual
4 report. An annual report required to be delivered to the
5 Secretary of State is due by the fifteenth day of the third month
6 following the close of the corporation's fiscal year.

7 (d) If an annual report does not contain the information
8 required by this section, the Secretary of State shall promptly
9 notify the reporting domestic or foreign corporation in writing
10 and return the report to it for correction. If the report is
11 corrected to contain the information required by this section and
12 delivered to the Secretary of State within 30 days after the
13 effective date of notice, it is deemed to be timely filed.

14 (e) Amendments to any previously filed annual report may be
15 filed with the Secretary of State at any time for the purpose of
16 correcting, updating, or augmenting the information contained in
17 ~~such the~~ annual report.

18 (f) Expired.

19 (g) When a statement of change of registered office or
20 registered agent is filed in the annual report, the change shall
21 become effective when the statement is received by the Secretary
22 of State.

23 (h) If the Secretary of State does not receive an annual
24 report within 120 days of the date the return is due, the
25 Secretary of State may presume that the annual report is
26 delinquent. This presumption may be rebutted by receipt of the
27 annual report from the Secretary of Revenue or by evidence of
28 delivery presented by the filing corporation."

29 (e) G.S. 55-1-21(a) reads as rewritten:

30 "(a) The Secretary of State may promulgate and furnish on
31 request forms ~~for:~~ for the following:

32 (1) An application for a certificate of ~~existence;~~
33 existence.

34 (2) A foreign corporation's application for a
35 certificate of authority to transact business in
36 ~~this State;~~ State.

37 (3) A foreign corporation's application for a
38 certificate of ~~withdrawal; and withdrawal.~~

39 ~~(4) The annual report.~~

40 If the Secretary of State so requires, use of these forms is
41 mandatory."

42 (f) G.S. 55-1-28(b)(4) reads as rewritten:

1 "(4) That its most recent annual report required by G.S.
2 55-16-22 has either been delivered to the Secretary
3 of ~~State~~; State or is not delinquent;"

4 (g) G.S. 55-14-20(2) reads as rewritten:
5 "(2) The corporation ~~does not deliver its annual report~~
6 ~~to the Secretary of State within 60 days after it~~
7 ~~is due~~; is delinquent in delivering its annual
8 report;"

9 (h) G.S. 55-15-30(a)(1) reads as rewritten:
10 "(1) The foreign corporation ~~does not deliver its annual~~
11 ~~report to the Secretary of State within 60 days~~
12 ~~after it is due~~; is delinquent in delivering its
13 annual report;"

14 (i) G.S. 55-16-01(e)(7) reads as rewritten:
15 "(7) Its most recent annual report delivered ~~to the~~
16 ~~Secretary of State under~~ as required by G.S. 55-16-
17 22."

18 (j) G.S. 57C-2-23 reads as rewritten:
19 "§ 57C-2-23. Annual report for Secretary of State.

20 (a) Each domestic limited liability company and each foreign
21 limited liability company authorized to transact business in this
22 State, shall deliver to the Secretary of State for filing an
23 annual ~~report~~ report, in a form jointly prescribed by the
24 Secretary of Revenue and Secretary of State, that sets forth
25 forth all of the following:

26 (1) The name of the limited liability or foreign
27 limited liability company and the state or country
28 under whose law it is ~~organized~~; organized.

29 (2) The street address, and the mailing address if
30 different from the street address, of the
31 registered office, the county in which the
32 registered office is located, and the name of its
33 registered agent at that office in this State, and
34 a statement of any change of the registered office
35 or registered agent, or ~~both~~; both.

36 (3) The address and telephone number of its principal
37 ~~office~~; office.

38 (4) The names and business addresses of its ~~managers~~;
39 and managers.

40 (5) A brief description of the nature of its business.

41 If the information contained in the most recently filed annual
42 report has not changed, a certification to that effect may be
43 made instead of setting forth the information required by
44 subdivisions (2) through (5) of this subsection. The Secretary

1 of State shall make available the form required to file an annual
2 report.

3 (b) Information in the annual report must be current as of the
4 date the annual report is executed on behalf of the limited
5 liability company or the foreign limited liability company.

6 (c) The annual report shall be delivered to the Secretary of
7 State ~~each year within 60 days immediately following the last day~~
8 ~~of the month in which the domestic limited liability company was~~
9 ~~organized or the foreign limited liability company received a~~
10 ~~certificate of authority in this State. Forms required for the~~
11 ~~filing of the annual report shall be mailed by the Secretary of~~
12 ~~State to the domestic or foreign limited liability company at its~~
13 ~~registered office for the first annual report, and then to its~~
14 ~~principal office for subsequent annual reports. by the fifteenth~~
15 day of the fourth month following the close of the limited
16 liability company's fiscal year.

17 (d) If an annual report does not contain the information
18 required by this section, the Secretary of State shall promptly
19 notify the reporting domestic or foreign limited liability
20 company in writing and return the report to it for correction.
21 If the report is corrected to contain the information required by
22 this section and delivered to the Secretary of State within 30
23 days after the effective date of notice, it is deemed to be
24 timely filed.

25 (e) Amendments to any previously filed annual report may be
26 filed with the Secretary of State at any time for the purpose of
27 correcting, updating, or augmenting the information contained in
28 the annual report."

29 (k) G.S. 57C-3-25(a) reads as rewritten:

30 "(a) Any person dealing with a limited liability company or a
31 foreign limited liability company may rely conclusively upon its
32 most recent annual report and any amendments ~~thereto filed with~~
33 to it on file with the Secretary of State ~~pursuant to G.S.~~
34 ~~57C-2-23~~ as to the identity of its managers, except to the extent
35 the person has actual knowledge that a person identified therein
36 as a manager is not a manager."

37 (l) G.S. 105-259 reads as rewritten:

38 "§ 105-259. Secrecy required of officials; penalty for
39 violation.

40 (a) Definitions. -- The following definitions apply in this
41 section:

42 (1) Employee or officer. -- The term includes a former
43 employee, a former officer, and a current or former
44 member of a State board or commission.

1 (2) Tax information. -- Any information from any source
2 concerning the liability of a taxpayer for a tax,
3 as defined in G.S. 105-228.90. The term includes
4 the following:

- 5 a. Information contained on a tax return, a tax
6 report, or an application for a license for
7 which a tax is imposed.
8 b. Information obtained through an audit of a
9 taxpayer or by correspondence with a taxpayer.
10 c. Information on whether a taxpayer has filed a
11 tax return or a tax report.
12 d. A list or other compilation of the names,
13 addresses, social security numbers, or similar
14 information concerning taxpayers.

15 The term does not include (i) statistics classified
16 so that information about specific taxpayers cannot
17 be ~~identified or (ii) identified, (ii) an annual~~
18 report required to be filed under G.S. 55-16-22 or
19 (iii) information submitted to the Business License
20 Information Office of the Department of Secretary
21 of State on a master application form for various
22 business licenses.

23 (b) Disclosure Prohibited. -- An officer, an employee, or an
24 agent of the State who has access to tax information in the
25 course of service to or employment by the State may not disclose
26 the information to any other person unless the disclosure is made
27 for one of the following purposes:

- 28 (1) To comply with a court order or a law.
29 (2) Review by the Attorney General or a representative
30 of the Attorney General.
31 (3) Review by a tax official of another state or the
32 Internal Revenue Commissioner of the United States
33 to aid the state or the Commissioner in collecting
34 a tax imposed by this State, the other state, or
35 the United States if the laws of the other state or
36 the United States allow the state or the United
37 States to provide similar tax information to a
38 representative of this State.
39 (4) To provide a governmental agency or an officer of
40 an organized association of taxpayers with a list
41 of taxpayers who have paid a privilege license tax
42 under Article 2 of this Chapter.

- 1 (5) To furnish to the chair of a board of county
2 commissioners information on the county sales and
3 use tax.
- 4 (6) To sort, process, or deliver tax information on
5 behalf of the Department of Revenue.
- 6 (6a) To furnish the chair of a board of county
7 commissioners a list of claimants that have
8 received a refund of the county sales or use tax to
9 the extent authorized in G.S. 105- 164.14(f).
- 10 (7) To exchange information with the Division of Motor
11 Vehicles of the Department of Transportation when
12 the information is needed to fulfill a duty imposed
13 on the Department of Revenue or the Division of
14 Motor Vehicles.
- 15 (8) To furnish to the Department of State Treasurer,
16 upon request, the name, address, and account and
17 identification numbers of a taxpayer who may be
18 entitled to property held in the Escheat Fund.
- 19 (9) To furnish to the Employment Security Commission
20 the name, address, and account and identification
21 numbers of a taxpayer when the information is
22 requested by the Commission in order to fulfill a
23 duty imposed under Article 2 of Chapter 96 of the
24 General Statutes.
- 25 (10) Review by the State Auditor to the extent
26 authorized in G.S. 147-64.7.
- 27 (11) To give a spouse who elects to file a joint tax
28 return a copy of the return or information
29 contained on the return.
- 30 (11a) To provide a copy of a return to the taxpayer who
31 filed the return.
- 32 (11b) In the case of a return filed by a corporation, a
33 partnership, a trust, or an estate, to provide a
34 copy of the return or information on the return to
35 a person who has a material interest in the return
36 if, under the circumstances, section 6103(e)(1) of
37 the Code would require disclosure to that person
38 of any corresponding federal return or
39 information.
- 40 (11c) In the case of a return of an individual who is
41 legally incompetent or deceased, to provide a copy
42 of the return to the legal representative of the
43 estate of the incompetent individual or decedent.

- (12) To contract with a financial institution for the receipt of withheld income tax payments under G.S. 105-163.6 or for the transmittal of payments by electronic funds transfer.
- (13) To furnish the Fiscal Research Division of the General Assembly, upon request, a sample, suitable in character, composition, and size for statistical analyses, of tax returns or other tax information from which taxpayers' names and identification numbers have been removed.
- (14) To exchange information concerning a tax imposed by Subchapter V of this Chapter with the Standards Division of the Department of Agriculture when the information is needed to administer the Gasoline and Oil Inspection Act, Article 3 of Chapter 119 of the General Statutes.
- (15) To exchange information concerning a tax imposed by Articles 2A, 2B, 2C, or 2D of this Chapter with one of the following agencies when the information is needed to fulfill a duty imposed on the agency:
- a. The North Carolina Alcoholic Beverage Control Commission.
 - b. The Division of Alcohol Law Enforcement of the Department of Crime Control and Public Safety.
 - c. The Bureau of Alcohol, Tobacco, and Firearms of the United States Treasury Department.
- (16) To furnish to the Department of Secretary of State the name, address, tax year end, and account and identification numbers of a corporation liable for corporate income or franchise taxes or of a limited liability company liable for a corporate or a partnership tax return to enable the Secretary of State to notify the corporation or the limited liability company of the annual report filing requirement or that its articles of incorporation or articles of organization or its certificate of authority has been suspended.
- (17) To inform the Business License Information Office of the Department of Secretary of State of the status of an application for a license for which a tax is imposed and of any information needed to process the application.
- (18) To furnish to the Office of the State Controller the name, address, and account and identification

1 numbers of a taxpayer upon request to enable the
2 State Controller to verify statewide vendor files
3 or track debtors of the State.

4 (19) To furnish to the North Carolina Industrial
5 Commission information concerning workers'
6 compensation reported to the Secretary under G.S.
7 105-163.7.

8 (c) Punishment. -- A person who violates this section is
9 guilty of a Class 1 misdemeanor. If the person committing the
10 violation is an officer or employee, that person shall be
11 dismissed from public office or public employment and may not
12 hold any public office or public employment in this State for
13 five years after the violation."

14 (m) Subsections (a), (b), (c) and (l) of this section
15 become effective July 1, 1997. The remainder of this section
16 becomes effective January 1, 1998, and applies to tax years
17 ending on or after December 31, 1997, in the case of corporations
18 required to file annual reports with the Secretary of Revenue and
19 to fiscal years ending on or after December 31, 1997, in the case
20 of corporations required to file annual reports with the
21 Secretary of State.

22 Annual reports delivered to either the Secretary of
23 State or the Secretary of Revenue after December 31, 1997, but
24 before January 1999, shall nevertheless be deemed filed with the
25 correct State agency. The Secretary of State shall notify the
26 Secretary of Revenue of reports erroneously filed with the
27 Secretary of State, and the Secretary of Revenue shall notify the
28 Secretary of State of reports erroneously filed with the
29 Secretary of Revenue.

1 CODE NO. 97CULRES-S001A-P

2

3 Requested by: Senator Warren

4

5 **HISTORIC SITES REPAIRS AND RENOVATIONS FUNDS**

1 Section @. (a) Funds allocated in Section 9 of this act to the Office of
2 State Budget and Management for the Repairs and Renovations Fund may be used to
3 make needed repairs and renovations at the State Historic Sites.

4 (b) There is established the Historic Sites Repairs and Renovations
5 Review Committee. The Committee shall consist of the following members: The
6 three cochair of the Senate Appropriations and Base Budget Committee and the
7 four cochair of the House of Representatives Appropriations Committee. The Office
8 of State Budget and Management shall submit its proposal for the use of funds from
9 the Repairs and Renovations Fund for Historic Sites to the Committee before
10 submitting the proposal to the Joint Legislative Commission on Governmental
11 Operations in accordance with Section 9 of this act.

1 CODE NO. 97CULRES-S002-P

2

3 Requested by: Senator Warren

4

5 DEPARTMENT OF CULTURAL RESOURCES RETAIN HISTORICAL
6 PUBLICATIONS RECEIPTS

1 Section @. The Historical Publications Section, Division of Archives
2 and History, Department of Cultural Resources, may retain the receipts, including
3 over-realized receipts, from the sale of its publications during each year of the 1997-
4 99 biennium. The receipts from the sale of those publications retained by the
5 Historical Publications Section shall not revert, but shall be used to reprint the
6 publications.

1 CODE NO. 97CULRES-S003-P

2

3 Requested by: Senator Warren

4

5 MODIFY THE AREAS OF RESPONSIBILITY OF THE ROANOKE ISLAND
6 COMMISSION

1 Section @. G.S. 143B-131.2(b)(1) reads as rewritten:

2 "(1) To advise the Secretary of Transportation and adopt rules on
3 matters pertaining to, affecting, and encouraging restoration,
4 preservation, and enhancement of the appearance, maintenance,
5 and aesthetic quality of ~~U.S. Highway 64/264~~ the U.S. 64/264
6 Bypass and N.C. 400 travel corridors on Roanoke Island and the
7 grounds on ~~Ice Plant Island~~. Roanoke Island Festival Park."

Requested by: Senator Warren

TRANSFER FIRST FLIGHT CENTENNIAL COMMISSION TO DOT

1 Section @. (a) The First Flight Centennial Commission,
2 described in Article 67 of Chapter 143 of the General Statutes,
3 is transferred from the Department of Cultural Resources to the
4 Department of Transportation, Division of Aviation. This
5 transfer shall have all of the elements of a Type II transfer, as
6 that term is defined in G.S. 143-6(b).

7 (b) G.S. 143-640 reads as rewritten:

8 "(a) Establishment. -- There is established the First Flight
9 Centennial Commission. The Commission shall be located within the
10 Department of ~~Cultural Resources~~ Transportation for
11 organizational, budgetary, and administrative purposes."

12 (c) G.S. 143-640(c) reads as rewritten:

13 "(c) Membership. -- The Commission shall consist of ~~26~~ 27
14 members, as follows:

15 (1) Four persons appointed by the Governor.

16 (2) Four persons appointed by the President Pro Tempore
17 of the Senate.

18 (3) Four persons appointed by the Speaker of the House
19 of Representatives.

20 (4) The following persons or their designees, ex
21 officio:

22 a. The Governor.

23 b. The President Pro Tempore of the Senate.

24 c. The Speaker of the House of Representatives.

25 d. The United States Senators from this State.

26 e. The member of the United States House of
27 Representatives for the Third Congressional
28 District.

29 f. The Governor of the State of Ohio.

30 g. The Secretary of the Department of Cultural
31 Resources.

32 h. The Superintendent of the Cape Hatteras
33 National Seashore of the United States
34 National Park Service.

35 i. The chair of the Centennial of Flight
36 Commemoration Commission.

37 j. The President of the First Flight Society.

38 k. The chair of the Dare County Board of
39 Commissioners.

- 1 l. The Mayor of the Town of Kill Devil Hills.
2 m. The chair of the Dare County Tourism Board.
3 n. The Secretary of the Department of
4 Transportation.

5 The members appointed to the First Flight Centennial Commission
6 shall be chosen from among individuals who have the ability and
7 commitment to promote and fulfill the purposes of the Commission,
8 including individuals who have demonstrated expertise in the
9 fields of aeronautics, aerospace science, or history, who have
10 contributed to the development of the fields of aeronautics or
11 aerospace science, or who have demonstrated a commitment to
12 serving the public."

13 (d) G.S. 143-641(c) reads as rewritten:

14 "(c) Contract Authority. -- The Commission may procure
15 supplies, services, and property as appropriate, and may enter
16 into contracts, leases, or other legal agreements to carry out
17 the purposes of this Article. All contracts, leases, or legal
18 agreements entered into by the Commission shall terminate on the
19 date of termination of the Commission. Termination shall not
20 affect any disputes or causes of action of the Commission that
21 arise before the date of termination, and the Department of
22 ~~Cultural Resources~~ Transportation may prosecute or defend any
23 causes of action arising before the date of termination. All
24 property acquired by the Commission that remains in the
25 possession of the Commission on the date of termination shall
26 become the property of the Department of ~~Cultural Resources~~.
27 Transportation."

28 (e) G.S. 143-642(b) reads as rewritten:

29 "(b) Office Space. -- The Department of ~~Cultural Resources~~
30 Transportation shall provide office space in Raleigh for use as
31 offices by the First Flight Centennial Commission, and the
32 Department of ~~Cultural Resources~~ Transportation shall receive no
33 reimbursement from the Commission for the use of the property
34 during the life of the Commission."

1 CODE NO. 97CULRES-S007A-P

2

3 Requested by: Senator Warren

4

5 MUSEUM OF HISTORY RESTAURANT

1 Section @. Within the funds available, the Secretary of Cultural
2 Resources may contract with any person, firm, or corporation to provide restaurant
3 services in the North Carolina Museum of History, as provided in subdivisions (16)
4 and (17) of G.S. 121-4.

1 CODE NO. 97CULRES-S008-P

2

3 Requested by: Senator Warren

4

5 **FUNDS FOR MUSEUM OF THE ALBEMARLE**

1 Section @. The Office of State Budget and Management is authorized to
2 transfer the sum of forty-seven thousand eight hundred eighty-seven dollars (\$47,887)
3 from Fund 1110 (Code 536930) to Fund 1500 (Code 534160) to replace funds that
4 were reallocated in the 1996-97 fiscal year to support Newbold-White House.

1 CODE NO. 97CULRES-S010A-P

2

3 Requested by: Senators Plyler, Perdue, Odom

4

5 **PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS**

1 Section @. Of the funds appropriated to the Department of Cultural
2 Resources, the sum of eight million dollars (\$8,000,000) for the 1997-98 fiscal year
3 shall be used for grants to nonprofit organizations or local governmental entities
4 throughout the State for cultural, historical, or artistic organizations, for cultural,
5 historical, or artistic projects, and for museums. The Secretary of the Department of
6 Cultural Resources shall establish a process for the review, evaluation, and
7 consideration of applications for these grants.

8 In awarding grants, the Secretary shall consider the merits of the project,
9 the cultural, historical, or artistic significance of the project, the benefit to the State
10 and local communities of the project, and the cost of the project. Prior to awarding
11 grants, the Secretary shall consult with the Joint Legislative Commission on
12 Governmental Operations. These grants are not subject to review by the Historical
13 Commission.

14

Requested by: Senator Warren

STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM

1 Section @. (a) The State Board of Elections shall adopt
2 rules for a statewide data elections management system. Those
3 rules shall include data format standards, data communication
4 standards, and data content standards. The State Board of
5 Elections shall adopt those rules, including the standards, no
6 later than November 1, 1997. Counties shall adhere to the rules
7 and standards no later than August 31, 1998.

8 (b) Of the funds appropriated in this act to the State Board
9 of Elections for a statewide data elections management system,
10 the sum of one hundred fifty thousand dollars (\$150,000) may be
11 used by the State Board of Elections to hire a project manager,
12 to research and determine the needs of the local boards of
13 election in each county, and to develop a needs assessment
14 report.

15 (c) The remainder of the funds appropriated in Section 13.2 of
16 Chapter 597 of the 1995 Session Laws shall be used to develop,
17 implement, and operate a statewide data elections management
18 system, which will include voter registration, campaign reporting
19 and election night returns. These funds shall be used only after
20 the State Board of Elections and the Information Resource
21 Management Commission have jointly approved and submitted a
22 written, detailed implementation plan for statewide data
23 elections management to the Joint Legislative Commission on
24 Governmental Operations. That implementation plan shall include:

- 25 (1) A description of the system being implemented;
- 26 (2) A description of the system's capabilities,
27 including user-friendliness;
- 28 (3) An itemized estimate of the costs of the system,
29 with a justification for each item, including a
30 plan for implementing the system within the funds
31 appropriated;
- 32 (4) A list of the counties to be brought into the
33 system during the fiscal year; and
- 34 (5) A proposed project management plan.

35 After their initial joint report, the State Board of Elections
36 and the Information Resource Management Commission shall make
37 written quarterly joint reports to the Joint Legislative
38 Commission on Governmental Operations, describing the status of
39 the project, listing the counties that have been brought into the

1 system and that are planned to be brought into the system, and
2 the costs.

3 (d) To the extent that this section conflicts with G.S. 163-
4 82.11 through G.S. 163-82.13, with Section 16 of Chapter 769 of
5 the 1993 Session Laws, or with Section 13.2 of Chapter 507 of the
6 1995 Session Laws, this section prevails to the extent of the
7 conflict. Except to the extent of the conflict, Section 16 of
8 Chapter 769 of the 1993 Session Laws remains in effect.

CODE NO. 97REV-S004A

Requested by: Senator Warren

EXTEND AND MODIFY SUNSET ON PORTS TAX CREDIT

1 Section @. (a) Section 4 of Chapter 977 of the 1991
2 Session Laws, as amended by Section 3 of Chapter 495 of the 1995
3 Session Laws, reads as rewritten:

4 "Sec. 4. This act is effective for taxable years beginning on
5 or after March 1, 1992, and ending on or before February 28,
6 ~~1998~~, 2001."

7 (b) Section 4 of Chapter 681 of the 1993 Session Laws,
8 as amended by Section 17 of Chapter 17 of the 1995 Session Laws
9 and by Section 4 of Chapter 495 of the 1995 Session Laws, reads
10 as rewritten:

11 "Sec. 4. This act is effective for taxable years beginning on
12 or after January 1, 1994, and ending on or before February 28,
13 ~~1998~~, 2001."

14 (c) G.S. 105-130.41(b) reads as rewritten:

15 "(b) Limitations. -- This credit may not exceed fifty percent
16 (50%) of the amount of tax imposed by this Division for the
17 taxable year reduced by the sum of all credits allowable, except
18 tax payments made by or on behalf of the corporation. Any unused
19 portion of the credit may be carried forward for the succeeding
20 five years. The maximum cumulative credit that may be claimed by
21 a corporation under this section is ~~one~~ two million dollars
22 ~~(\$1,000,000)~~, (\$2,000,000)."

23 (d) G.S. 105-151.22(b) reads as rewritten:

24 "(b) Limitations. -- This credit may not exceed fifty percent
25 (50%) of the amount of tax imposed by this Division for the
26 taxable year reduced by the sum of all credits allowable, except
27 tax payments made by or on behalf of the taxpayer. Any unused
28 portion of the credit may be carried forward for the succeeding
29 five years. The maximum cumulative credit that may be claimed by
30 a taxpayer under this section is ~~one~~ two million dollars
31 ~~(\$1,000,000)~~, (\$2,000,000)."

32 (e) Subsections (c) and (d) of this section are
33 effective for taxable years beginning on or after January 1,
34 1998. The remainder of this section is effective for taxable
35 years beginning on or after January 1, 1997.

CODE NO. 97CONT-S020

Requested by: Senators Plyler, Perdue, Odom

PERFORMANCE AUDIT OF SIPS

1 Section @. The State Auditor shall conduct a
2 performance audit of State Information Processing Services
3 (SIPS). The State Auditor shall report the results of this audit
4 to the Joint Legislative Commission on Governmental Operations
5 prior to April 15, 1998.

⑧
Stanley
Duray

SENATE APPROPRIATIONS COMMITTEE

SALARY/BENEFITS AND STATEWIDE RESERVES

APRIL 22, 1997

General Fund

Statewide Reserves

FY 97-98**FY 98-99**

1 Reserve for Compensation Increase (Begins 7-1-97)	\$306,139,421	R	\$306,139,421	R
Teachers and Instructional Support (4% - 9%)	\$181,020,912			
Principals & Asst.Principals (3%)	6,221,187			
Other Public School Employees (3%)	22,013,892			
Agency Teachers (4%-9%)	2,514,968			
Science & Math Teachers (Avg. of 8%)	245,304			
University EPA (3%)	24,995,484			
Community College EPA (3%)	13,711,302			
Other State Employees (3%)	55,416,372			
2 Reduction in Debt Service	(\$23,659,410)	R	(\$14,677,000)	R

Total Reserves

\$282,480,011 **R** **\$291,462,421**

PART SALARIES AND BENEFITS

CODE NO. 97EMP-S002H

Requested by: Senators Plyler, Perdue, Odom

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

1 Section @.1 (a) Effective July 1, 1997, G.S. 147-11(a)
2 reads as rewritten:

3 "(a) The salary of the Governor shall be ~~one hundred three~~
4 ~~thousand twelve dollars (\$103,012)~~ one hundred six thousand one
5 hundred two dollars (\$106,102) annually, payable monthly."

6 (b) The annual salaries for the members of the Council
7 of State, payable monthly, for the 1997-98 and 1998-99 fiscal
8 years, beginning July 1, 1997, are:

9		
10	<u>Council of State</u>	<u>Annual Salary</u>
11		
12	Lieutenant Governor	\$93,642
13	Attorney General	93,642
14	Secretary of State	93,642
15	State Treasurer	93,642
16	State Auditor	93,642
17	Superintendent of Public Instruction	93,642
18	Agriculture Commissioner	93,642
19	Insurance Commissioner	93,642
20	Labor Commissioner	93,642.

21
22 Requested by: Senators Plyler, Perdue, Odom

23 NONELECTED DEPARTMENT HEADS/SALARY INCREASES

24 Section @.2. In accordance with G.S. 143B-9, the
25 maximum annual salaries, payable monthly, for the nonelected
26 heads of the principal State departments for the 1997-98 and
27 1998-99 fiscal years, beginning July 1, 1997, are:

28		
29	<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
30		
31	Secretary of Administration	\$91,490
32	Secretary of Correction	91,490
33	Secretary of Cultural Resources	91,490
34	Secretary of Commerce	91,490
35	Secretary of Environment, Health,	
36	and Natural Resources	91,490
37	Secretary of Human Resources	91,490

1 Secretary of Revenue 91,490
2 Secretary of Transportation 91,490
3 Secretary of Crime Control and Public Safety 91,490.

4

5 Requested by: Senators Plyler, Perdue, Odom

6 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

7 Section @.3. The annual salaries, payable monthly, for
8 the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, for
9 the following executive branch officials are:

10

11 <u>Executive Branch Officials</u>	<u>Annual Salary</u>
12	
13 Chairman, Alcoholic Beverage Control	
14 Commission	\$83,271
15 State Controller	116,537
16 Commissioner of Motor Vehicles	83,271
17 Commissioner of Banks	85,326
18 State Personnel Director	91,490
19 Chairman, Parole Commission	76,037
20 Members of the Parole Commission	70,200
21 Executive Director, Agency for Public	
22 Telecommunications	70,200
23 General Manager, Ports Railway Commission	63,389
24 Director, Museum of Art	85,326
25 Executive Director, Wildlife Resources Commission	71,871
26 Executive Director, North Carolina Housing	
27 Finance Agency	103,057
28 Executive Director, North Carolina Agricultural	
29 Finance Authority	81,052
30 Director, Office of Administrative Hearings	82,341

31

32 Requested by: Senators Plyler, Perdue, Odom, Rand

33 **DEPARTMENT OF HUMAN RESOURCES SECRETARY SALARY FLEXIBILITY**

34 Section. @.4. (a) G.S. 143B-9 reads as rewritten:

35 "**\$ 143B-9. Appointment of officers and employees.**

36 The head of each principal State department, except those
37 departments headed by popularly elected officers, shall be
38 appointed by the Governor and serve at his pleasure.

39 The salary of the head of each of the principal State
40 departments and of elected officials shall be ~~as provided by law.~~
41 set by the General Assembly; provided, however, if the Secretary
42 of the Department of Human Resources is a licensed physician, the
43 Governor may, after consultation with the Advisory Budget
44 Commission, set the salary of the Secretary at a level comparable

1 to that of physicians employed by the Department of Human
2 Resources.

3 The head of a principal State department shall appoint a chief
4 deputy or chief assistant, and such chief deputy or chief
5 assistant shall not be subject to the State Personnel Act. The
6 salary of such chief deputy or chief assistant shall, upon the
7 recommendation of the Governor, be set by the General Assembly.
8 Unless otherwise provided for in the Executive Organization Act
9 of 1973, and subject to the provisions of the Personnel Act, the
10 head of each principal State department shall designate the
11 administrative head of each transferred agency and all employees
12 of each division, section, or other unit of the principal State
13 department."

14 (b) This section is effective when it becomes law.
15

16 Requested by: Senators Plyler, Perdue, Odom, Rand

17 **SALARIES OF MEMBERS AND CHAIR OF THE INDUSTRIAL COMMISSION**

18 Section @.5. G.S. 97-78(a) reads as rewritten:

19 "(a) ~~The salaries of the chairman and each of the other~~
20 ~~commissioners shall be fixed by the General Assembly in the~~
21 ~~Current Operations Appropriations Act. The salary of each~~
22 ~~commissioner shall be the same as that fixed from time to time~~
23 ~~for district attorneys except that the commissioner designated as~~
24 ~~chair shall receive one thousand five hundred dollars (\$1,500)~~
25 ~~additional per annum.~~"
26

27 Requested by: Senators Plyler, Perdue, Odom, Martin of Pitt,
28 Conder, Horton

29 **DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES LAW**
30 **ENFORCEMENT SALARIES EQUALIZED**

31 Section @.6. The Department of Environment, Health,
32 and Natural Resources shall adjust the average salary of law
33 enforcement officers in the Division of Parks and Recreation from
34 twenty-five thousand eight hundred nine dollars (\$25,809) to
35 thirty thousand ninety-seven dollars (\$30,097), the average
36 salary of law enforcement officers in the Division of Marine
37 Fisheries and Wildlife Resources Commission.
38

39 Requested by: Senators Plyler, Perdue, Odom

40 **TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION**
41 **SALARY INCREASES**

42 Section @.7 For the 1997-98 and 1998-99 fiscal years,
43 the Secretary of Revenue shall transfer at the end of each
44 quarter from the State sales and use tax net collections received

1 by the Department of Revenue under Article 5 of Chapter 105 of
2 the General Statutes to the State Treasurer for the Wildlife
3 Resources Fund the cost of any legislative salary increase for
4 employees of the Wildlife Resources Commission.

5

6 Requested by: Senators Plyler, Perdue, Odom

7 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

8 Section 8.8. (a) The annual salaries, payable monthly,
9 for specified judicial branch officials for the 1997-98 and 1998-
10 99 fiscal years, beginning July 1, 1997, are:

11

12 <u>Judicial Branch Officials</u>	13 <u>Annual Salary</u>
14 Chief Justice, Supreme Court	\$106,102
15 Associate Justice, Supreme Court	103,330
16 Chief Judge, Court of Appeals	100,746
17 Judge, Court of Appeals	99,024
18 Judge, Senior Regular Resident Superior Court	96,334
19 Judge, Superior Court	93,642
20 Chief Judge, District Court	85,032
21 Judge, District Court	82,341
22 District Attorney	86,754
23 Administrative Officer of the Courts	96,334
24 Assistant Administrative Officer of the Courts	80,898
25 Public Defender	86,754

26

27 (b) The district attorney or public defender of a
28 judicial district, with the approval of the Administrative
29 Officer of the Courts, shall set the salaries of assistant
30 district attorneys or assistant public defenders, respectively,
31 in that district such that the average salaries of assistant
32 district attorneys or assistant public defenders in that district
33 do not exceed fifty-three thousand three hundred sixty-five
34 dollars (\$53,365) and the minimum salary of any assistant
35 district attorney or assistant public defender is at least
36 twenty-seven thousand two hundred forty-five dollars (\$27,245),
37 effective July 1, 1997.

38 (c) The salaries in effect for the 1996-97 fiscal year
39 on June 30, 1997, for permanent, full-time employees of the
40 Judicial Department, except for those whose salaries are itemized
41 in this Part, shall be increased by three percent (3%),
42 commencing July 1, 1997.

43 (d) The salaries in effect on June 30, 1997, for all
44 permanent, part-time employees of the Judicial Department shall

1 be increased on and after July 1, 1997, by pro rata amounts of
2 the three percent (3%).

3

4 Requested by: Senators Plyler, Perdue, Odom

5 **CLERKS OF SUPERIOR COURT/SALARY INCREASES**

6 Section @.9. Effective July 1, 1997, G.S. 7A-101(a)
7 reads as rewritten:

8 "(a) The clerk of superior court is a full-time employee of
9 the State and shall receive an annual salary, payable in equal
10 monthly installments, based on the population of the county as
11 determined in subsection (a1) of this section, according to the
12 following schedule:

13 Population	Annual Salary
14 Less than 100,000	~~\$60,265~~ <u>\$62,073</u>
15 100,000 to 149,999	~~67,695~~ <u>69,726</u>
16 150,000 to 249,999	~~75,125~~ <u>77,379</u>
17 250,000 and above	~~82,555~~ <u>85,032.</u>

18 The salary schedule in this subsection is intended to represent
19 the following percentage of the salary of a chief district court
20 judge:

21 Less than 100,000	73%
22 100,000 to 149,999	82%
23 150,000 to 249,999	91%
24 250,000 and above	100%.

25 When a county changes from one population group to another, the
26 salary of the clerk shall be changed, on July 1 of the fiscal
27 year for which the change is reported, to the salary appropriate
28 for the new population group, except that the salary of an
29 incumbent clerk shall not be decreased by any change in
30 population group during his continuance in office."

31

32 Requested by: Senators Plyler, Perdue, Odom

33

34 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

35 Section @.10 Effective July 1, 1997, G.S. 120-37(c)
36 reads as rewritten:

37 "(c) The principal clerks shall be full-time officers. Each
38 principal clerk shall be entitled to other benefits available to
39 permanent legislative employees and shall be paid an annual
40 salary of ~~fifty-seven thousand five hundred fifty-nine dollars~~
41 ~~(\$57,559)~~ fifty-nine thousand two hundred eighty-six dollars
42 (\$59,286) payable monthly. The Legislative Services Commission
43 shall review the salary of the principal clerks prior to
44 submission of the proposed operating budget of the General

1 Assembly to the Governor and Advisory Budget Commission and shall
2 make appropriate recommendations for changes in those salaries.
3 Any changes enacted by the General Assembly shall be by amendment
4 to this paragraph."

5

6 Requested by: Senators Plyler, Perdue, Odom

7 **SERGEANT-AT-ARMS AND READING CLERKS**

8 Section @.11. Effective July 1, 1997, G.S. 120-37(b)
9 reads as rewritten:

10 "(b) The sergeant-at-arms and the reading clerk in each house
11 shall be paid a salary of ~~two hundred forty-eight dollars~~
12 ~~(\$248.00) per week~~ two hundred fifty-five dollars (\$255.00) per
13 week plus subsistence at the same daily rate provided for members
14 of the General Assembly, plus mileage at the rate provided for
15 members of the General Assembly for one round trip only from
16 their homes to Raleigh and return. The sergeants-at-arms shall
17 serve during sessions of the General Assembly and at such time
18 prior to the convening of, and subsequent to adjournment or
19 recess of, sessions as may be authorized by the Legislative
20 Services Commission. The reading clerks shall serve during
21 sessions only."

22

23 Requested by: Senators Plyler, Perdue, Odom

24 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

25 Section @.12. The Legislative Administrative Officer
26 shall increase the salaries of nonelected employees of the
27 General Assembly in effect for fiscal year 1997-98 by three
28 percent (3%). Nothing in this act limits any of the provisions
29 of G.S. 120-32.

30

31 Requested by: Senators Plyler, Perdue, Odom

32 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

33 Section @.13. The Director of the Budget shall transfer
34 from the Reserve for Salary Increases created in this act for
35 fiscal year 1997-98 funds to the Department of Community Colleges
36 necessary to provide an average annual salary increase of three
37 percent (3%), including funds for the employer's retirement and
38 social security contributions, commencing July 1, 1997, for all
39 permanent full-time community college institutional personnel
40 supported by State funds. The State Board of Community Colleges
41 shall establish guidelines for providing their salary increases
42 to community college institutional personnel to include
43 consideration of increases based on performance. Salary funds
44 shall be used to provide an average annual salary increase of

1 three percent (3%) to all full-time employees and part-time
2 employees on a pro rata basis.

3

4 Requested by: Senators Plyler, Perdue, Odom

5 **UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES**

6 Section @.14. (a) The Director of the Budget shall
7 transfer to the Board of Governors of The University of North
8 Carolina sufficient funds from the Reserve for Salary Increases
9 created in this act for fiscal year 1997-98 to provide an annual
10 average salary increase of three percent (3%), including funds
11 for the employer's retirement and social security contributions,
12 commencing July 1, 1997, for all employees of The University of
13 North Carolina, as well as employees other than teachers of the
14 North Carolina School of Science and Mathematics, supported by
15 State funds and whose salaries are exempt from the State
16 Personnel Act (EPA). These funds shall be allocated to
17 individuals according to the rules adopted by the Board of
18 Governors, or the Board of Trustees of the North Carolina School
19 of Science and Mathematics, as appropriate, and may not be used
20 for any purpose other than for salary increases and necessary
21 employer contributions provided by this section. The Board of
22 Governors shall include consideration of increases based on
23 performance in its adoption of rules for the allocation of funds
24 for salary increases.

25 (b) The Director of the Budget shall transfer to the
26 Board of Governors of The University of North Carolina sufficient
27 funds from the Reserve for Salary Increases created in this act
28 for fiscal year 1997-98 to provide an annual average salary
29 increase comparable to that provided in this act for public
30 school teachers, including funds for the employer's retirement
31 and social security contributions, commencing July 1, 1997, for
32 all teaching employees of the North Carolina School of Science
33 and Mathematics, supported by State funds and whose salaries are
34 exempt from the State Personnel Act (EPA). These funds shall be
35 allocated to individuals according to the rules adopted by the
36 Board of Trustees of the North Carolina School of Science and
37 Mathematics and may not be used for any purpose other than for
38 salary increases and necessary employer contributions provided by
39 this section.

40

41 Requested by: Senators Plyler, Perdue, Odom

42 **MOST STATE EMPLOYEES/SALARY INCREASES**

43 Section @.15. (a) The salaries in effect June 30,
44 1997, of all permanent full-time State employees whose salaries

1 are set in accordance with the State Personnel Act, and who are
2 paid from the General Fund or the Highway Fund shall be
3 increased, on or after July 1, 1997, unless otherwise provided by
4 this act, by three percent (3%).

5 (b) Except as otherwise provided in this act, salaries
6 in effect June 30, 1997, for permanent full-time State officials
7 and persons in exempt positions that are recommended by the
8 Governor or the Governor and the Advisory Budget Commission and
9 set by the General Assembly shall be increased by three percent
10 (3%), commencing July 1, 1997.

11 (c) The salaries in effect June 30, 1997, for all
12 permanent part-time State employees shall be increased on and
13 after July 1, 1997, by pro rata amounts of the salary increases
14 provided for permanent full-time employees covered under
15 subsection (a) of this section.

16 (d) The Director of the Budget may allocate out of
17 special operating funds or from other sources of the employing
18 agency, except tax revenues, sufficient funds to allow a salary
19 increase on and after July 1, 1997, in accordance with
20 subsections (a), (b), or (c) of this section, including funds for
21 the employer's retirement and social security contributions, of
22 the permanent full-time and part-time employees of the agency.

23 (e) Within regular Executive Budget Act procedures as
24 limited by this act, all State agencies and departments may
25 increase on an equitable basis the rate of pay of temporary and
26 permanent hourly State employees, subject to availability of
27 funds in the particular agency or department, by pro rata amounts
28 the salary increase provided for permanent full-time employees
29 covered by the provisions of subsection (a) of this section,
30 commencing July 1, 1997.

31 (f) Except as provided by subsection (a) of this
32 section, no person may receive a salary increase under G.S. 126-7
33 during the 1997-98 fiscal year, and no State employee or officer
34 shall receive a merit increment during the 1997-98 fiscal year
35 except as otherwise provided by this act.

36 (g) The provisions of this section shall not apply to
37 State employees whose salaries are determined by G.S. 7A-102 or
38 G.S. 7A-171.1. Those employees who would not receive a salary
39 increase under G.S. 7A-102 or G.S. 7A-171.1, because they are at
40 the top of their salary range, shall receive a bonus in the
41 amount of three percent (3%).

42

43 Requested by: Senators Plyler, Perdue, Odom

44

1 **ALL STATE-SUPPORTED PERSONNEL**

2 Section @.16. (a) Salaries and related benefits for
3 positions that are funded partially from the General Fund or
4 Highway Fund and partially from sources other than the General
5 Fund or Highway Fund shall be increased from the General Fund or
6 Highway Fund appropriation only to the extent of the
7 proportionate part of the salaries paid from the General Fund or
8 Highway Fund.

9 (b) The granting of the salary increases under this act
10 does not affect the status of eligibility for salary increments
11 for which employees may be eligible unless otherwise required by
12 this act.

13 (c) The salary increases provided in this Part are to
14 be effective July 1, 1997, do not apply to persons separated from
15 State service due to resignation, dismissal, reduction in force,
16 death, or retirement, whose last workday is prior to July 1,
17 1997, or to employees involved in final written disciplinary
18 procedures. The employee shall receive the increase on a current
19 basis when the final written disciplinary procedure is resolved.

20 Payroll checks issued to employees after July 1, 1997,
21 which represent payment of services provided prior to July 1,
22 1997, shall not be eligible for salary increases provided for in
23 this act. This subsection shall apply to all employees, subject
24 to or exempt from the State Personnel Act, paid from State funds,
25 including public schools, community colleges, and The University
26 of North Carolina.

27 (d) The Director of the Budget shall transfer from the
28 Reserve for Salary Increases in this act for fiscal year 1997-98
29 all funds necessary for the salary increases provided by this
30 act, including funds for the employer's retirement and social
31 security contributions.

32 (e) Nothing in this act authorizes the transfer of
33 funds between the General Fund and the Highway Fund for salary
34 increases.

35
36 Requested by: Senators Plyler, Perdue, Odom

37

38 **SALARY ADJUSTMENT FUND**

39 Section @.17. Any remaining appropriations for
40 legislative salary increases not required for that purpose may be
41 used to supplement the Salary Adjustment Fund. These funds shall
42 first be used to provide reclassifications of those positions
43 already approved by the Office of State Personnel. The Office of
44 State Budget and Management shall report to the Joint Legislative

1 Commission on Governmental Operations prior to the allocation of
2 these funds.

3
4 Requested by: Senators Plyler, Perdue, Odom, Jenkins

5
6 **1997 RETIREMENT BENEFITS ACT**

7 Section @.18. (a) G.S. 135-5(b16) reads as rewritten:

8 "(b16) Service Retirement Allowance of Members Retiring on or
9 After July 1, ~~1995~~ 1995, but Before July 1, 1997. -- Upon
10 retirement from service in accordance with subsection (a) or (a1)
11 above, on or after July 1, 1995, but before July 1, 1997, a
12 member shall receive the following service retirement allowance:

13 (1) A member who is a law enforcement officer or an
14 eligible former law enforcement officer shall
15 receive a service retirement allowance computed as
16 follows:

17 a. If the member's service retirement date occurs
18 on or after his 55th birthday, and completion
19 of five years of creditable service as a law
20 enforcement officer, or after the completion
21 of 30 years of creditable service, the
22 allowance shall be equal to one and seventy-
23 five hundredths percent (1.75%) of his average
24 final compensation, multiplied by the number
25 of years of his creditable service.

26 b. If the member's service retirement date occurs
27 on or after his 50th birthday and before his
28 55th birthday with 15 or more years of
29 creditable service as a law enforcement
30 officer and prior to the completion of 30
31 years of creditable service, his retirement
32 allowance shall be equal to the greater of:

33 1. The service retirement allowance payable
34 under G.S. 135-5(b16)(1)a. reduced by
35 one-third of one percent ($1/3$ of 1%)
36 thereof for each month by which his
37 retirement date precedes the first day of
38 the month coincident with or next
39 following the month the member would have
40 attained his 55th birthday; or

41 2. The service retirement allowance as
42 computed under G.S. 135-5(b16)(1)a.
43 reduced by five percent (5%) times the

1 difference between 30 years and his
2 creditable service at retirement.

3 (2) A member who is not a law enforcement officer or an
4 eligible former law enforcement officer shall
5 receive a service retirement allowance computed as
6 follows:

7 a. If the member's service retirement date occurs
8 on or after his 65th birthday upon the
9 completion of five years of creditable service
10 or after the completion of 30 years of
11 creditable service or on or after his 60th
12 birthday upon the completion of 25 years of
13 creditable service, the allowance shall be
14 equal to one and seventy-five hundredths
15 percent (1.75%) of his average final
16 compensation, multiplied by the number of
17 years of creditable service.

18 b. If the member's service retirement date occurs
19 after his 60th and before his 65th birthday
20 and prior to his completion of 25 years or
21 more of creditable service, his retirement
22 allowance shall be computed as in G.S. 135-
23 5(b16)(2)a. but shall be reduced by one-
24 quarter of one percent ($\frac{1}{4}$ of 1%) thereof for
25 each month by which his retirement date
26 precedes the first day of the month coincident
27 with or next following his 65th birthday.

28 c. If the member's early service retirement date
29 occurs on or after his 50th birthday and
30 before his 60th birthday and after completion
31 of 20 years of creditable service but prior to
32 the completion of 30 years of creditable
33 service, his early service retirement
34 allowance shall be equal to the greater of:

35 1. The service retirement allowance as
36 computed under G.S. 135-5(b16)(2)a. but
37 reduced by the sum of five-twelfths of
38 one percent ($\frac{5}{12}$ of 1%) thereof for each
39 month by which his retirement date
40 precedes the first day of the month
41 coincident with or next following the
42 month the member would have attained his
43 60th birthday, plus one-quarter of one
44 percent ($\frac{1}{4}$ of 1%) thereof for each

1 month by which his 60th birthday precedes
2 the first day of the month coincident
3 with or next following his 65th birthday;
4 or
5 2. The service retirement allowance as
6 computed under G.S. 135-5(b16)(2)a.
7 reduced by five percent (5%) times the
8 difference between 30 years and his
9 creditable service at retirement; or
10 3. If the member's creditable service
11 commenced prior to July 1, 1994, the
12 service retirement allowance equal to the
13 actuarial equivalent of the allowance
14 payable at the age of 60 years as
15 computed in G.S. 135-5(b16)(2)b.
16 d. Notwithstanding the foregoing provisions, any
17 member whose creditable service commenced
18 prior to July 1, 1963, shall not receive less
19 than the benefit provided by G.S. 135-5(b)."
20 (b) G.S. 135-5 is amended by adding a new subsection to
21 read:
22 "(b17) Service Retirement Allowance of Members Retiring on or
23 After July 1, 1997. -- Upon retirement from service in accordance
24 with subsection (a) or (a1) above, on or after July 1, 1997, a
25 member shall receive the following service retirement allowance:
26 (1) A member who is a law enforcement officer or an
27 eligible former law enforcement officer shall
28 receive a service retirement allowance computed as
29 follows:
30 a. If the member's service retirement date occurs
31 on or after his 55th birthday, and completion
32 of five years of creditable service as a law
33 enforcement officer, or after the completion
34 of 30 years of creditable service, the
35 allowance shall be equal to one and eighty-one
36 hundredths percent (1.81%) of his average
37 final compensation, multiplied by the number
38 of years of his creditable service.
39 b. If the member's service retirement date occurs
40 on or after his 50th birthday and before his
41 55th birthday with 15 or more years of
42 creditable service as a law enforcement
43 officer and prior to the completion of 30

1 years of creditable service, his retirement
2 allowance shall be equal to the greater of:

3 1. The service retirement allowance payable
4 under G.S. 135-5(b17)(1)a. reduced by
5 one-third of one percent (1/3 of 1%)
6 thereof for each month by which his
7 retirement date precedes the first day of
8 the month coincident with or next
9 following the month the member would have
10 attained his 55th birthday; or

11 2. The service retirement allowance as
12 computed under G.S. 135-5(b17)(1)a.
13 reduced by five percent (5%) times the
14 difference between 30 years and his
15 creditable service at retirement.

16 (2) A member who is not a law enforcement officer or an
17 eligible former law enforcement officer shall
18 receive a service retirement allowance computed as
19 follows:

20 a. If the member's service retirement date occurs
21 on or after his 65th birthday upon the
22 completion of five years of membership service
23 or after the completion of 30 years of
24 creditable service or on or after his 60th
25 birthday upon the completion of 25 years of
26 creditable service, the allowance shall be
27 equal to one and eighty-one hundredths percent
28 (1.81%) of his average final compensation,
29 multiplied by the number of years of
30 creditable service.

31 b. If the member's service retirement date occurs
32 after his 60th and before his 65th birthday
33 and prior to his completion of 25 years or
34 more of creditable service, his retirement
35 allowance shall be computed as in G.S. 135-
36 5(b17)(2)a. but shall be reduced by one-
37 quarter of one percent (1/4 of 1%) thereof for
38 each month by which his retirement date
39 precedes the first day of the month coincident
40 with or next following his 65th birthday.

41 c. If the member's early service retirement date
42 occurs on or after his 50th birthday and
43 before his 60th birthday and after completion
44 of 20 years of creditable service but prior to

1 the completion of 30 years of creditable
2 service, his early service retirement
3 allowance shall be equal to the greater of:

4 1. The service retirement allowance as
5 computed under G.S. 135-5(b17)(2)a. but
6 reduced by the sum of five-twelfths of
7 one percent (5/12 of 1%) thereof for each
8 month by which his retirement date
9 precedes the first day of the month
10 coincident with or next following the
11 month the member would have attained his
12 60th birthday, plus one-quarter of one
13 percent (1/4 of 1%) thereof for each
14 month by which his 60th birthday precedes
15 the first day of the month coincident
16 with or next following his 65th birthday;
17 or

18 2. The service retirement allowance as
19 computed under G.S. 135-5(b17)(2)a.
20 reduced by five percent (5%) times the
21 difference between 30 years and his
22 creditable service at retirement; or

23 3. If the member's creditable service
24 commenced prior to July 1, 1994, the
25 service retirement allowance equal to the
26 actuarial equivalent of the allowance
27 payable at the age of 60 years as
28 computed in G.S. 135-5(b17)(2)b.

29 d. Notwithstanding the foregoing provisions, any
30 member whose creditable service commenced
31 prior to July 1, 1963, shall not receive less
32 than the benefit provided by G.S. 135-5(b)."

33 (c) G.S. 135-5(m) reads as rewritten:

34 "(m) Survivor's Alternate Benefit. -- Upon the death of a
35 member in service, the principal beneficiary designated to
36 receive a return of accumulated contributions shall have the
37 right to elect to receive in lieu thereof the reduced retirement
38 allowance provided by Option 2 of subsection (g) above computed
39 by assuming that the member had retired on the first day of the
40 month following the date of his death, provided that the
41 following conditions apply:

42 (1) a. The member had attained such age and/or
43 creditable service to be eligible to commence

1 retirement with an early or service retirement
2 allowance, or
3 b. The member had obtained 20 years of creditable
4 service in which case the retirement allowance
5 shall be computed in accordance with ~~G.S.~~
6 ~~135-5(b16)(1)b.~~ G.S. 135-5(b17)(1)b. or ~~G.S.~~
7 ~~135-5(b16)(2)c.~~ G.S. 135-5(b17)(2)c.,
8 notwithstanding the requirement of obtaining
9 age 50.

10 (2) The member had designated as the principal
11 beneficiary to receive a return of his accumulated
12 contributions one and only one person who was
13 living at the time of his death.

14 (3) The member had not instructed the Board of Trustees
15 in writing that he did not wish the provisions of
16 this subsection to apply.

17 For the purpose of this benefit, a member is considered to be
18 in service at the date of his death if his death occurs within
19 180 days from the last day of his actual service. The last day of
20 actual service shall be determined as provided in subsection (1)
21 of this section. Upon the death of a member in service, the
22 surviving spouse may make all purchases for creditable service as
23 provided for under this Chapter for which the member had made
24 application in writing prior to the date of death, provided that
25 the date of death occurred prior to or within 60 days after
26 notification of the cost to make the purchase. The term "in
27 service" as used in this subsection includes a member in receipt
28 of a benefit under the Disability Income Plan as provided in
29 Article 6 of this Chapter."

30 (d) G.S. 135-5 is amended by adding two new subsections
31 to read:

32 "(ccc) From and after July 1, 1997, the retirement allowance
33 to or on account of beneficiaries whose retirement commenced on
34 or before July 1, 1996, shall be increased by three percent (3%)
35 of the allowance payable on June 1, 1997, in accordance with G.S.
36 135-5(o). Furthermore, from and after July 1, 1997, the
37 retirement allowance to or on account of beneficiaries whose
38 retirement commenced after July 1, 1996, but before June 30,
39 1997, shall be increased by a prorated amount of three percent
40 (3%) of the allowance payable as determined by the Board of
41 Trustees based upon the number of months that a retirement
42 allowance was paid between July 1, 1996, and June 30, 1997.

43 (ddd) Increase in Allowance as to Persons on Retirement Rolls
44 as of June 1, 1997. -- From and after July 1, 1997, the

1 retirement allowance to or on account of beneficiaries on the
2 retirement rolls as of June 1, 1997, shall be increased by three
3 and four-tenths percent (3.4%) of the allowance payable on June
4 1, 1997. This allowance shall be calculated on the allowance
5 payable and in effect on June 30, 1997, so as not to be
6 compounded on any other increase granted by act of the 1997
7 General Assembly."

8 (e) G.S. 135-65 is amended by adding a new subsection
9 to read:

10 "(r) From and after July 1, 1997, the retirement allowance to
11 or on account of beneficiaries whose retirement commenced on or
12 before July 1, 1996, shall be increased by three percent (3%) of
13 the allowance payable on June 1, 1997. Furthermore, from and
14 after July 1, 1997, the retirement allowance to or on account of
15 beneficiaries whose retirement commenced after July 1, 1996, but
16 before June 30, 1997, shall be increased by a prorated amount of
17 three percent (3%) of the allowance payable as determined by the
18 Board of Trustees based upon the number of months that a
19 retirement allowance was paid between July 1, 1996, and June 30,
20 1997."

21 (f) G.S. 128-27(b15) reads as rewritten:

22 "(b15) Service Retirement Allowance of Members Retiring on or
23 after July 1, ~~1995~~, 1995, but before July 1, 1997. -- Upon
24 retirement from service in accordance with subsection (a) or (a1)
25 above, on or after July 1, 1995, but before July 1, 1997, a
26 member shall receive the following service retirement allowance:

27 (1) A member who is a law enforcement officer or an
28 eligible former law enforcement officer shall
29 receive a service retirement allowance computed as
30 follows:

31 a. If the member's service retirement date occurs
32 on or after his 55th birthday, and completion
33 of five years of creditable service as a law
34 enforcement officer, or after the completion
35 of 30 years of creditable service, the
36 allowance shall be equal to one and seventy-
37 two hundredths percent (1.72%) of his average
38 final compensation, multiplied by the number
39 of years of his creditable service.

40 b. If the member's service retirement date occurs
41 on or after his 50th birthday and before his
42 55th birthday with 15 or more years of
43 creditable service as a law enforcement
44 officer and prior to the completion of 30

1 years of creditable service, his retirement
2 allowance shall be equal to the greater of:
3 1. The service retirement allowance payable
4 under G.S. 128-27(b15)(1)a. reduced by
5 one-third of one percent ($1/3$ of 1%)
6 thereof for each month by which his
7 retirement date precedes the first day of
8 the month coincident with or next
9 following the month the member would have
10 attained his 55th birthday; or
11 2. The service retirement allowance as
12 computed under G.S. 128-27(b15)(1)a.
13 reduced by five percent (5%) times the
14 difference between 30 years and his
15 creditable service at retirement.

16 (2) A member who is not a law enforcement officer or an
17 eligible former law enforcement officer shall
18 receive a service retirement allowance computed as
19 follows:
20 a. If the member's service retirement date occurs
21 on or after his 65th birthday upon the
22 completion of five years of creditable service
23 or after the completion of 30 years of
24 creditable service or on or after his 60th
25 birthday upon the completion of 25 years of
26 creditable service, the allowance shall be
27 equal to one and seventy-two hundredths
28 percent (1.72%) of his average final
29 compensation, multiplied by the number of
30 years of creditable service.
31 b. If the member's service retirement date occurs
32 after his 60th and before his 65th birthday
33 and prior to his completion of 25 years or
34 more of creditable service, his retirement
35 allowance shall be computed as in G.S. 128-
36 27(b15)(2)a. but shall be reduced by one-
37 quarter of one percent ($1/4$ of 1%) thereof for
38 each month by which his retirement date
39 precedes the first day of the month coincident
40 with or next following his 65th birthday.
41 c. If the member's early service retirement date
42 occurs on or after his 50th birthday and
43 before his 60th birthday and after completion
44 of 20 years of creditable service but prior to

the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b15)(2)a. but reduced by the sum of five-twelfths of one percent ($5/12$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent ($1/4$ of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b15)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b15)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

(g) G.S. 128-27 is amended by adding a new subsection

to read:

"(b16) Service Retirement Allowance of Members Retiring on or After July 1, 1997. -- Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1997, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion

1 of five years of creditable service as a law
2 enforcement officer, or after the completion
3 of 30 years of creditable service, the
4 allowance shall be equal to one and seventy-
5 six hundredths percent (1.76%) of his average
6 final compensation, multiplied by the number
7 of years of his creditable service.

8 b. If the member's service retirement date occurs
9 on or after his 50th birthday and before his
10 55th birthday with 15 or more years of
11 creditable service as a law enforcement
12 officer and prior to the completion of 30
13 years of creditable service, his retirement
14 allowance shall be equal to the greater of:

15 1. The service retirement allowance payable
16 under G.S. 128-27(b16)(1)a. reduced by
17 one-third of one percent ($1/3$ of 1%)
18 thereof for each month by which his
19 retirement date precedes the first day of
20 the month coincident with or next
21 following the month the member would have
22 attained his 55th birthday; or

23 2. The service retirement allowance as
24 computed under G.S. 128-27(b16)(1)a.
25 reduced by five percent (5%) times the
26 difference between 30 years and his
27 creditable service at retirement.

28 (2) A member who is not a law enforcement officer or an
29 eligible former law enforcement officer shall
30 receive a service retirement allowance computed as
31 follows:

32 a. If the member's service retirement date occurs
33 on or after his 65th birthday upon the
34 completion of five years of creditable service
35 or after the completion of 30 years of
36 creditable service or on or after his 60th
37 birthday upon the completion of 25 years of
38 creditable service, the allowance shall be
39 equal to one and seventy-six hundredths
40 percent (1.76%) of his average final
41 compensation, multiplied by the number of
42 years of creditable service.

43 b. If the member's service retirement date occurs
44 after his 60th birthday and before his 65th

1 birthday and prior to his completion of 25
2 years or more of creditable service, his
3 retirement allowance shall be computed as in
4 G.S. 128-27(b16)(2)a. but shall be reduced by
5 one-quarter of one percent ($1/4$ of 1%) thereof
6 for each month by which his retirement date
7 precedes the first day of the month coincident
8 with or next following his 65th birthday.

9 c. If the member's early service retirement date
10 occurs on or after his 50th birthday and
11 before his 60th birthday and after completion
12 of 20 years of creditable service but prior to
13 the completion of 30 years of creditable
14 service, his early service retirement
15 allowance shall be equal to the greater of:

16 1. The service retirement allowance as
17 computed under G.S. 128-27(b16)(2)a. but
18 reduced by the sum of five-twelfths of
19 one percent ($5/12$ of 1%) thereof for each
20 month by which his retirement date
21 precedes the first day of the month
22 coincident with or next following the
23 month the member would have attained his
24 60th birthday, plus one-quarter of one
25 percent ($1/4$ of 1%) thereof for each
26 month by which his 60th birthday precedes
27 the first day of the month coincident
28 with or next following his 65th birthday;
29 or

30 2. The service retirement allowance as
31 computed under G.S. 128-27(b16)(2)a.
32 reduced by five percent (5%) times the
33 difference between 30 years and his
34 creditable service at retirement; or

35 3. If the member's creditable service
36 commenced prior to July 1, 1995, the
37 service retirement allowance equal to the
38 actuarial equivalent of the allowance
39 payable at the age of 60 years as
40 computed in G.S. 128-27(b16)(2)b.

41 d. Notwithstanding the foregoing provisions, any
42 member whose creditable service commenced
43 prior to July 1, 1965, shall not receive less
44 than the benefit provided by G.S. 128-27(b)."

1 (h) G.S. 128-27 is amended by adding two new
2 subsections to read:

3 "(ss) From and after July 1, 1997, the retirement allowance to
4 or on account of beneficiaries whose retirement commenced on or
5 before July 1, 1996, shall be increased by three percent (3%) of
6 the allowance payable on June 1, 1997, in accordance with G.S.
7 128-27(k). Furthermore, from and after July 1, 1997, the
8 retirement allowance to or on account of beneficiaries whose
9 retirement commenced after July 1, 1996, but before June 30,
10 1997, shall be increased by a prorated amount of three percent
11 (3%) of the allowance payable as determined by the Board of
12 Trustees based upon the number of months that a retirement
13 allowance was paid between July 1, 1996, and June 30, 1997.

14 (tt) Increase in Allowance as to Persons on Retirement Rolls
15 as of June 1, 1997. -- From and after July 1, 1997, the
16 retirement allowance to or on account of beneficiaries on the
17 retirement rolls as of June 1, 1997, shall be increased by two
18 and three-tenths percent (2.3 %) of the allowance payable on June
19 1, 1997. This allowance shall be calculated on the allowance
20 payable and in effect on June 30, 1997, so as not to be
21 compounded on any other increase payable under subsection (k) of
22 this section or otherwise granted by act of the 1997 General
23 Assembly."

24 (i) G.S 128-27(m) reads as rewritten:

25 "(m) Survivor's Alternate Benefit. -- Upon the death of a
26 member in service, the principal beneficiary designated to
27 receive a return of accumulated contributions shall have the
28 right to elect to receive in lieu thereof the reduced retirement
29 allowance provided by Option two of subsection (g) above computed
30 by assuming that the member had retired on the first day of the
31 month following the date of his death, provided that all three of
32 the following conditions apply:

33 (1) a. The member had attained such age and/or
34 creditable service to be eligible to commence
35 retirement with an early or service retirement
36 allowance, or
37 b. The member had obtained 20 years of creditable
38 service in which case the retirement allowance
39 shall be computed in accordance with ~~G.S.~~
40 ~~128-27(b15)(1)b.~~ G.S. 128-27(b16)(1)b. or ~~G.S.~~
41 ~~128-27(b15)(2)c.~~ G.S. 128-27(b16)(2)c.,
42 notwithstanding the requirement of obtaining
43 age 50.

1 (2) The member had designated as the principal
2 beneficiary to receive a return of his accumulated
3 contributions one and only one person who is living
4 at the time of his death.

5 (3) The member had not instructed the Board of Trustees
6 in writing that he did not wish the provisions of
7 this subsection apply.

8 For the purpose of this benefit, a member is considered to be
9 in service at the date of his death if his death occurs within
10 180 days from the last day of his actual service. The last day of
11 actual service shall be determined as provided in subsection (1)
12 of this section. Upon the death of a member in service, the
13 surviving spouse may make all purchases for creditable service as
14 provided for under this Chapter for which the member had made
15 application in writing prior to the date of death, provided that
16 the date of death occurred prior to or within 60 days after
17 notification of the cost to make the purchase."

18

19 Requested by: Senators Plyler, Perdue, Odom, Lee

20

21 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

22 Section @.19. (a) Required employer salary-related
23 contributions for employees whose salaries are paid from
24 department, office, institution, or agency receipts shall be paid
25 from the same source as the source of the employees' salary. If
26 an employee's salary is paid in part from the General Fund or
27 Highway Fund and in part from department, office, institution, or
28 agency receipts, required employer salary-related contributions
29 may be paid from the General Fund or Highway Fund only to the
30 extent of the proportionate part paid from the General Fund or
31 Highway Fund in support of the salary of the employee, and the
32 remainder of the employer's requirements shall be paid from the
33 source that supplies the remainder of the employee's salary. The
34 requirements of this section as to source of payment are also
35 applicable to payments on behalf of the employee for hospital-
36 medical benefits, longevity pay, unemployment compensation,
37 accumulated leave, workers' compensation, severance pay,
38 separation allowances, and applicable disability income and
39 disability salary continuation benefits.

40 (b) Effective July 1, 1997, the State's employer
41 contribution rates budgeted for retirement and related benefits
42 as a percentage of covered salaries for the 1997-98 fiscal year
43 and the 1998-99 fiscal year are (i) ten and eighty-three
44 hundredths percent (10.83%) - Teachers and State Employees; (ii)

1 fifteen and eighty-three hundredths percent (15.83%) - State Law
2 Enforcement Officers; (iii) nine and forty hundredths percent
3 (9.40%) - University Employees' Optional Retirement Program; (iv)
4 twenty-two and sixty-five hundredths percent (22.65%) -
5 Consolidated Judicial Retirement System; and (v) twenty-four and
6 fifty-eight hundredths percent (24.58%) - Legislative Retirement
7 System. Each of the foregoing contribution rates includes two
8 percent (2%) for hospital and medical benefits. The rate for
9 State Law Enforcement Officers includes five percent (5%) for the
10 Supplemental Retirement Income Plan. The rates for Teachers and
11 State Employees, State Law Enforcement Officers, and for the
12 University Employees' Optional Retirement Program include fifty-
13 two hundredths percent (0.52%) for the Disability Income Plan.

14 (c) The maximum annual employer contributions, payable
15 monthly, by the State for each covered employee or retiree for
16 the 1997-98 fiscal year and for the 1998-99 fiscal year to the
17 Teachers' and State Employees' Comprehensive Major Medical Plan
18 are: (i) Medicare-eligible employees and retirees - one
19 thousand three hundred twenty-one dollars (\$1,321); and (ii) Non-
20 Medicare-eligible employees and retirees - one thousand seven
21 hundred thirty-six dollars (\$1,736).

22
23 Requested by: Senators Plyler, Perdue, Odom, Martin of Pitt
24

25 **INCREASE THE MONTHLY BENEFITS FROM THE NORTH CAROLINA FIREMEN'S**
26 **AND RESCUE SQUAD WORKERS' PENSION FUND**

27 Section @.20. (a) G.S. 58-86-55 reads as rewritten:

28 "\$ 58-86-55. Monthly pensions upon retirement.

29 Any member who has served 20 years as an 'eligible fireman' or
30 'eligible rescue squad worker' in the State of North Carolina, as
31 provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained
32 the age of 55 years is entitled to be paid a monthly pension from
33 this fund. The monthly pension shall be in the amount of ~~one~~
34 ~~hundred thirty-five dollars (\$135.00)~~ one hundred forty-one
35 dollars (\$141.00) per month. Any retired fireman receiving a
36 ~~pension of one hundred ten dollars (\$110.00) per month~~ shall,
37 effective July 1, ~~1995, 1997,~~ receive a pension of ~~one hundred~~
38 ~~thirty-five dollars (\$135.00)~~ one hundred forty-one dollars
39 (\$141.00) per month.

40 Members shall pay ten dollars (\$10.00) per month as required by
41 G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20
42 years. No 'eligible rescue squad member' shall receive a pension
43 prior to July 1, 1983. No member shall be entitled to a pension
44 hereunder until the member's official duties as a fireman or

1 rescue squad worker for which the member is paid compensation
2 shall have been terminated and the member shall have retired as
3 such according to standards or rules fixed by the board of
4 trustees.

5 A member who is totally and permanently disabled while in the
6 discharge of the member's official duties as a result of bodily
7 injuries sustained or as a result of extreme exercise or extreme
8 activity experienced in the course and scope of those official
9 duties and who leaves the fire or rescue squad service because of
10 this disability shall be entitled to be paid from the fund a
11 monthly benefit in an amount of ~~one hundred thirty-five dollars~~
12 ~~(\$135.00)~~ one hundred forty-one dollars (\$141.00) per month
13 beginning the first month after the member's fifty-fifth
14 birthday. All applications for disability are subject to the
15 approval of the board who may appoint physicians to examine and
16 evaluate the disabled member prior to approval of the
17 application, and annually thereafter. Any disabled member shall
18 not be required to make the monthly payment of ten dollars
19 (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

20 A member who is totally and permanently disabled for any cause,
21 other than line of duty, who leaves the fire or rescue squad
22 service because of this disability and who has at least 10 years
23 of service with the pension fund, may be permitted to continue
24 making a monthly contribution of ten dollars (\$10.00) to the fund
25 until the member has made contributions for a total of 240
26 months. The member shall upon attaining the age of 55 years be
27 entitled to receive a pension as provided by this section. All
28 applications for disability are subject to the approval of the
29 board who may appoint physicians to examine and evaluate the
30 disabled member prior to approval of the application and annually
31 thereafter.

32 A member who, because his residence is annexed by a city under
33 Part 2 or Part 3 of Article 4 of Chapter 160A of the General
34 Statutes, or whose department is closed because of an annexation
35 by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of
36 the General Statutes, and because of such annexation is unable to
37 perform as a fireman of any status, and if the member has at
38 least 10 years of service with the pension fund, may be permitted
39 to continue making a monthly contribution of ten dollars (\$10.00)
40 to the fund until the member has made contributions for a total
41 of 240 months. The member upon attaining the age of 55 years and
42 completion of such contributions shall be entitled to receive a
43 pension as provided by this section. Any application to make
44 monthly contributions under this section shall be subject to a

1 finding of eligibility by the Board of Trustees upon application
2 of the member.

3 The pensions provided shall be in addition to all other
4 pensions or benefits under any other statutes of the State of
5 North Carolina or the United States, notwithstanding any
6 exclusionary provisions of other pensions or retirement systems
7 provided by law."

8 (b) It is the intent of the General Assembly to provide
9 cost-of-living increases to members and retirees of the Firemen's
10 and Rescue Squad Workers' Pension Fund at a rate equal to any
11 cost-of-living increases provided to beneficiaries of the
12 Teachers' and State Employees' Retirement System, to the extent
13 that funds are available.

14

15 Requested by: Senators Perdue, Plyler, Odom

16 RETIREMENT SYSTEM ADMINISTRATIVE EXPENSES TO COMPLY WITH SUPREME
17 COURT DECISIONS

18 Section @.21. The Board of Trustees of the Teachers'
19 and State Employees' Retirement System may expend an aggregate
20 total of not more than five hundred thousand dollars (\$500,000)
21 for fiscal year 1997-98 and an aggregate total of not more than
22 two hundred thousand dollars (\$200,000) for fiscal year 1998-99
23 from assets of the Teachers' and State Employees' Retirement
24 System and the Local Governmental Employees Retirement System to
25 meet administrative expenses to comply with Supreme Court
26 decisions.

27

28 Requested by: Senators Perdue, Plyler, Odom, Wellons

29 EXTEND SUNSET ON FICA SAVINGS USE

30 Section @.22. (a) Section 14(i) of Chapter 1044 of the
31 1991 Session Laws, as amended by Section 42 of Chapter 561 of the
32 1993 Session Laws and Section 7.28A of Chapter 769 of the 1993
33 Session Laws, reads as rewritten:

34 "(i) Subsections (a) through (d) of this section are effective
35 January 1, 1990. Subsections (e) through (h) of this section are
36 effective January 1, 1991. Subsections (a) through (h) of this
37 section shall expire ~~December 31, 1997.~~ December 31, 1999."

38 (b) This section is effective when it becomes a law.

④
Linda
Pence

General Fund

Statewide Capital

FY 97-98

FY 98-99

AGRICULTURE**1 State Fair-Multi Purpose Events Building**

Funds for planning and site development.

\$1,000,000 NR

2 Piedmont Triad Farmer's Market

Planning funds for the Wholesale/Retail Building.

\$300,000 NR

3 Eastern Agricultural Center

Funding for continued development of the center.

\$3,500,000 NR

4 Southeastern Farmer's Mkt. & Agriculture Center

Funding for continued development of the center.

\$1,000,000 NR

BOARD OF GOVERNORS**5 UNC - Public Television**

Funding to replace and upgrade the Columbia Transmitter, Tower and ancillary equipment.

\$7,144,500 NR

6 Elizabeth City

Funding for the completion of the Fine Arts building.

\$3,000,000 NR

7 A&T

Additional funding for the General Classroom and Lab building.

\$4,000,000 NR

8 UNC-Chapel Hill

Funding for an addition to the Institute of Government Knapp building.

\$4,000,000 NR

9 UNC-Chapel Hill

Funding for an addition to Beard Hall - School of Pharmacy

\$8,824,600 NR

10 UNC-Chapel Hill

Planning funds for the NC Botanical Gardens

\$350,000 NR

11 UNC - Chapel Hill

Funding for the expansion of the Carolina Living and Learning Center.

\$1,274,275 NR

Statewide Reserves

Senate Capital Report

12 UNC- Greensboro

Additional funding for the Science Lab and Classroom building.	\$8,000,000	NR

13 UNC - Pembroke

Funding for the construction of a new residence hall.	\$5,979,500	NR

14 UNC - Asheville

Additional funding for the Kellogg Center.	\$500,000	NR

15 NC State

Funding to complete the Eastern 4-H Environmental education Center.	\$5,545,300	NR

16 NC State

Funding to finalize the construction drawings for the J.C. Raulston Arboretum.	\$87,000	NR

17 ECU

Funding to complete expansion of the Dowdy-Ficklen Stadium.	\$7,000,000	NR

18 UNC - Charlotte

Construction of a new building and relocation of equipment for the Polymer's Extension Program.	\$1,450,000	NR

19 NC State

Funding for the expansion of the CMAST Building.	\$2,363,000	NR

COMMUNITY COLLEGES

20 Center for Applied Textile Technology

Maintenance & Storage facility	\$62,800		
Planning, design, site development for the Lab and Administration bldg.	\$437,200	\$500,000	NR

CORRECTIONS

21 Alexander County

Planning funds for the development of a single cell facility.	\$300,000	NR

22 Carteret County

Funding for a multi-purpose modular building.	\$400,000	NR

CRIME CONTROL & PUBLIC SAFETY

23 Charlotte National Guard Armory

Funding for the State share of the construction costs.	\$1,260,300	NR

CULTURAL RESOURCES

Statewide Reserves

Senate Capital Report

24 Maritime Museum

Funding for land acquisition for the museum.

\$1,500,000 NR

25 Museum of Cape Fear

Funding for continued development of the museum.

\$1,100,000 NR

26 Museum of the Albemarle

Funding for planning and site development.

\$1,000,000 NR

27 Roanoke Island Commission

Funding for exhibits at the Festival Park.

\$1,400,000 NR

ENVIRONMENT, HEALTH & NATURAL RESOURCES

28 Water Resources Development Projects

\$6,343,000 NR

29 Natural Science Museum

Funding for exhibits for the museum.

\$7,600,000 NR

30 N.C. Aquariums

Funding for the expansion of one aquarium.

\$11,500,000 NR

31 Forest Resources

Funding for an addition to the equipment building at Wayne County Forestry Headquarters.

\$100,000 NR

HUMAN RESOURCES

32 Eastern School for the Deaf & Hard of Hearing

Planning funds for an additional dormitory.

\$500,000 NR

Total Reserves

\$98,821,475 NR

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PART I. INTRODUCTION, TITLE OF ACT, AND INDEX

INTRODUCTION

Section 1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

TITLE OF ACT

Section 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 1997."

An outline of the provisions of the act follows this section. The outline shows the heading "-----CONTENTS/INDEX-----" and it lists by general category the descriptive captions for the various sections and groups of sections that make up the act.

-----CONTENTS/INDEX-----

(This outline is designed for reference only, and the outline and the corresponding entries throughout the act in no way limit, define, or prescribe the scope or application of the text of the act.)

*****INSERT TABLE OF CONTENTS HERE*****

**PART VIII. GENERAL FUND AND HIGHWAY FUND AVAILABILITY
STATEMENTS**

Section 8. The General Fund and availability used in developing the 1997-99 budget is as shown below:

Budget Reform Statement

(\$ Millions)

(1) Composition of the 1997-98 beginning availability:

a. Revenue collections unaddressed in 1996-97	\$ 85.0
b. Revenue collections in 1996-97 in excess of authorized estimates	228.6
c. Unexpended appropriations during 1996-97 (reversions)	151.0
d. Adjustment for Emergency Appropriation to Community Colleges	<u>(4.7)</u>
Subtotal	459.9
e. Transfer to Savings Reserve	(115.0)
f. Transfer to Reserve for Repairs and Renovations	(135.0)
g. Transfer to Clean Water Management Reserve	(30.0)
h. Appropriation Adjustment in 1996-97	<u>.3</u>
Ending Fund Balance	180.2

	(\$ Millions) <u>1997-98</u>	(\$ Millions) <u>1998-99</u>
(2) Beginning Unrestricted Fund Balance	180.2	
(3) Revenues Based on Existing Tax Structure	11,089.7	11,754.2
(4) Tax Changes:		
H57 - Nonresident Withholding	8.5	10.0
H59 - Internal Revenue Code Update	(8.5)	(16.8)
S323 - Historic Rehabilitation Tax Credit	(0.1)	(0.1)
H260 - Conservation Tax Credit		(3.2)
S93 - Ports Tax Credit		(1.5)
(5) Court Fee Increases	13.9	15.1
(6) Insurance Regulatory Charge	3.0	3.0
(7) Utilities Regulatory Charge	(0.1)	(0.1)
(8) Secretary of State - Fee Increase	1.7	1.7
(9) Revenue - Corporate Filing Charge	.3	.3
(10) Interest on Bond Proceeds	35.0	-
(11) Local Government Payments - Clean Water Bonds	4.1	4.0
(12) Disproportionate Share Receipts	83.0	83.0

1	(13) Highway Fund Transfer	12.6	13.4
2	(14) Revenue Assessments for additional		
3	Interstate Auditors	2.6	7.9
4	(15) State Health Plan Purchasing Alliance		
5	Board - Transfer Cash Balance	0.6	
6	(16) Earmarked Refunds for		
7	Federal Retirees	<u>(35.5)</u>	<u>(35.5)</u>
8			
9	Total Availability	\$11,391.0	\$11,835.4

1

2 Requested by: Senators Plyler, Perdue, Odom

3 **HIGHWAY FUND AVAILABILITY**

4 Section 8.1. The Highway Fund appropriations availability used in
5 developing the 1997-99 Highway Fund budget is shown below:

	<u>1997-98</u>	<u>1998-99</u>
6		
7 Beginning Credit Balance	\$ 46,835,492	\$ -
8 Estimated Revenue	1,124,951,752	1,144,625,737
9		
10 Total Highway Fund Availability	\$1,171,787,244	\$1,144,625,737

1
2 **PART IX. GENERAL PROVISIONS**
3

4 Requested by: Senators Odom, Plyler, Perdue

5 **SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL**
6 **RECEIPTS/AUTHORIZATION FOR EXPENDITURES**

7 Section 9. There is appropriated out of the cash balances, federal
8 receipts, and departmental receipts available to each department, sufficient amounts
9 to carry on authorized activities included under each department's operations. All
10 these cash balances, federal receipts, and departmental receipts shall be expended
11 and reported in accordance with provisions of the Executive Budget Act, except as
12 otherwise provided by statute, and shall be expended at the level of service
13 authorized by the General Assembly. If the receipts, other than gifts and grants that
14 are unanticipated and are for a specific purpose only, collected in a fiscal year by an
15 institution, department, or agency exceed the receipts certified for it in General Fund
16 Codes or Highway Fund Codes, then the Director of the Budget shall decrease the
17 amount he allots to that institution, department, or agency from appropriations from
18 that Fund by the amount of the excess, unless the Director of the Budget finds that
19 the appropriations from the Fund are necessary to maintain the function that
20 generated the receipts at the level anticipated in the certified Budget Codes for that
21 Fund. Funds that become available from overrealized receipts in General Fund
22 Codes and Highway Fund Codes, other than gifts and grants that are unanticipated
23 and are for a specific purpose only, shall not be used for new permanent employee
24 positions or to raise the salary of existing employees except:

25 (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4, or 143-
26 27; or

27 (2) If the Director of the Budget finds that the new permanent
28 employee positions are necessary to maintain the function that
29 generated the receipts at the level anticipated in the certified
30 budget codes for that Fund. The Director of the Budget shall
31 notify the President Pro Tempore of the Senate, the Speaker of the
32 House of Representatives, the chairmen of the appropriations
33 committees of the Senate and the House of Representatives, and
34 the Fiscal Research Division of the Legislative Services Office that
35 he intends to make such a finding at least 10 days before he makes
36 the finding. The notification shall set out the reason the positions
37 are necessary to maintain the function.

38 The Office of State Budget and Management shall report to the Joint Legislative
39 Commission on Governmental Operations and to the Fiscal Research Division of the
40 Legislative Services Office within 30 days after the end of each quarter the General
41 Fund Codes or Highway Fund Codes that did not result in a corresponding reduced
42 allotment from appropriations from that Fund.

43 The Director of the Budget shall develop necessary budget controls,
44 regulations, and systems to ensure that these funds and other State funds subject to

1 the Executive Budget Act, are not spent in a manner which would cause a deficit in
2 expenditures.

3 Pursuant to G.S. 143-34.2, State departments, agencies, institutions,
4 boards, or commissions may make application for, receive, or disburse any form of
5 non-State aid. All non-State monies received shall be deposited with the State
6 Treasurer unless otherwise provided by State law. These funds shall be expended in
7 accordance with the terms and conditions of the fund award that are not contrary to
8 the laws of North Carolina.

1
2 Requested by: Senators Odom, Plyler, Perdue

3 **INSURANCE AND FIDELITY BONDS**

4 Section 9.1. All insurance and all official fidelity and surety bonds
5 authorized for the several departments, institutions, and agencies shall be effected and
6 placed by the Insurance Department, and the cost of placement shall be paid by the
7 affected department, institution, or agency with the approval of the Insurance
8 Commissioner.

1

2 Requested by: Senators Odom, Plyler, Perdue

3 **CONTINGENCY AND EMERGENCY FUND ALLOCATION**

4 Section 9.2. Of the funds appropriated in this act to the Contingency and
5 Emergency Fund, the sum of nine hundred thousand dollars (\$900,000) for the 1997-
6 98 fiscal year and the sum of nine hundred thousand dollars (\$900,000) for the 1998-
7 99 fiscal year shall be designated for emergency allocations, which are for the
8 purposes outlined in G.S. 143-23(a1)(3), (4), and (5). Two hundred twenty-five
9 thousand dollars (\$225,000) for the 1997-98 fiscal year and two hundred twenty-five
10 thousand dollars (\$225,000) for the 1998-99 fiscal year shall be designated for other
11 allocations from the Contingency and Emergency Fund.

1
2 Requested by: Senators Odom, Plyler, Perdue

3 **AUTHORIZED TRANSFERS**

4 Section 9.3. The Director of the Budget may transfer to General Fund
5 budget codes from the General Fund Salary Adjustment Reserves appropriation, and
6 may transfer to Highway Fund budget codes from the Highway Fund Salary
7 Adjustment Reserve appropriation amounts required to support approved salary
8 adjustments made necessary by difficulties in recruiting and holding qualified
9 employees in State government. The funds may be transferred only when salary
10 reserve funds in individual operating budgets are not available.

11 Any remaining appropriations for legislative salary increases not required
12 for that purpose may be used to supplement the Salary Adjustment Fund. These
13 funds shall first be used to provide reclassifications of those positions already
14 approved by the Office of State Personnel.

1

2 Requested by: Senators Odom, Plyler, Perdue

3 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

4 Section 9.4. All funds appropriated by this act into reserves may be
5 expended only for the purposes for which the reserves were established.

1

2 Requested by: Senators Odom, Plyler, Perdue

3 **STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY**

4 Section 9.5. Each private, nonprofit entity eligible to receive State funds,
5 either by General Assembly appropriation, or by grant, loan, or other allocation from
6 a State agency, before funds may be disbursed to the entity, shall file with the
7 disbursing agency a notarized copy of that entity's policy addressing conflicts of
8 interest that may arise involving the entity's management employees and the members
9 of its board of directors or other governing body. The policy shall address situations
10 where any of these individuals may directly or indirectly benefit, except as the
11 entity's employees or members of the board or other governing body, from the
12 entity's disbursing of State funds, and shall include actions to be taken by the entity
13 or the individual, or both, to avoid conflicts of interest and the appearance of
14 impropriety.

1

2 Requested by: Senators Plyler, Perdue, Odom

3 **BUDGETING OF PILOT PROGRAMS**

4

5 Section 9.6. (a) Any program designated by the General Assembly as
6 experimental, model, or pilot shall be shown as a separate budget item and shall be
7 considered as an expansion item until a succeeding General Assembly reapproves it.

8

9 Any new program funded in whole or in part through a special
10 appropriations bill shall be designated as an experimental, model, or pilot program.

11

(b) The Governor shall submit to the General Assembly with his
proposed budget a report of which items in the proposed budget are subject to the
provisions of this section.

1

2 Requested by: Senators Plyler, Perdue, Odom

3 **AUTHORIZATION OF PRIVATE LICENSE TAGS ON STATE-OWNED MOTOR**
4 **VEHICLE**

5 Section 9.7. (a) Pursuant to the provisions of G.S. 14-250, for the 1997-
6 99 fiscal biennium, the General Assembly authorizes the use of private license tags on
7 State-owned motor vehicles only for the State Highway Patrol and for the following:

8 <u>Department</u>	9 <u>Exemption Category</u>	10 <u>Number</u>
11 Motor Vehicles	12 License and Theft	13 97
14 Justice	15 SBI Agents	16 277
17 Correction	18 Probation/Parole Surveillance	
	19 Officers (intensive	
	20 probation)	21 25
22 Crime Control and		
23 Public Safety	24 ALE Officers	25 92
26 Revenue		27 4
28 Capitol Area		
29 Police		30 2

31 (b) The 92 ALE vehicles authorized by this section to use private license
32 tags shall be distributed as follows:

- 33 (1) 54 among Agent I officers;
- 34 (2) 20 among Agent II officers;
- 35 (3) 1 to the Deputy Director;
- 36 (4) 12 to the District Offices/Extra Vehicles; and
- 37 (5) 5 to the Director, to be distributed at the Director's discretion.

38 (c) Except as provided in this section, all State-owned motor vehicles
39 shall bear permanent registration plates issued under G.S. 20-84.

4 Requested by: Senators Plyler, Perdue, Odom
5

6 **MODIFICATIONS TO THE EXECUTIVE BUDGET ACT**

7 Section @. (a) G.S. 143-16.3 reads as rewritten:

8 **"§ 143-16.3. No expenditures for purposes for which the General Assembly has**
9 **considered but not enacted an appropriation.**

10 Notwithstanding any other provision of law, no funds from any source, except for
11 gifts, grants, special funds, and funds allocated from the Contingency and Emergency
12 Fund in accordance with G.S. 143-12(b), may be expended for any new or expanded
13 purpose, position, or other expenditure for which the General Assembly has
14 considered but not enacted an appropriation of funds for the current fiscal ~~period.~~
15 period; provided, however, that in the event the Director of the Budget declares that
16 it is necessary to deviate from this provision, he may do so after prior consultation
17 with the Joint Legislative Commission on Governmental Operations. For the
18 purpose of this section, the General Assembly has considered a purpose, position, or
19 other expenditure when that purpose is included in a bill, amendment, or petition
20 and when any committee of the Senate or the House of Representatives deliberates
21 on that purpose."

22 (b) G.S. 143-23 reads as rewritten:

23 **"§ 143-23. All maintenance funds for itemized purposes; transfers between objects or**
24 **line items.**

25 (a) All appropriations now or hereafter made for the maintenance of the various
26 departments, institutions and other spending agencies of the State, are for the (i)
27 purposes or programs and (ii) objects or line items enumerated in the itemized
28 requirements of such departments, institutions and other spending agencies submitted
29 to the General Assembly by the Director of the Budget and the Advisory Budget
30 Commission, as amended by the General Assembly. The function of the Advisory
31 Budget Commission under this subsection applies only if the Director of the Budget
32 consults with the Commission in preparation of the budget.

33 (a1) Notwithstanding the provisions of subsection (a) of this section, a department,
34 institution, or other spending agency may, with approval of the Director of the
35 Budget, spend more than was appropriated for:

36 (1) An object or line item within a purpose or program so long as the
37 total amount expended for the purpose or program is no more
38 than was appropriated from all sources for the purpose or program
for the fiscal period;

(2) A purpose or program, without consultation with the Joint
Legislative Commission on Governmental Operations, if the
overexpenditure of the purpose or program is:

a. Required by a court, Industrial Commission, or
administrative hearing officer's order;

1 b. Required to respond to an unanticipated disaster such as a
2 fire, hurricane, or tornado; or

3 c. Required to call out the National Guard.

4 The Director of the Budget shall report on a quarterly basis to the
5 Joint Legislative Commission on Governmental Operations on any
6 overexpenditures under this subdivision; or

7 (3) A purpose or program, after consultation with the Joint Legislative
8 Commission on Governmental Operations in accordance with G.S.
9 120-76(8), ~~and only if: (i) the overexpenditure is required to~~
10 ~~continue the purpose or programs due to complications or changes~~
11 ~~in circumstances that could not have been foreseen when the~~
12 ~~budget for the fiscal period was enacted and (ii) the scope of the~~
13 ~~purpose or program is not increased. The consultation is required~~
14 ~~when overexpenditures of a purpose or program for a fiscal year~~
15 ~~under this subdivision shall be limited to the lesser of five hundred~~
16 ~~thousand dollars (\$500,000) or ten percent (10%) of the amount~~
17 ~~appropriated from all sources for the purpose or program, unless~~
18 ~~such overexpenditures are necessary to provide matching funds for~~
19 ~~federal entitlement programs. as follows:~~

20 a. For a purpose or program with a certified budget of up to
21 five million dollars (\$5,000,000), consultation is required
22 when the overexpenditure exceeds ten percent (10%) of the
23 certified budget;

24 b. For a purpose or program with a certified budget of from
25 five million dollars (\$5,000,000) up to twenty million dollars
26 (\$20,000,000), consultation is required when the
27 overexpenditure exceeds five hundred thousand dollars
28 (\$500,000) or seven and one-half percent (7.5%) of the
29 certified budget, whichever is greater;

30 c. For a purpose or program with a certified budget of twenty
31 million dollars (\$20,000,000) or more, consultation is
32 required when the overexpenditure exceeds one million five
33 hundred thousand dollars (\$1,500,000) or five percent (5%)
34 of the certified budget, whichever is greater;

35 d. For a purpose or program supported by federal funds or
36 when expenditures are required for the reasons set out in
37 subdivision (2) of this subsection, no consultation is
38 required.

39 (a2) Funds appropriated for salaries and wages are also subject to the limitation
40 that they may only be used for:

41 (1) Salaries and wages or for premium pay, overtime pay, longevity,
42 unemployment compensation, workers' compensation, temporary
43 wages, moving expenses of employees, payment of accumulated
44 annual leave, certain awards to employees, tort claims, and

1 employer's social security, employer's retirement, and
2 hospitalization payments; payments, and food, clothing, and
3 medical care related to the care and custody of individuals in
4 State-supported facilities.

5 (2) Contracted personal services if (i) the contract is for temporary
6 services or special project services, (ii) the term of the contract
7 does not extend beyond the fiscal year, (iii) the contract does not
8 impose obligations on the State after the end of the fiscal year; and
9 (iv) the total of all overexpenditures for contracted personal
10 services approved in a program for a fiscal year does not exceed
11 the greater of five hundred thousand dollars (\$500,000) or ten
12 percent (10%) of the projected lapsed salary funds in the program
13 for the fiscal year; and

14 (3) Uses for which overexpenditures are permitted by subdivision (2)
15 of subsection (a1) of this section but the Director of the Budget
16 shall include such use and the reason for it in his quarterly report
17 to the Joint Legislative Commission on Governmental Operations.

18 Lapsed salary funds ~~that become available from vacant positions are also subject to~~
19 ~~the limitation that they may not~~ shall not be used for new permanent employee
20 positions or to raise the salary of existing employees.

21 (a3), (a4) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 7.4(f).

22 (b) Repealed by Session Laws 1985, c. 290, s. 8.

23 (c) Transfers or changes as between objects or line items in the budget of the
24 Senate may be made by the President Pro Tempore of the Senate.

25 (d) Transfers or changes as between objects or line items in the budget of the
26 House of Representatives may be made by the Speaker of the House of
27 Representatives.

28 (e) Transfers or changes as between objects or line items in the budget of the
29 General Assembly other than of the Senate and House of Representatives may be
30 made jointly by the President Pro Tempore of the Senate and the Speaker of the
31 House of Representatives.

32 (e1) Transfers or changes as between objects or line items in the budget of the
33 Office of the Governor may be made by the Governor.

34 (e2) Transfers or changes as between objects or line items in the Office of the
35 Lieutenant Governor may be made by the Lieutenant Governor.

36 (f) As used in this section:

37 (1) 'Object or line item' means a budgeted expenditure or receipt in
38 the budget enacted by the General Assembly that is designated by
39 (i) a thirteen-digit code in the 1000-object code series or (ii) an
40 eleven-digit code in all other object code series, in accordance with
41 the Budget Code Structure and the State Accounting System
42 Uniform Chart of Accounts set out in the Administrative Policies
43 and Procedures Manual of the Office of the State Controller.

1 (2) 'Purpose or program' means a group of objects or line items for
2 support of a specific activity outlined in the budget adopted by the
3 General Assembly that is designated by a nine-digit fund code in
4 accordance with the Budget Code Structure and the State
5 Accounting System Uniform Chart of Accounts set out in the
6 Administrative Policies and Procedures Manual of the Office of the
7 State Controller."

8 (c) G.S. 143-27 reads as rewritten:

9 **"§ 143-27. Appropriations to educational, charitable and correctional institutions are**
10 **in addition to receipts by them.**

11 All appropriations now or hereafter made to the educational institutions, and to
12 the charitable and correctional institutions, and to such other departments and
13 agencies of the State as receive moneys available for expenditure by them are
14 declared to be in addition to such receipts of said institutions, departments or
15 agencies, and are to be available as and to the extent that such receipts are
16 insufficient to meet the costs anticipated in the budget authorized by the General
17 Assembly, of maintenance of such institutions, departments, and agencies; Provided,
18 however, that if the receipts, other than gifts and grants that are unanticipated and
19 are for a specific purpose only, collected in a fiscal year by an institution, department,
20 or agency exceed the receipts certified for it in General Fund Codes, Highway Fund
21 Codes, or ~~budgeted-Special Wildlife~~ Fund Codes, the Director of the Budget shall
22 decrease the amount he allots to that institution, department, or agency from
23 appropriations from that Fund by the amount of the excess, unless the Director of the
24 Budget has consulted with the Joint Legislative Commission on Governmental
25 Operations and unless the Director of the Budget finds that (i) the appropriations
26 from that Fund are necessary to maintain the function that generated the receipts at
27 the level anticipated in the certified Budget Codes for that Fund and (ii) the funds
28 may be expended in accordance with G.S. 143-23. Notwithstanding the foregoing
29 provisions of this section, receipts within The University of North Carolina realized
30 in excess of budgeted levels shall be available, up to a maximum of ten percent
31 (10%) above budgeted levels, for each Budget Code, in addition to appropriations, to
32 support the operations generating such receipts, as approved by the Director of the
33 Budget.

34 The Office of State Budget and Management shall report to the Joint Legislative
35 Commission on Governmental Operations and to the Fiscal Research Division of the
36 Legislative Services Office within 30 days after the end of each quarter on
37 expenditures of receipts in excess of the amounts certified in General Fund Codes,
38 Highway Fund Codes, or ~~budgeted-Special Wildlife~~ Fund Codes, that did not result
39 in a corresponding reduced allotment from appropriations from that Fund."

40

41 **PART ??. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS**

42

43 Requested by: Senators Plyler, Perdue, Odom

44 **INTRODUCTION**

1 Section ?? The appropriations made by the 1997 General Assembly for
2 capital improvements are for constructing, repairing, or renovating State buildings,
3 utilities, and other capital facilities, for acquiring sites for them where necessary, and
4 acquiring buildings and land for State government purposes.

1

2 Requested by: Senators Odom, Plyler, Perdue

3 **EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS**

4 Section @. (a) Of the funds in the Reserve for Repairs and Renovations
5 for the 1997-98 fiscal year, forty-six percent (46%) shall be allocated to the Board of
6 Governors of The University of North Carolina for repairs and renovations pursuant
7 to G.S. 143-15.3A, in accordance with guidelines developed in The University of
8 North Carolina Funding Allocation Model for Reserve for Repairs and Renovations,
9 as approved by the Board of Governors of The University of North Carolina, and
10 fifty-four percent (54%) shall be allocated to the Office of State Budget and
11 Management for repairs and renovations pursuant to G.S. 143-15.3A.

12 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate
13 funds for the repair and renovation of facilities not supported from the General Fund
14 if the Board determines that sufficient funds are not available from other sources and
15 that conditions warrant General Fund assistance. Any such finding shall be included
16 in the Board's submission to the Joint Legislative Commission on Governmental
17 Operations on the proposed allocation of funds.

18 The Board of Governors and the Office of State Budget and Management
19 shall submit to the Joint Legislative Commission on Governmental Operations and to
20 the Fiscal Research Division of the Legislative Services Office, for their review, the
21 proposed allocation of these funds. Subsequent changes in the proposed allocations
22 shall be reported prior to expenditure to the Joint Legislative Commission on
23 Governmental Operations and to the Fiscal Research Division of the Legislative
24 Services Office.

25 (b) Of the funds allocated to the Board of Governors of The University of
26 North Carolina for repairs and renovations in subsection (a) of this section,
27 allocations for the projects listed below shall be made as follows:

28 1. UNC-CH - Renovations of Knapp Building	\$9,091,200
29 2. NCSU - Nelson Hall Renovations	6,914,900.

30 The allocations for these two projects shall be made prior to the application of the
31 Repairs and Renovations formula to the balance of the fund for all campuses.

32 (c) Of the funds allocated to the Office of State Budget and Management
33 for repairs and renovations in subsection (a) of this section, allocations for the listed
34 projects shall be made as follows:

35 1. Agriculture - Rollins Lab Renovations	537,000
36 2. EHNR - State Port at Wilmington	3,000,000
37 State Port at Morehead City	3,000,000
38 3. Human Resources - Western Carolina Center	
39 Renovate Main Kitchen & Dining Area	575,000
40 Perimeter Road resurfacing	393,900
41 Replace cooking equipment - gym	62,000
42 Swimming pool pipe replacement	48,800
43 Replace asbestos floor tile - gym	89,500
44 Renovate Spruce & Pine Cottages	1,100,000

1
2

Renovate Poplar & Ash Cottages
Reroofing projects

1,100,000
245,000

3,614,200

1 **CODE NO. 97NATRES-S044A-P**

2

3 Requested by: Senators Martin of Pitt, Perdue, Plyler

4

5 **WATER RESOURCES DEVELOPMENT PROJECTS FUNDS**

1 Section @. (a) The Department of Environment, Health, and Natural
2 Resources shall allocate the funds appropriated in Section ____ of this act for water
3 resources development projects to the following projects whose estimated costs are as
4 indicated:

5

6 Name of Project

7

8 1. B. Everett Jordan Water Supply Repayment \$ 90,000

9

10 2. Wilmington Harbor Maintenance Dredging 455,000

11

12 3. Wilmington Harbor Channel Widening 1,570,000

13

14 4. Manteo Shallowbag Bay Maintenance Dredging 150,000

15

16 5. Aquatic Plant Control Statewide and Lake Gaston 150,000

17

18 6. Wilmington Harbor Long-Term Disposal 285,000

19

20 7. Carolina Beach Renourishment 765,000

21

22 8. Wrightsville Beach Renourishment 335,000

23

24 9. Wanchese Marsh Creation and Protection 200,000

25

26 10. North and Manteo Channel Maintenance Dredging 1,100,000

27

28 11. State - Local Water Projects

29

30 a. McLendons Creek Stream Restoration (Moore Co.) 30,000

31 b. Allens Creek Water Management (Haywood Co.) 25,000

32 c. Big Elkin Creek Stream Restoration (Surry Co.) 8,000

33 d. Beech Mountain Stream Restoration Projects (Watauga Co.) 30,000

34 e. Tuckasegee River Access (Swain Co.) 60,000

35 f. Brevard High School Wetland Boardwalk (Transylvania Co.) 8,000

36 g. Tranters Creek - Flat Swamp Drainage (Martin Co.) 36,300

37 h. River Bend Canals Maintenance Dredging (Craven Co.) 292,000

38 i. Haw River Access (Alamance Co.) 17,400

39 j. Graham - Mebane Lake Pier and Picnic Facility (Alamance Co.) 20,000

k. French Broad River Park (Buncombe Co.)	30,000
l. Mill Creek Wetland and Trail Construction (Forsyth Co.)	13,300
m. Kitty Hawk Beach Access (Dare Co.)	80,500
n. Wetland Water Management (Dare Co.)	10,000
o. Lovill's Creek Greenway (Surry Co.)	89,000
p. Elm Street Drainage (Moore Co.)	20,000
q. Scott Branch Drainage (Stokes Co.)	30,000
r. Contentnea Creek Drainage, Phase IV (Wilson Co.)	<u>29,100</u>

Subtotals \$828,100

12. Dare County Beaches Feasibility Study	225,000
13. Harker's Island Navigation Study	40,000
14. Planning Assistance to Communities	150,000

TOTAL \$6,343,000

(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.
- (3) State-local Water Resources Development Projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year.

(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

1 Requested by: Senators Plyler, Perdue, Odom

2 **PROCEDURES FOR DISBURSEMENT**

3 Section ??1. The appropriations made by the 1997 General Assembly
4 for capital improvements shall be disbursed for the purposes provided by this act.
5 Expenditure of funds shall not be made by any State department, institution, or
6 agency, until an allotment has been approved by the Governor as Director of the
7 Budget. The allotment shall be approved only after full compliance with the
8 Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the
9 award of construction contracts for projects to be financed in whole or in part with
10 self-liquidating appropriations, the Director of the Budget shall approve the elements
11 of the method of financing of those projects including the source of funds, interest
12 rate, and liquidation period. Provided, however, that if the Director of the Budget
13 approves the method of financing a project, the Director shall report that action to
14 the Joint Legislative Commission on Governmental Operations at its next meeting.

15 Where direct capital improvement appropriations include the purpose of
16 furnishing fixed and movable equipment for any project, those funds for equipment
17 shall not be subject to transfer into construction accounts except as authorized by the
18 Director of the Budget. The expenditure of funds for fixed and movable equipment
19 and furnishings shall be reviewed and approved by the Director of the Budget prior
20 to commitment of funds.

21 Capital improvement projects authorized by the 1997 General Assembly
22 shall be completed, including fixed and movable equipment and furnishings, within
23 the limits of the amounts of the direct or self-liquidating appropriations provided,
24 except as otherwise provided in this act. Capital improvement projects authorized by
25 the 1997 General Assembly for the design phase only shall be designed within the
26 scope of the project as defined by the approved cost estimate filed with the Director
27 of the Budget, including costs associated with site preparation, demolition, and
28 movable and fixed equipment.

29

30 Requested by: Senators Plyler, Perdue, Odom

31 **RESERVE FOR ADVANCE PLANNING**

32 Section ??2. The Office of State Budget and Management shall report to
33 the Joint Legislative Commission on Governmental Operations and to the Fiscal
34 Research Division on how it intends to spend funds from the Reserve for Advance
35 Planning at least 45 days before it spends the funds.

36 The Office of State Budget and Management shall also report the results
37 of any project on which it uses funds from the Reserve for Advance Planning to the
38 Joint Legislative Commission on Governmental Operations and to the Fiscal
39 Research Division.

40

41 Requested by: Senators Plyler, Perdue, Odom

42 **ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND**

43 Section ??3. When each capital improvement project appropriated by
44 the 1997 General Assembly, other than those projects under the Board of Governors

1 of The University of North Carolina, is placed under a construction contract, direct
2 appropriations shall be encumbered to include all costs for construction, design,
3 investigation, administration, movable equipment, and a reasonable contingency.
4 Unencumbered direct appropriations remaining in the project budget shall be placed
5 in a project reserve fund credited to the Office of State Budget and Management.
6 Funds in the project reserve may be used for emergency repair and renovation
7 projects at State facilities with the approval of the Director of the Budget. The
8 project reserve fund may be used, at the discretion of the Director of the Budget, to
9 allow for award of contracts where bids exceed appropriated funds, if those projects
10 supplemented were designed within the scope intended by the applicable
11 appropriation or any authorized change in it, and if, in the opinion of the Director of
12 the Budget, all means to award contracts within the appropriation were reasonably
13 attempted. At the discretion of the Director of the Budget, any balances in the
14 project reserve fund shall revert to the original source.

15

16 Requested by: Senators Plyler, Perdue, Odom

17 **PROJECT COST INCREASE**

18 Section ??5. Upon the request of the administration of a State agency,
19 department, or institution, the Director of the Budget may, when in the Director's
20 opinion it is in the best interest of the State to do so, increase the cost of a capital
21 improvement project. Provided, however, that if the Director of the Budget increases
22 the cost of a project, the Director shall report that action to the Joint Legislative
23 Commission on Governmental Operations at its next meeting. The increase may be
24 funded from gifts, federal or private grants, special fund receipts, excess patient
25 receipts above those budgeted at University of North Carolina Hospitals at Chapel
26 Hill, or direct capital improvement appropriations to that department or institution.

27

28 Requested by: Senators Plyler, Perdue, Odom

29 **NEW PROJECT AUTHORIZATION**

30 Section ??6. Upon the request of the administration of any State agency,
31 department, or institution, the Governor may authorize the construction of a capital
32 improvement project not specifically authorized by the General Assembly if such
33 project is to be funded by gifts, federal or private grants, special fund receipts, excess
34 patient receipts above those budgeted at University of North Carolina Hospitals at
35 Chapel Hill, or self-liquidating indebtedness. Provided, however, that if the Director
36 of the Budget authorizes the construction of such a capital improvement project, the
37 Director shall report that action to the Joint Legislative Commission on
38 Governmental Operations at its next meeting.

39

40 Requested by: Senators Plyler, Perdue, Odom

41 **ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS**

42 Section ??7. Funds that become available by gifts, excess patient receipts
43 above those budgeted at University of North Carolina Hospitals at Chapel Hill,
44 federal or private grants, receipts becoming a part of special funds by act of the

1 General Assembly or any other funds available to a State department or institution
2 may be utilized for advance planning through the working drawing phase of capital
3 improvement projects, upon approval of the Director of the Budget. The Director of
4 the Budget may make allocations from the Advance Planning Fund for advance
5 planning through the working drawing phase of capital improvement projects, except
6 that this revolving fund shall not be utilized by the Board of Governors of The
7 University of North Carolina or the State Board of Community Colleges.

8
9 Requested by: Senators Plyler, Perdue, Odom

10 **APPROPRIATIONS LIMITS/REVERSION OR LAPSE**

11 Section ??8. Except as permitted in previous sections of this act, the
12 appropriations for capital improvements made by the 1997 General Assembly may be
13 expended only for specific projects set out by the 1997 General Assembly and for no
14 other purpose. Construction of all capital improvement projects enumerated by the
15 1997 General Assembly shall be commenced, or self-liquidating indebtedness with
16 respect to them shall be incurred, within 12 months following the first day of the
17 fiscal year in which the funds are available. If construction contracts on those
18 projects have not been awarded or self-liquidating indebtedness has not been
19 incurred within that period, the direct appropriation for those projects shall revert to
20 the original source, and the self-liquidating appropriation shall lapse; except that
21 direct appropriations may be placed in a reserve fund as authorized in this act. This
22 deadline with respect to both direct and self-liquidating appropriations may be
23 extended with the approval of the Director of the Budget up to an additional 12
24 months if circumstances and conditions warrant such extension.

1
2 **PART __. MISCELLANEOUS PROVISIONS**

3
4 Requested by: Senators Plyler, Perdue, Odom

5 **EXECUTIVE BUDGET ACT APPLIES**

6 Section ??.9. The provisions of the Executive Budget Act, Chapter 143,
7 Article 1 of the General Statutes, are reenacted and shall remain in full force and
8 effect and are incorporated in this act by reference.

9
10 Requested by: Senators Plyler, Perdue, Odom

11 **COMMITTEE REPORT**

12 Section ??.10.

13
14 Requested by: Senators Plyler, Perdue, Odom

15 **MOST TEXT APPLIES ONLY TO 1997-99**

16 Section ??.11. Except for statutory changes or other provisions that
17 clearly indicate an intention to have effects beyond the 1997-99 fiscal biennium, the
18 textual provisions of this act apply only to funds appropriated for, and activities
19 occurring during, the 1997-99 fiscal biennium.

20
21 Requested by: Senators Plyler, Perdue, Odom

22 **EFFECT OF HEADINGS**

23 Section ??.12. The headings to the titles, parts, and sections of this act
24 are a convenience to the reader and are for reference only. The headings do not
25 expand, limit, or define the text of this act.

26
27 Requested by: Senators Plyler, Perdue, Odom

28 **SEVERABILITY CLAUSE**

29 Section ??.13. If any section or provision of this act is declared
30 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
31 whole or any part other than the part so declared to be unconstitutional or invalid.

32
33 Requested by: Senators Plyler, Perdue, Odom

34 **EFFECTIVE DATE**

35 Section ??.14. Except as otherwise provided, this act becomes effective
36 July 1, 1997.

CODE NO. 97TRANS-S034

Requested by: Senators Perdue, Plyler, and Odom

HIGHWAY PATROL--UNDERGROUND FUEL TANK REMOVAL AND REMEDIATION FUNDS

1 Section @. Notwithstanding any other provision of law,
2 of the unreserved credit balance in the Highway Fund available on
3 July 1, 1997, six hundred fifty thousand dollars (\$650.000)
4 shall be used for the removal and replacement of underground fuel
5 storage tanks located at various State Highway Patrol
6 installations across the state.

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
June 4, 1997

The Senate Committee on Appropriations met on June 4, 1997 in Room 643 of the Legislative Office Building. Senator Plyler called the meeting to order at 8:45 a.m.

Rep. Martin Nesbitt explained **HB 945 Nursing Scholars Program**. Senator Winner moved for **Favorable Report**, and the bill passed.

Representative Jean Preston explained **HB 1099 Kindergarten Entry/Gifted Students**. Senator Ballance moved for **Favorable Report**, and the bill passed.

Senator Ballance explained **SB451 Compensate Erroneously Convicted** and asked that it be given a **Favorable Report**. The bill passed with a recommended referral to Judiciary Committee.

Senator Odom explained **HB374 Modify Victims Compensation Act/AB**. Senator Ballance moved for **Unfavorable as to Bill but Favorable as to Committee Substitute**. The Committee Substitute Bill passed.

Senator Hoyle explained **SB668 CPA Education Requirements/AB**. Senator Warren and Senator Rand moved for **Favorable Report**, and the bill passed.

Rep. Warner explained **HB55 Purple Heart/Silver Star Plates**. Senator Rand moved for a **Favorable Report**, and the bill passed.

Senator Perdue explained **SB476 Osteoporosis Task Force**. Senator Lucas asked for **Favorable Report**, and the bill passed.

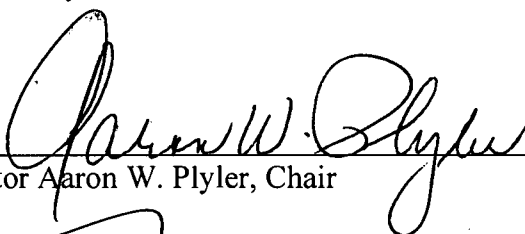
Senator Carpenter explained **SB521DOC Sexual Assault**. Senator Lucas moved for Unfavorable as to bill but **Favorable as to Committee Substitute**. The Committee Substitute passed.

Senator Bob Martin explained **SB299 Long Term Care Benefits**. Senator Odom moved for a **Favorable Report**, and the bill passed.

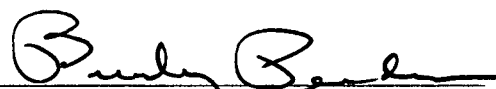
Senator Kerr explained **SB232 Clean Water Bonds**. Senator Lucas moved for adoption of the proposed Committee Substitute, and it was approved. Senator Odom moved for **Unfavorable as to Committee Substitute # 1 but Favorable as to Committee Substitute #2**, and the Committee Substitute #2 passed.

The meeting then adjourned.

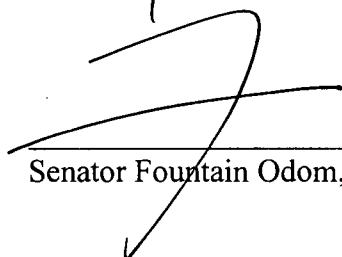
Repectfully submitted,



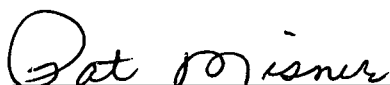
Senator Aaron W. Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair



Pat Misner, Committee Clerk

APPROPRIATIONS COMMITTEE REPORT
 Senator Beverly Perdue, Co-Chair
 Senators Aaron Pyler and Fountain Odom, Co-Chair

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

H.B.(CS #2)55 Purple Heart/Silver Star Plates.
Sequential Referral: Finance
Recommended Referral: None

H.B.	945	Nursing Scholars Program.	
		Sequential Referral:	None
		Recommended Referral:	None

H.B.(CS)1099 Kindergarten Entry/Gifted Students.
Sequential Referral: None
Recommended Referral: None

S.B.(CS #1)299 Long-Term Care Benefits.
Sequential Referral: None
Recommended Referral: None

S.B. 451 Compensate Erroneously Convicted.
Sequential Referral: None
Recommended Referral: Judiciary.

S.B.(CS #1)668

CPA Education Requirements/AB.

Sequential Referral: None

Recommended Referral: None

S.B.	476	Osteoporosis Task Force.	
		Draft Number:	PCS4614
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	No

June 4, 1997

S.B. 521 DOC Sexual Assault.
 Draft Number: PCS8709
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO SENATE C.S. BILL

H.B. 374 Modify Victims Compensation Act/AB.
 Draft Number: PCS2342
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1,
 BUT FAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 2**

S.B.(CS #2)232 Clean Water Bonds.
 Draft Number: PCSX6686
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: No

TOTAL REPORTED: 10

Committee Clerk Comment: None

*Nesbitt
Wimmer J.R.*

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

1

HOUSE BILL 945

Short Title: Nursing Scholars Program.

(Public)

Sponsors: Representatives Nesbitt; Bonner and Goodwin.

Referred to: Education.

April 15, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT CERTAIN PART-TIME BACCALAUREATE
3 DEGREE STUDENTS ARE ELIGIBLE FOR NURSING SCHOLARSHIP
4 LOANS.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 90-171.61(b) reads as rewritten:
7 "(b) The Nursing Scholars Program shall be used to provide the following:
8 (1) A four-year scholarship loan in the amount of five thousand dollars
9 (\$5,000) per year, per recipient, to North Carolina high school
10 seniors or other persons interested in preparing to become a
11 registered nurse through a baccalaureate degree program.
12 (2) A two-year scholarship loan in the amount of three thousand
13 dollars (\$3,000) per year, per recipient, to persons interested in
14 preparing to be a registered nurse through an associate degree
15 nursing program or a diploma nursing program.
16 (3) A two-year scholarship loan in the amount of three thousand
17 dollars (\$3,000) per year, per recipient, for two years of
18 baccalaureate nursing study for college juniors or community
19 college graduates interested in preparing to be a registered nurse.
20 (4) A two-year scholarship loan of three thousand dollars (\$3,000) per
21 year, per recipient, for two years of baccalaureate study in nursing
22 for registered nurses who do not hold a baccalaureate degree in
23 nursing.

(5) A two-year scholarship loan of six thousand dollars (\$6,000) per year, per recipient, for two years of study leading to a master of science in nursing degree for people already holding a baccalaureate degree in nursing.

In addition to the scholarship loans awarded pursuant to subdivisions (1) through (5) of this subsection, the Commission may award pro rata scholarship loans to recipients enrolled at least half-time in study leading to a master of science in nursing degree who already hold a baccalaureate degree in ~~nursing~~. nursing and to recipients enrolled at least half-time in study leading to a baccalaureate degree in nursing who already are licensed as registered nurses. In awarding all scholarship loans, the Commission shall give priority to full-time students over part-time students. The State Education Assistance Authority shall adopt specific rules to regulate scholarship loans to part-time master of science in nursing ~~students~~. students and part-time baccalaureate degree students.

Within current funds available or with any additional funds provided by the General Assembly for this purpose, the Commission may set aside slots for scholarship loans prescribed by subdivisions (1) and (2) of this subsection to enable licensed practical nurses to become registered nurses. The State Education Assistance Authority shall adopt specific rules to regulate these scholarship loans."

Section 2. This act is effective when it becomes law.

Dustin Eg
J.R. Ballance

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

H

3

HOUSE BILL 1099
Committee Substitute Favorable 4/24/97
Senate Education/Higher Education Committee Substitute Adopted 5/14/97

Short Title: Kindergarten Entry/Gifted Students.

(Public)

Sponsors:

Referred to:

April 21, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE SCHOOL PRINCIPALS TO ADMIT CERTAIN
3 GIFTED STUDENTS TO KINDERGARTEN REGARDLESS OF THEIR BIRTH
4 DATES.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 115C-364 reads as rewritten:
7 "**§ 115C-364. Admission requirements.**
8 A child, to be entitled to initial entry in the public schools, must have passed the
9 fifth anniversary of ~~his/her~~ the child's birth on or before October 16 of the year in
10 which the child is presented for enrollment, and must be presented for enrollment
11 during the first month of the school year.
12 The initial point of entry into the public school system shall be at the kindergarten
13 level: Provided, that if a particular child has already been attending school in another
14 state in accordance with the laws or regulations of the school authorities of ~~such~~ that
15 state before moving to and becoming a resident of North Carolina, ~~such~~ the child ~~will~~
16 ~~be~~ is eligible for enrollment in the schools of this State regardless of whether ~~such~~ the
17 child has passed the fifth anniversary of ~~his~~ the child's birth before October 16. If the
18 principal of a school finds as fact subsequent to initial entry that a child, by reason of
19 maturity can be more appropriately served in the first grade rather than in
20 kindergarten, the principal may act under the provisions of G.S. 115C-288 to
21 implement this educational decision without regard to chronological age. The
22 principal of any public school shall have the authority to require the ~~parents~~ parent

1 or guardian of any child presented for admission for the first time to ~~such~~ a school to
2 furnish a certified copy of the birth certificate of ~~such~~ the child, which shall be
3 furnished by the register of deeds of the county having on file the record of the birth
4 of ~~such~~ the child, or other satisfactory evidence of date of birth.

5 A child who has passed the fourth anniversary of the child's birth on or before
6 April 16 may enter kindergarten if the child is presented for enrollment no later than
7 the end of the first month of the school year and if the principal of the school finds,
8 based on information submitted by the child's parent or guardian, that the child is
9 gifted and that the child has the maturity to justify admission to the school. The State
10 Board of Education shall establish guidelines for the principal to use in making this
11 finding."

12 Section 2. G.S. 115C-81(f) reads as rewritten:

13 "(f) Establishment and Maintenance of Kindergartens. --

14 (1) Local boards of education shall provide for their respective local
15 school administrative unit kindergartens as a part of the public
16 school system for all children living in the local school
17 administrative unit who are eligible for admission pursuant to
18 subdivision (2) of this subsection provided that funds are available
19 from State, local, federal or other sources to operate a kindergarten
20 program as provided in this subsection.

21 All kindergarten programs so established shall be subject to the
22 supervision of the Department of Public Instruction and shall be
23 operated in accordance with the standards adopted by the State
24 Board of Education, upon recommendation of the Superintendent
25 of Public Instruction.

26 Among the standards to be adopted by the State Board of
27 Education shall be a provision that the Board will allocate funds
28 for the purpose of operating and administering kindergartens to
29 each school administrative unit in the State based on the average
30 daily membership for the best continuous three out of the first four
31 school months of pupils in the kindergarten program during the
32 last school year in that respective school administrative unit. Such
33 allocations are to be made from funds appropriated to the State
34 Board of Education for the kindergarten program.

35 (2) Any child who has passed the fifth anniversary of ~~his~~ the child's
36 birth on or before October 16 of the year in which he enrolls or
37 who otherwise meets the requirements of G.S. 115C-364 shall be
38 eligible for enrollment in kindergarten. Any child who is enrolled
39 in kindergarten and not withdrawn by ~~his~~ the child's parent or
40 guardian shall attend kindergarten.

41 (3) Notwithstanding any other provision of law to the contrary, subject
42 to the approval of the State Board of Education, any local board of
43 education may elect not to establish and maintain a kindergarten
44 program. Any funds allocated to a local board of education which

1 does not operate a kindergarten program may be reallocated by the
2 State Board of Education, within the discretion of the Board, to a
3 county or city board of education which will operate such a
4 program."
5

Section 3. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

*Ballance Ed
J. R. Ballance*

S

1

SENATE BILL 451*

Short Title: Compensate Erroneously Convicted.

(Public)

Sponsors: Senator Ballance.

Referred to: Judiciary.

March 24, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE COMPENSATION PROVIDED TO PERSONS
3 ERRONEOUSLY CONVICTED OF FELONIES, TO PROVIDE FOR THE
4 INDUSTRIAL COMMISSION TO HANDLE THE CLAIMS OF THOSE
5 PERSONS, AND TO PROVIDE THAT THOSE CLAIMS MUST BE BROUGHT
6 WITHIN FIVE YEARS.

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 148-82 reads as rewritten:

9 "§ 148-82. Provision for compensation.

10 Any person who, having been convicted of a felony and having been imprisoned
11 therefor in a State prison of this State, and who was thereafter or who shall hereafter
12 be pardoned by the Governor upon the grounds that the crime with which ~~he~~ the
13 person was charged either was not committed at all or was not committed by ~~him~~,
14 that person, may as hereinafter provided present by petition a claim against the State
15 for the pecuniary loss sustained by ~~him~~ the person through his erroneous conviction
16 and ~~imprisonment~~. imprisonment, provided the petition is presented within five years
17 of the granting of the pardon."

18 Section 2. G.S. 148-83 reads as rewritten:

19 "§ 148-83. Form, requisites and contents of petition; nature of hearing.

20 Such petition shall be addressed to the ~~Department of Correction~~, Industrial
21 Commission, and must include a full statement of the facts upon which the claim is
22 based, verified in the manner provided for verifying complaints in civil actions, and it
23 may be supported by affidavits substantiating such claim. Upon its presentation the
24 ~~Department of Correction~~ Industrial Commission shall fix a time and a place for a

1 hearing, and shall mail notice to the claimant, and shall notify the Attorney General,
2 at least 15 days before the time fixed therefor."

3 Section 3. G.S. 148-84 reads as rewritten:

4 "**§ 148-84. Evidence; action by ~~Parole~~ Industrial Commission; payment and amount of**
5 **compensation.**

6 At the hearing the claimant may introduce evidence in the form of affidavits to
7 support the claim, and the Attorney General may introduce counter affidavits in
8 refutation. If the ~~Parole~~ Industrial Commission finds from the evidence that the
9 claimant was pardoned for the reason that the crime was not committed at all, or was
10 not committed by the claimant, and that the claimant has been vindicated in
11 connection with the alleged offense for which he was imprisoned; and that ~~he~~ the
12 claimant has sustained pecuniary loss through such erroneous conviction and
13 imprisonment, the ~~Parole~~ Industrial Commission shall report the facts, together with
14 ~~his~~ its conclusions and recommendations to the Governor, and the Governor, with
15 the approval of the Council of State, may pay to the claimant out of the Contingency
16 and Emergency Fund, or out of any other available State fund, such amounts as may
17 partially compensate the claimant for such pecuniary loss as ~~he~~ the claimant may be
18 found to have suffered by reason of ~~his~~ the erroneous conviction and imprisonment,
19 such compensation not to be in excess of ~~five hundred dollars (\$500.00)~~ ten thousand
20 dollars (\$10,000) for each year or portion of a year of such imprisonment actually
21 served; and in no event shall such compensation exceed a total amount of ~~five~~
22 ~~thousand dollars (\$5,000)~~ one hundred fifty thousand dollars (\$150,000)."

23 Section 4. This act is effective when it becomes law.

*Edm
Ballance J.R.*

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

H

D

HOUSE BILL 374
Proposed Committee Substitute H374-PCS2342

Short Title: Modify Victims Compensation Act/AB.

(Public)

Sponsors:

Referred to:

March 3, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE CRIME VICTIMS COMPENSATION ACT TO
3 INCREASE THE ALLOWABLE EXPENSE FOR FUNERALS, TO MAKE
4 VICTIMS OF HIT AND RUN ACCIDENTS AND VICTIMS OF TERRORISM
5 ELIGIBLE FOR COMPENSATION, AND TO PROVIDE THAT COLLATERAL
6 SOURCES FOR THE PAYMENT OF FUNERAL EXPENSES SHALL NOT
7 CONSTITUTE GROUNDS FOR DENIAL OR REDUCTION OF AN AWARD
8 OF COMPENSATION.

9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 15B-2(1) reads as rewritten:

11 "(1) 'Allowable expense' means reasonable charges incurred for
12 reasonably needed products, services, and accommodations,
13 including those for medical care, rehabilitation, medically related
14 property, and other remedial treatment and care.

15 Allowable expense includes a total charge not in excess of ~~two~~
16 ~~thousand dollars (\$2,000)~~ three thousand five hundred dollars
17 (\$3,500) for expenses related to funeral, cremation, and burial,
18 including transportation of a body, but excluding expenses for
19 flowers, gravestone, and other items not directly related to the
20 funeral service."

21 Section 2. G.S. 15B-2(5) reads as rewritten:

22 "(5) 'Criminally injurious conduct' means conduct ~~which~~ that by its
23 nature poses a substantial threat of personal injury or death, and is

1 punishable by fine or imprisonment or death, or would be so
2 punishable but for the fact that the person engaging in the conduct
3 lacked the capacity to commit the crime under the laws of this
4 State. Criminally injurious conduct includes conduct ~~which~~ that
5 amounts to an offense involving impaired driving as defined in
6 ~~G.S. 20-4.01(24a)~~ G.S. 20-4.01(24a), and conduct ~~that~~ that amounts to a
7 violation of G.S. 20-166 if the victim was a pedestrian or was
8 operating a vehicle moved solely by human power or a mobility
9 impairment device. For purposes of this Chapter, a mobility
10 impairment device is a device that is designed for and intended to
11 be used as a means of transportation for a person with a mobility
12 impairment, is suitable for use both inside and outside a building,
13 and whose maximum speed does not exceed 12 miles per hour
14 when the device is being operated by a person with a mobility
15 impairment. Criminally injurious conduct but does not include
16 conduct arising out of the ownership, maintenance, or use of a
17 motor vehicle when the conduct is punishable only as a violation
18 of other provisions of Chapter 20 of the General Statutes.
19 Criminally injurious conduct shall also include an act of terrorism,
20 as defined in 18 U.S.C. § 2331, that is committed outside of the
21 United States against a citizen of this State."

22 Section 3. G.S. 15B-11(d) reads as rewritten:

23 "(d) After reaching a decision to approve an award of compensation, but before
24 notifying the claimant, the Director shall require the claimant to submit current
25 information as to collateral sources on forms prescribed by the Commission.

26 An award that has been approved shall nevertheless be denied or reduced to the
27 extent that the economic loss upon which the claim is based is or will be recouped
28 from a collateral source. If an award is reduced or a claim is denied because of the
29 expected recoupment of all or part of the economic loss of the claimant from a
30 collateral source, the amount of the award or the denial of the claim shall be
31 conditioned upon the claimant's economic loss being recouped by the collateral
32 source. If it is thereafter determined that the claimant will not receive all or part of
33 the expected recoupment, the claim shall be reopened and an award shall be
34 approved in an amount equal to the amount of expected recoupment that it is
35 determined the claimant will not receive from the collateral source, subject to the
36 limitations set forth in subsections (f) and (g). The existence of a collateral source
37 that would pay expenses directly related to a funeral, cremation, and burial, including
38 transportation of a body, shall not constitute grounds for the denial or reduction of an
39 award of compensation."

40 Section 4. No additional funds shall be appropriated to implement this
41 act as provided in G.S. 15B-22.

42 Section 5. This act is effective when it becomes law and applies to claims
43 arising from criminally injurious conduct that occurred on or after April 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

*House Ed.
Warren J.R.
Bond J.R.*

S

2

SENATE BILL 668*
Education/Higher Education Committee Substitute Adopted 4/17/97

Short Title: CPA Education Requirements/AB.

(Public)

Sponsors:

Referred to: Appropriations.

April 2, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE EDUCATION REQUIREMENTS FOR CERTIFIED
3 PUBLIC ACCOUNTANTS.
4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 93-12(5) reads as rewritten:

6 "(5) To issue certificates of qualification admitting to practice as
7 certified public accountants, each applicant who, having the
8 qualifications herein specified, ~~shall have~~ has passed an
9 examination to the satisfaction of the Board, in 'accounting,'
10 'auditing,' 'business law,' and other related subjects.

11 A person is eligible to take the examination given by the
12 Board, or to receive a certificate of qualification to practice as a
13 certified public accountant, ~~who if the person~~ is a citizen of the
14 United States, has declared the intention of becoming a citizen, is a
15 resident alien, or is a citizen of a foreign jurisdiction which extends
16 to citizens of this State like or similar privileges to be examined or
17 certified, is 18 years of age or over, and is of good moral ~~character,~~
18 ~~and submits evidence satisfactory to the Board that:~~ character.

19 a. ~~He holds a bachelor's degree from a college or university~~
20 ~~accredited by one of the regional accrediting associations or~~
21 ~~from a college or university determined by the Board to~~
22 ~~have standards substantially equivalent to a regionally~~
23 ~~accredited institution, and~~

b. ~~His degree studies included a concentration in accounting as defined by the Board or that he supplemented his degree studies with courses that the Board determines to be substantially equivalent to a concentration in accounting.~~

e. ~~Repealed by Session Laws 1991, c. 214, s. 1, effective January 1, 1997.~~

To be eligible to take the examination given by the Board, a person shall submit evidence satisfactory to the Board that the person holds a bachelors degree from a college or university that is accredited by one of the regional accrediting associations or from a college or university determined by the Board to have standards that are substantially equivalent to a regionally accredited institution. The degree studies shall include a concentration in accounting as prescribed by the Board or shall be supplemented with courses that are determined by the Board to be substantially equivalent to a concentration in accounting.

~~Provided, however, the~~ The Board may, in its discretion, waive the education requirement of any candidate if the Board is satisfied from the result of a special written examination given the candidate by the Board to test his the candidate's educational qualifications that he the candidate is as well qualified as if he the candidate met the education requirements specified above. The Board may provide by regulation for the general scope of such examinations and may obtain such advice and assistance as it deems appropriate to assist it in preparing, administering and grading such special examinations.

To be eligible to receive a certificate of qualification to practice as a certified public accountant, a person shall submit evidence satisfactory to the Board that:

- a. The person has completed 150 semester hours and received a bachelors degree with a concentration in accounting and other courses that the Board may require from a college or university that is accredited by a regional accrediting association or from a college or university determined by the Board to have standards that are substantially equivalent to those of a regionally accredited institution.
- b. ~~Such applicant, in addition to passing the examination given by the Board, shall have~~ The person has the endorsement as to ~~his the person's~~ eligibility of three certified public accountants who currently hold licenses in any state or

territory of the United States or the District of ~~Columbia~~
~~and shall have had either:~~ Columbia.

c. The person has one of the following:

a.1. Two years of experience in the field of accounting under the direct supervision of a certified public accountant who currently holds a valid license in any state or territory of the United States or the District of ~~Columbia,~~ or Columbia.

b.2. Five years of experience teaching accounting in a four-year college or university accredited by one of the regional accrediting associations or in a college or university determined by the Board to have standards substantially equivalent to a regionally accredited ~~institution;~~ or institution.

e.3. Five years of experience in the field of ~~accounting;~~ accounting.

4. ~~or five~~ Five years of experience teaching college transfer accounting courses at a community college or technical institute accredited by one of the regional accrediting ~~associations;~~ or associations.

d.5. Any combination of such experience determined by the Board to be substantially equivalent to the foregoing.

A Master's or more advanced degree in accounting, tax law, economics, business administration, or the equivalent thereof, or a law degree with emphasis in taxation or accounting from ~~an~~ a regionally accredited college or university may be substituted for one year of experience. The Board may permit persons otherwise eligible to take its examinations and withhold certificates until ~~such~~ the person shall have has had the required experience."

Section 2. This act is effective when it becomes law and applies to applications for certificates of qualification received after December 31, 2000.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

3

HOUSE BILL 55

Committee Substitute Favorable 3/17/97
Committee Substitute #2 Favorable 4/14/97

Short Title: Purple Heart/Silver Star Plates.

(Public)

Sponsors:

Referred to:

February 5, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT SPECIAL PURPLE HEART AWARD
3 REGISTRATION PLATES SHALL BE ISSUED WITHOUT AN ADDITIONAL
4 FEE, TO PROVIDE THAT SURVIVING SPOUSES OF PURPLE HEART
5 PLATEHOLDERS MAY CONTINUE TO BE ISSUED THOSE PLATES, AND
6 TO AUTHORIZE THE DIVISION OF MOTOR VEHICLES TO DEVELOP A
7 SPECIAL MOTOR VEHICLE PLATE FOR RECIPIENTS OF THE SILVER
8 STAR.

9 The General Assembly of North Carolina enacts:

10 Section 1. G.S. 20-79.4(b)(22) reads as rewritten:

11 "(22) Purple Heart Recipient. -- Issuable to a recipient of the Purple
12 Heart award. Also issuable to the surviving spouse of a person
13 who had a Purple Heart plate at the time of death so long as the
14 surviving spouse continues to renew the plate and does not
15 remarry. The plate shall bear the phrase 'Purple Heart Veteran,
16 Combat Wounded' and the letters 'PH'."

17 Section 2. G.S. 20-79.4(b) is amended by adding a new subdivision to
18 read:

19 "(22a1) Silver Star Recipient. -- Issuable to a recipient of the Silver Star.
20 The plate shall bear the emblem of the Silver Star and the words
21 'Silver Star'."

22 Section 3. G.S. 20-79.7(a) reads as rewritten:

1 "(a) Fees. -- Upon request, the Division shall provide and issue free of charge
2 one registration plate to a recipient of the Congressional Medal of Honor, a 100%
3 disabled veteran, and an ex-prisoner of war. All other special registration plates are
4 subject to the regular motor vehicle registration fee in G.S. 20-87 or G.S. 20-88 plus
5 an additional fee in the following amount:

<u>Special Plate</u>	<u>Additional Fee Amount</u>
7 Historical Attraction	\$30.00
8 State Attraction	\$30.00
9 Collegiate Insignia	\$25.00
10 Special Olympics	\$25.00
11 Wildlife Resources	\$20.00
12 Personalized	\$20.00
13 Active Member of the National Guard	None
14 <u>Purple Heart Recipient</u>	<u>None</u>
15 All Other Special Plates	\$10.00."

16 Section 4. This act is effective when it becomes law.

J.R. Lucas

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 476*
Proposed Committee Substitute S476-PCS4614

Short Title: Osteoporosis Task Force.

(Public)

Sponsors:

Referred to:

March 25, 1997

A BILL TO BE ENTITLED

1
2 AN ACT TO ESTABLISH THE OSTEOPOROSIS PREVENTION TASK FORCE,
3 AND TO APPROPRIATE FUNDS THEREFOR.

4 Whereas, osteoporosis, a disease characterized by low bone mass that
5 increases bone fragility and susceptibility to fracture, is a major public health problem
6 that threatens the health and quality of life of as many as 28 million Americans and
7 their families, and as many as 749,494 North Carolinians, their families, family
8 caregivers, and friends; and

9 Whereas, North Carolinians sustain 32,000 fractures each year from
10 osteoporosis, costing \$125 million in direct medical treatment; and

11 Whereas, the annual direct and indirect costs of osteoporosis to the health
12 care system are estimated to have been as high as \$14 billion in 1995 and expected to
13 rise to \$60-\$80 billion by the year 2020; and

14 Whereas, most people, including physicians, health care providers, and
15 government agencies lack knowledge in the prevention, detection, and treatment of
16 the disease; Now, therefore,

17 The General Assembly of North Carolina enacts:

18 Section 1. (a) The North Carolina Osteoporosis Prevention Task Force is
19 created in the Division of Health Promotion, Department of Environment, Health,
20 and Natural Resources.

21 (b) The Task Force shall have 25 members. The Governor shall appoint
22 the Chair, and the Vice-Chair shall be elected by the Task Force. The Director of
23 the Division of Health Promotion in the Department of Environment, Health, and

1 Natural Resources, the Director of the Division of Medical Assistance in the
2 Department of Human Resources, and the Director of the Division of Aging in the
3 Department of Human Resources, or their designees, shall be members of the Task
4 Force. Appointments to the Task Force shall be made as follows:

5 (1) By the General Assembly upon the recommendation of the
6 President Pro Tempore of the Senate, as follows:

- 7 a. Two members of the Senate;
- 8 b. A representative of a women's health organization;
- 9 c. A local health director;
- 10 d. A certified health educator;
- 11 e. A representative of the North Carolina Association of Area
12 Agencies on Aging; and
- 13 f. A person with osteoporosis.

14 (2) By the General Assembly upon the recommendation of the
15 Speaker of the House of Representatives, as follows:

- 16 a. Two members of the House of Representatives;
- 17 b. A county commissioner;
- 18 c. A licensed dietitian/nutritionist;
- 19 d. A pharmacist;
- 20 e. A registered nurse; and
- 21 f. A person with osteoporosis.

22 (3) By the Governor, as follows:

- 23 a. A practicing family physician, rheumatologist, or
24 endocrinologist;
- 25 b. A president or chief executive officer of a business upon
26 recommendation of a North Carolina wellness council which
27 is a member of the Wellness Councils of America;
- 28 c. A news director of a newspaper or television or radio
29 station;
- 30 d. A representative of a North Carolina affiliate of the National
31 Osteoporosis Foundation;
- 32 e. A representative from the North Carolina Cooperative
33 Extension Service;
- 34 f. A representative of the Governor's Council on Physical
35 Fitness and Health; and
- 36 g. Two members at large.

37 (c) Each appointing authority shall assure insofar as possible that its
38 appointees to the Task Force reflect the composition of the North Carolina
39 population with regard to ethnic, racial, age, gender, and religious composition.

40 (d) The General Assembly and the Governor shall make their
41 appointments to the Task Force not later than 30 days after the adjournment of the
42 1997 General Assembly. A vacancy on the Task Force shall be filled by the original
43 appointing authority, using the criteria set out in this section for the original
44 appointment.

1 (e) The Task Force shall meet at least quarterly or more frequently at
2 the call of the Chair.

3 (f) The Task Force Chair may establish committees for the purpose of
4 making special studies pursuant to its duties and may appoint non-Task Force
5 members to serve on each committee as resource persons. Resource persons shall be
6 voting members of the committees and shall receive subsistence and travel expenses
7 in accordance with G.S. 138-5 and G.S. 138-6. Committees may meet with the
8 frequency needed to accomplish the purposes of this section.

9 (g) Members of the Task Force shall receive per diem and necessary
10 travel and subsistence expenses in accordance with G.S. 120-3.1, 138-5, and 138-6, as
11 applicable.

12 (h) A majority of the Task Force shall constitute a quorum for the
13 transaction of its business.

14 (i) The Task Force may use funds allocated to it to establish two
15 positions and for other expenditures needed to assist the Task Force in carrying out
16 its duties.

17 (j) The Osteoporosis Prevention Task Force has the following duties:

18 (1) To undertake a statistical and qualitative examination of the
19 incidence of and causes of osteoporosis deaths and risks, including
20 identification of subpopulations at highest risk for developing
21 osteoporosis, and establish a profile of the osteoporosis burden in
22 North Carolina.

23 (2) To raise public awareness on the causes and nature of osteoporosis,
24 personal risk factors, value of prevention and early detection, and
25 options for diagnosing and treating the disease.

26 (3) To identify priority strategies which are effective in preventing and
27 controlling risks for osteoporosis, and in diagnosing and treating
28 osteoporosis.

29 (4) To identify, examine limitations of, and recommend to the
30 Governor and the General Assembly changes to existing laws,
31 regulations, programs, services, and policies to enhance
32 osteoporosis prevention, diagnosis, and treatment for the people of
33 North Carolina.

34 (5) To determine and recommend to the Governor and the General
35 Assembly the funding and strategies needed to enact new or to
36 modify existing laws, regulations, programs, services, and policies
37 to enhance osteoporosis prevention, diagnosis, and treatment for
38 the people of North Carolina.

39 (6) To adopt and promote a statewide comprehensive Osteoporosis
40 Prevention Plan to the general public, State and local elected
41 officials, various public and private organizations and associations,
42 businesses and industries, agencies, potential funding sources, and
43 other community resources.

(7) To identify and facilitate specific commitments to help implement the Plan from the entities listed in subdivision (6) above.

(8) To facilitate coordination of and communication among State and local agencies and organizations regarding current or future involvement in achieving the aims of the Osteoporosis Prevention Plan.

(9) To receive and consider reports and testimony from individuals, local health departments, community-based organizations, voluntary health organizations, and other public and private organizations statewide, to learn more about their contributions to osteoporosis diagnosis, prevention, and treatment, and their ideas for improving osteoporosis prevention, diagnosis, and treatment in North Carolina.

(k) The Task Force shall submit to the Governor and to the General Assembly a preliminary report by January 1, 1998; an interim report within the first week of the convening of the 1999 General Assembly; and a final report by October 1, 1999. The reports shall address the Plan, actions and resources needed to fully implement the Plan, and progress in achieving implementation of the Plan to reduce the occurrence of and burden from osteoporosis in North Carolina. The reports shall include an accounting of funds expended and anticipated funding needs for full implementation of recommended plans and programs.

(l) Upon submission of its final report to the Governor and the 1999 General Assembly, the Task Force shall expire.

Section 2. This act becomes effective July 1, 1997.

*adopted
Carpenter
J. R. Lucas*

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997**

S

D

SENATE BILL 521
Second Edition Engrossed 4/29/97
Proposed Committee Substitute S521-PCS8709

Short Title: DOC Pilot/Sexual Assault Program.

(Public)

Sponsors:

Referred to:

March 26, 1997

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH PILOT PROGRAMS ON SEXUAL ASSAULT FOR
INMATES AND EMPLOYEES OF THE DEPARTMENT OF CORRECTION.

The General Assembly of North Carolina enacts:

Section 1. The Department of Correction shall establish pilot programs on sexual assault for inmates at three units of the State prison system. The Department shall select units with greater than average levels of inmate violence for participation in these pilot programs.

Section 2. Each pilot program shall operate as follows:

(1) The Department shall provide, as part of every inmate's orientation, a program on sexual assault, with a goal to complete that program within seven days of commitment to the Department of Correction. The program shall provide inmates with at least the following information:

- a. An accurate presentation pertaining to sexual assault violence;
- b. Information on preventing and reducing the risk of sexual assault;
- c. Information on available counseling for victims of sexual assault; and
- d. The procedure for victims of sexual assault to request counseling.

- (2) The Department shall provide sexual assault counseling on-site at the prison unit to any prisoner requesting it. Counselors shall be granted reasonable access to Department of Correction institutions and prisoners for the purpose of providing confidential sexual assault counseling.
- (3) Unless the Director of the Division of Prisons finds a particular item to be unsuitable, the Department shall allow the distribution of materials on sexual assault and rape trauma syndrome developed or sponsored by community rape crisis centers or nonprofit organizations with expertise in sexual assault. Any such material provided to a correctional institution shall be made available to inmates in places where they may make use of them privately and without attracting undue attention, such as in the library, law library, medical clinic, recreation hall, mental health offices, and educational lobby areas.
- (4) The Department shall post notices of the availability of any community-based rape crisis counselors who are willing to provide confidential counseling. Communications between prisoners and rape crisis counselors are confidential. The Department shall cooperate with community rape crisis centers seeking to identify and provide counseling to former inmates who were the victims of sexual assault.
- (5) The Department shall collect statistical data of all known, reported, or suspected incidents of sexual aggression or sexually motivated violence occurring at units participating in the pilot programs. The Department shall compile this data on a quarterly and annual basis.
- (6) The Department shall develop and implement employee training on the identification and prevention of sexual assault among inmates, in coordination with the Department's employee basic training program. The training shall be provided to new employees at orientation and shall also be part of annual employee training.
- (7) The Department shall evaluate and classify each prisoner with respect to the probable risk of sexual assault. When feasible, incoming inmates shall be handled separately until this classification is made. The classification shall be prominently displayed in the inmate's confidential file, and the Department shall consider the prisoner's classification when making housing assignments.
- (8) The Department shall also rate prisoners as potential sexual assault offenders based upon (i) criminal history; (ii) incidents occurring during confinement; and (iii) reports of incidents that the Department determines to be credible. The Department shall take

1 the prisoners' potential for sexual assault into consideration when
2 making housing assignments.

- 3 (9) The Department shall ensure that prisoners rated vulnerable or
4 highly vulnerable to sexual assault and prisoners rated as potential
5 assaulters are not housed in the same cell or room holding four or
6 fewer inmates or placed in the showers at the same time to the
7 extent that it is practicable. Any exceptions to this policy shall be
8 reported to the Secretary within three days.

9 Section 3. The Department may use funds available to the Department
10 for the 1997-98 fiscal year to implement the pilot programs established in this act.

11 Section 4. The Department of Correction shall report by May 1, 1997, to
12 the Joint Legislative Corrections Oversight Committee, the Chairs of the Senate and
13 House Appropriations Committees and the Senate and House Appropriations
14 Subcommittees on Justice and Public Safety on the effectiveness of the pilot programs
15 established in this act and on the advisability of establishing additional programs at
16 other prison units. The report shall include information on:

- 17 (1) The percentage of inmate orientation programs on sexual assault
18 completed within seven days of commitment; and
19 (2) The Department's success in segregating prisoners rated vulnerable
20 to sexual assault from prisoners rated as potential assaulters.

21 Section 5. This act becomes effective July 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

*Martin 901
J. R. Adam*

S

2

SENATE BILL 299
Pensions and Retirement and Insurance Committee Substitute Adopted 4/10/97

Short Title: Long-Term Care Benefits.

(Public)

Sponsors:

Referred to: Appropriations.

March 5, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE LONG-TERM CARE BENEFITS FOR QUALIFIED
EMPLOYEES, RETIRED EMPLOYEES, AND THEIR DEPENDENTS UNDER
THE TEACHERS' AND STATE EMPLOYEES' COMPREHENSIVE MAJOR
MEDICAL PLAN.

The General Assembly of North Carolina enacts:

Section 1. G.S. 135-38(c) reads as rewritten:

"(c) The Committee shall review programs of hospital, medical and related care
provided by Part 3 of this Article and programs of long-term care benefits provided
by Part 4 of this Article as recommended by the Executive Administrator and Board
of Trustees of the Plan. The Executive Administrator and the Board of Trustees shall
provide the Committee with any information or assistance requested by the
Committee in performing its duties under this Article."

Section 2. G.S. 135-39.5(22) reads as rewritten:

~~"(22) Providing to the Industrial Commission the schedule of allowable
charges under the Plan for each participating hospital and other
information deemed necessary by the Commission to fulfill its
duties under G.S. 97-26. Implementing and administering a
program of long-term care benefits pursuant to Part 4 of this
Article."~~

Section 3. G.S. 135-39.6 reads as rewritten:

"§ 135-39.6. Special funds created.

(a) There are hereby established two special funds, to be known as the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund. Fund for the payment of hospital and medical benefits.

All premiums, fees, charges, rebates, refunds or any other receipts including, but not limited to, earnings on investments, occurring or arising in connection with health benefits programs established by this Article, shall be deposited into the Public Employee Health Benefit Fund. Disbursements from the Fund shall include any and all amounts required to pay the benefits and administrative costs of such programs as may be determined by the Executive Administrator and Board of Trustees.

Any unencumbered balance in excess of prepaid premiums or charges in the Public Employee Health Benefit Fund at the end of each fiscal year shall be used first, to provide an actuarially determined Health Benefit Reserve Fund for incurred but unrepresented claims, second, to reduce the premiums required in providing the benefits of the health benefits programs, and third to improve the plan, as may be provided by the General Assembly. The balance in the Health Benefits Reserve Fund may be transferred from time to time to the Public Employee Health Benefit Fund to provide for any deficiency occurring therein.

The Public Employee Health Benefit Fund and the Health Benefit Reserve Fund shall be deposited with the State Treasurer and invested as provided in G.S. 147-69.2 and 147-69.3.

(b) Disbursement from the Public Employee Health Benefit Fund may be made by warrant drawn on the State Treasurer by the Executive Administrator, or the Executive Administrator and Board of Trustees may by contract authorize the Claims Processor to draw the warrant.

(c) Separate and apart from the special funds authorized by subsections (a) and (b) of this section, there shall be a Public Employee Long-Term Care Benefit Fund if the long-term care benefits provided by Part 4 of this Article are administered on a self-insured basis."

Section 4. G.S. 135-39.6A reads as rewritten:

"§ 135-39.6A. Premiums set.

(a) The Executive Administrator and Board of Trustees shall, from time to time, establish premium rates for the Comprehensive Major Medical Plan except as they may be established by the General Assembly in the Current Operations Appropriations Act, and establish regulations for payment of the premiums. Premium rates shall be established for coverages where Medicare is the primary payer of health benefits separate and apart from the rates established for coverages where Medicare is not the primary payer of health benefits.

(b) The Executive Administrator and Board of Trustees shall establish separate premium rates for the long-term care benefits provided by Part 4 of this Article if the benefits are administered on a self-insured basis."

Section 5. G.S. 135-39.8 reads as rewritten:

"§ 135-39.8. Rules and regulations.

The Executive Administrator and Board of Trustees may issue rules and regulations to implement Parts ~~2 and 3~~ 2, 3, and 4 of this Article. Rules and

1 regulations of the Board of Trustees shall remain in effect until amended or repealed
2 by the Executive Administrator and Board of Trustees. The Executive Administrator
3 and Board of Trustees shall provide a written description of the rules and regulations
4 issued under this section to all employing units, all health benefit representatives, the
5 oversight team provided for in G.S. 135-39.3, all relevant health care providers
6 affected by a rule or regulation, and to any other parties requesting a written
7 description and approved by the Executive Administrator and Board of Trustees to
8 receive a description on a timely basis."

9 Section 6. G.S. 135-40.7 is amended by adding a new subdivision to read:

10 "(19) Charges for services covered by the long-term care benefit
11 provisions of Part 4 of this Article."

12 Section 7. Article 3 of Chapter 135 of the General Statutes is amended
13 by adding a new Part to read:

14 "Part 4. Long-Term Care Benefits.

15 "§ 135-41. Undertaking.

16 (a) The State of North Carolina undertakes to make available an optional
17 program of long-term care benefits for the benefit of its qualified employees, retired
18 employees, and their dependents which will pay benefits in accordance with the
19 terms hereof. Retired employees of the Local Governmental Employees' Retirement
20 System pursuant to Article 3 of Chapter 128 of the General Statutes and their
21 dependents are also eligible to be qualified for the benefits provided by this Part.

22 (b) The long-term care benefits provided by this Part shall be made available
23 through the Teachers' and State Employees' Comprehensive Major Medical Plan
24 pursuant to Articles 2 and 3 of this Chapter (hereinafter called the 'Plan') and
25 administered by the Plan's Executive Administrator and Board of Trustees. In
26 administering the benefits provided by this Part, the Executive Administrator and
27 Board of Trustees shall have the same type of powers and duties that are provided
28 under Part 3 of this Article for hospital and medical benefits. The benefits provided
29 by this Part may be offered by the Plan on a self-insured basis, in which case a third-
30 party claims processor shall be chosen through competitive bids in accordance with
31 State law, or through a contract of insurance, in which case a carrier licensed to do
32 business in North Carolina shall be selected on a competitive bid basis in accordance
33 with State law.

34 (c) The benefits authorized by this Part are available only to qualified employees
35 and retired employees who voluntarily elect to provide such benefits for themselves
36 and their qualified dependents. Payroll deductions shall be available from employee
37 salary and disability benefit payments and from retired employee retirement benefit
38 payments for fully contributory premium amounts.

39 (d) The Executive Administrator and Board of Trustees of the Plan shall insure
40 insofar as possible that the long-term care benefits provided by this Part shall be tax-
41 qualified under federal law.

42 "§ 135-41.1. Long-term care benefits.

43 Long-term care benefits provided by this Part are subject to elimination periods,
44 coinsurance provisions, and other limitations separate and apart from those provided

1 for in Part 3 of this Article. No limitation on out-of-pocket expenses are provided for
2 the benefits covered by this section. Long-term care benefits are as follows:

3 (1) Nursing Home Benefits. -- The Plan will pay a fixed amount of the
4 reasonable and customary daily charges allowed for nursing
5 facilities providing skilled nursing care and intermediate nursing
6 care up to a maximum amount per day for each day after a fixed
7 number of consecutive days for each nursing home stay. Such
8 daily charges shall be inclusive of semiprivate room and board;
9 skilled and semiskilled nursing services; routine laboratory tests
10 and examinations; physical, occupational, and speech therapy;
11 respiratory and other gas therapy; and drugs, injections, biologicals,
12 fluids, solutions, dietary aids and supplements, and other routine
13 medical supplies and equipment. Readmission to a nursing home
14 within 180 days, exclusive of hospital stays, for the same or related
15 cause or causes shall be considered a single nursing home stay for
16 the purposes of this section. Benefits payable under this
17 subdivision are contingent upon compliance with the following
18 conditions and will, in no instance, be paid under this section
19 without compliance with each of the following conditions:

- 20 a. Confinement to a nursing home is medically appropriate
21 due to an illness, disease, or injury upon recommendation of
22 an admitting physician other than a proprietor, employee, or
23 agent of the nursing home;
24 b. Confinement to a nursing home is for any overnight stay for
25 which a charge for a day's stay is due and payable; and
26 c. Prior to confinement, the admitting physician secures
27 approval certification from the Plan for confinement.

28 As used in this section, a nursing home is a facility or a part of a facility which is (i)
29 operated under State law and which is qualified as a skilled nursing or intermediate
30 nursing facility under Medicare; or is (ii) a facility meeting the requirements for
31 licensure under Chapter 131E of the General Statutes.

32 (2) Custodial Benefits. -- The Plan will pay a fixed percentage of the
33 fixed amount of reasonable and customary daily charges allowed
34 by the Plan in subdivision (1) of this section for assisted living
35 facilities, for adult day care facilities, and for home care agencies
36 up to a maximum amount per day for each day after a fixed
37 number of consecutive days that such custodial care is provided.
38 Benefits payable under this subdivision are contingent upon
39 compliance with the following conditions and will, in no instance,
40 be paid under this subdivision without compliance with each of the
41 following conditions:

- 42 a. Use of such custodial benefits is medically appropriate in a
43 treatment plan established and certified initially and at least
44 once every six months by an attending physician or other

allied health professionals other than a proprietor, employee, or agent of one or more of the aforementioned facilities and agencies;

b. Confinement to a nursing home would be medically appropriate without custodial care proposed to be rendered by one or more of the aforementioned facilities or agencies; and

c. Prior to use of such custodial benefits, an attending physician or other allied health professional secures approval from the Plan for the use of the benefits.

As used in this section, an assisted living facility is a facility which (i) is operated under State law to provide residential care for the aged or disabled whose principal need is a home which provides personal care appropriate to their age or disability; or (ii) meets the requirements for licensure under Chapter 131D of the General Statutes.

As used in this section, an adult care facility is a facility which (i) is operated under State law to provide group care for the aged and disabled in a setting away from their residence on a less than 24-hour basis when such aged or disabled would otherwise be in need of full-time personal care away from their residence; or (ii) meets the requirements for certification under Chapter 131D of the General Statutes. As used in this section, a home care agency is a residential care agency which is (i) operated under State law and which is qualified as a home health care agency under Medicare; or (ii) an agency meeting the requirements for licensure as a home care agency under Chapter 131E of the General Statutes.

(3) Other Benefits. -- Upon prior approval of the Plan, other care, services, supplies, and equipment may be used as more cost-effective alternatives to the benefits provided by this section when directed by an attending physician.

(4) The Executive Administrator and Board of Trustees of the Plan shall establish the payment percentages, maximum daily payment rates, benefit periods, elimination periods, and maximum lifetime benefits payable for each covered individual for the nursing home and custodial benefits provided by this section. The Executive Administrator and Board of Trustees shall provide for inflationary increases in the maximum daily payment rates and the maximum lifetime benefits payable for each covered individual.

(5) The Executive Administrator and Board of Trustees of the Plan shall provide a bed reservation benefit whenever Plan members are hospitalized during a stay in a nursing home or an assisted living facility.

(6) The Executive Administrator and Board of Trustees of the Plan shall provide for a waiver of premiums involving minimum lengths of stay in a nursing home or an assisted living facility. In addition, the Executive Administrator and Board of Trustees shall allow coverage to be reinstated upon failure to pay premiums, provided

1 certain grace periods are not exceeded and retroactive premium
2 payments are made.

3 (7) Limitations and Exclusions to Long-Term Care Benefits. -- The
4 benefits provided by this section are for the purpose of meeting the
5 requirements for assistance from the loss of functional capacity
6 associated with a chronic illness, disease, or disabling injury for
7 extended periods of time; and are, in no way, intended to duplicate
8 the benefits provided for acute and other medical care provided by
9 Medicare or Part 3 of this Article. A loss of functional capacity
10 can occur from: (i) an illness, disease, or disabling injury resulting
11 in a physical incapacity to perform the activities of daily living; or
12 (ii) an irreversible organic mental impairment resulting in a mental
13 incapacity. Activities of daily living consist of routine functions
14 involving personal care and mobility.

15 "§ 135.41.2. Conversion.

16 Upon cessation of group coverage under this Part, an employee, retired employee,
17 or dependent shall be entitled to a conversion to a nongroup plan of long-term care
18 benefits. The Executive Administrator and Board of Trustees of the Plan shall
19 determine how the conversion rights authorized by this Part shall be administered.

20 "§ 135.41.3. Right to alter, amend, or repeal.

21 The General Assembly reserves the right to alter, amend, or repeal this Part."

22 Section 8. This act becomes effective January 1, 1998.

*1600 Ed
J.R. Edm*

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 232

Finance Committee Substitute Adopted 4/17/97

Proposed Appropriations Committee Substitute S232-CSLCX-5/9

ATTENTION: LINE NUMBERS MAY CHANGE AFTER ADOPTION

Short Title: Clean Water Bonds.

(Public)

Sponsors:

Referred to: Appropriations.

February 24, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION BONDS OF
3 THE STATE, SUBJECT TO A VOTE OF THE QUALIFIED VOTERS OF THE
4 STATE, TO PROVIDE FUNDS FOR GRANTS, LOANS, AND REVOLVING LOANS
5 TO LOCAL GOVERNMENT UNITS FOR WATER SUPPLY SYSTEMS, WASTEWATER
6 COLLECTION SYSTEMS, WASTEWATER TREATMENT WORKS, AND WATER
7 CONSERVATION PROJECTS.

8 The General Assembly of North Carolina enacts:

9 Section 1. Short title. This act shall be known as the
10 "Clean Water Bond Act of 1997".

11 Section 2. Purpose. It is the intent of the General
12 Assembly by this act to provide for the issuance of general
13 obligation bonds of the State and to provide that the proceeds
14 realized from the sale of the bonds shall be allocated as
15 follows:

16 (1) \$200,000,000 to provide State matching funds
17 required to receive federal wastewater or water
18 supply assistance funds and to provide additional
19 funding for the Clean Water Revolving Loan and
20 Grant Fund established in Chapter 159G of the

- 1 General Statutes or to provide funding by grants
2 and loans to local government units; and
3 (2) \$800,000,000 to provide loans to local government
4 units to finance all or a portion of the cost of
5 construction, improvements, enlargements,
6 extensions, and reconstruction of water supply
7 systems, wastewater collection systems, wastewater
8 treatment works, and water conservation projects.

9 The funds to be derived from the sale of the
10 Clean Water Bonds authorized by this act are
11 sufficient to meet no more than a fraction of the
12 needs that now exist and will arise in the
13 immediate future. For this reason, although public
14 necessity and the criteria established by Chapter
15 159G of the General Statutes shall be the primary
16 consideration in granting and loaning funds, great
17 emphasis shall also be placed on achieving
18 stringent reductions in the levels of nutrients and
19 other pollutants discharged into the State's
20 waters, particularly in nutrient sensitive river
21 basins, in reducing the overall volume of effluent
22 discharged to the State's waters by using
23 alternative methods of wastewater treatment when
24 feasible, on the creation of efficient systems of
25 regional wastewater disposal and regional water
26 supply, and on the willingness and ability of local
27 government units to meet their responsibilities
28 through sound fiscal policies, creative planning,
29 and efficient operation and management.

30 Section 3. Definitions. As used in this act, unless
31 the context otherwise requires:

- 32 (1) "Bonds" means bonds issued under this act.
33 (2) "Clean Water Revolving Loan and Grant Act" means
34 Chapter 796 of the 1987 Session Laws, as amended
35 from time to time, codified as Chapter 159G of the
36 General Statutes.
37 (3) "Clean Water Revolving Loan and Grant Fund" means
38 the Clean Water Revolving Loan and Grant Fund as
39 defined in the Clean Water Revolving Loan and Grant
40 Act.
41 (4) "Cost" means, without intending thereby to limit or
42 restrict any proper definition of this term in
43 financing the cost of facilities or purposes
44 authorized by this act:

- 1 a. The cost of constructing, reconstructing,
2 enlarging, acquiring, and improving
3 facilities, and acquiring equipment and land
4 therefor,
5 b. The cost of engineering, architectural, and
6 other consulting services as may be required,
7 c. Administrative expenses and charges,
8 d. Finance charges and interest prior to and
9 during construction and, if deemed advisable
10 by the State Treasurer, for a period not
11 exceeding two years after the estimated date
12 of completion of construction,
13 e. The cost of bond insurance, investment
14 contracts, credit enhancement and liquidity
15 facilities, interest-rate swap agreements or
16 other derivative products, financial and legal
17 consultants, and related costs of bond and
18 note issuance, to the extent and as determined
19 by the State Treasurer,
20 f. The cost of reimbursing the State for any
21 payments made for any cost described above,
22 and
23 g. Any other costs and expenses necessary or
24 incidental to the purposes of this act.
- 25 Allocations in this act of proceeds of bonds to the
26 costs of a project or undertaking in each case may
27 include allocations to pay the costs set forth in
28 items c., d., e., f., and g. in connection with the
29 issuance of bonds for the project or undertaking.
- 30 (5) "Credit facility" means an agreement entered into
31 by the State Treasurer on behalf of the State with
32 a bank, savings and loan association, or other
33 banking institution, an insurance company,
34 reinsurance company, surety company, or other
35 insurance institution, a corporation, investment
36 banking firm, or other investment institution, or
37 any financial institution or other similar provider
38 of a credit facility, which provider may be located
39 within or without the United States of America,
40 such agreement providing for prompt payment of all
41 or any part of the principal or purchase price
42 (whether at maturity, presentment or tender for
43 purchase, redemption or acceleration), redemption
44 premium, if any, and interest on any bonds or notes

- 1 payable on demand or tender by the owner, in
2 consideration of the State agreeing to repay the
3 provider of the credit facility in accordance with
4 the terms and provisions of such agreement.
- 5 (6) "Local government units" means local government
6 units as defined in the Clean Water Revolving Loan
7 and Grant Act.
- 8 (7) "Notes" means notes issued under this act.
- 9 (8) "Par formula" means any provision or formula
10 adopted by the State to provide for the adjustment,
11 from time to time, of the interest rate or rates
12 borne by any bonds or notes, including:
- 13 a. A provision providing for such adjustment so
14 that the purchase price of such bonds or notes
15 in the open market would be as close to par as
16 possible,
- 17 b. A provision providing for such adjustment
18 based upon a percentage or percentages of a
19 prime rate or base rate, which percentage or
20 percentages may vary or be applied for
21 different periods of time, or
- 22 c. Such other provision as the State Treasurer
23 may determine to be consistent with this act
24 and will not materially and adversely affect
25 the financial position of the State and the
26 marketing of bonds or notes at a reasonable
27 interest cost to the State.
- 28 (9) "State" means the State of North Carolina.
- 29 (10) "Wastewater collection systems" means wastewater
30 collection systems as defined in the Clean Water
31 Revolving Loan and Grant Act.
- 32 (11) "Wastewater treatment works" means wastewater
33 treatment works as defined in the Clean Water
34 Revolving Loan and Grant Act.
- 35 (12) "Water conservation projects" include, but are not
36 limited to, any construction, repair, renovation,
37 expansion, replacement of components, or other
38 capital improvement, including related equipment
39 and land acquisition, designed to:
- 40 a. Eliminate the wasteful or unnecessary use or
41 loss of water in the operations of a
42 wastewater collection system, wastewater
43 treatment works, or water supply system; or

b. Enhance the operation of a wastewater collection system, wastewater treatment works, or water supply system to provide a more efficient use of water.

(13) "Water Pollution Control Revolving Fund" means the fund described by G.S. 159G-4(a) and G.S. 159G-5(c).

(14) "Water supply systems" means water supply systems as defined in the Clean Water Revolving Loan and Grant Act.

Section 4. Authorization of bonds and notes. Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing Clean Water Bonds in the election called and held as provided in this act, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Clean Water Bonds", with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this act, in an aggregate principal amount not exceeding one billion dollars (\$1,000,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this act.

Section 5. Uses of bond and note proceeds. The proceeds of Clean Water Bonds and notes shall be used for the purpose of making loans and grants to local governments as follows:

(1) The proceeds of two hundred million dollars (\$200,000,000) of Clean Water Bonds shall be used and allocated for the same purposes for which funds in the Clean Water Revolving Loan and Grant Fund may be used including, without limitation, to provide funds to be used to make revolving loans and grants to local government units. The revolving loans and grants shall be made for the purpose of paying the cost of water supply systems, wastewater collection systems, and wastewater treatment works.

The first priority for use of these proceeds shall be to provide State funds necessary for the 1998-99 and 1999-2000 fiscal years to match the federal wastewater or water supply assistance funds deposited in the Water Pollution Control Revolving Fund or another fund that is used to pay the cost

1 of water supply systems, wastewater collection
2 systems, or wastewater treatment works and is
3 eligible to receive federal matching funds, unless
4 the General Assembly has provided the required
5 match through other revenue, in which event this
6 priority shall cease to exist to the extent of the
7 availability of the other revenue. For the purpose
8 of implementing this priority, the Department of
9 Environment, Health, and Natural Resources shall
10 certify to the State Treasurer the amount of funds
11 required for the State match for each of the fiscal
12 years ending June 30, 1999, and June 30, 2000, and
13 the extent to which the General Assembly has
14 provided other funds for this purpose. Upon
15 certification to the State Treasurer of the amount
16 of funds required for the State match for the
17 fiscal year ending June 30, 1999, the State may
18 issue up to one hundred million dollars
19 (\$100,000,000) of Clean Water Bonds authorized by
20 this subdivision for the purpose of funding the
21 State match for that fiscal year and for any other
22 purposes authorized by this subdivision. Upon
23 certification to the State Treasurer of the amount
24 of funds required for the State match for the
25 fiscal year ending June 30, 2000, the State may
26 issue the remaining balance of Clean Water Bonds
27 authorized by this subdivision for the purpose of
28 funding the State match for that fiscal year and
29 for any other purposes authorized by this
30 subdivision. The proceeds of the bonds necessary
31 for the State match for each fiscal year shall be
32 deposited in the Water Pollution Control Revolving
33 Fund or another appropriate fund or account
34 determined by the State Treasurer.

35 The proceeds may be (i) transferred directly
36 to the Clean Water Revolving Loan and Grant Fund to
37 make revolving loans or grants, (ii) used to make
38 revolving loans or grants directly to the
39 appropriate local government qualifying for a
40 revolving loan or grant from the Clean Water
41 Revolving Loan and Grant Fund, (iii) used for any
42 combination of (i) and (ii), or (iv) used in such
43 other manner as shall effectuate the purposes of
44 this act. Although public necessity and the

criteria established by Chapter 159G of the General Statutes shall be the primary consideration in granting and loaning funds, great emphasis shall also be placed on achieving stringent reductions in the levels of nutrients and other pollutants discharged into the State's waters, particularly in nutrient sensitive river basins, in reducing the overall volume of effluent discharged to the State's waters by using alternative methods of wastewater treatment when feasible, on the creation of efficient systems of regional wastewater disposal and regional water supply, and on the willingness and ability of local government units to meet their responsibilities through sound fiscal policies, creative planning, and efficient operation and management. Loans and grants made from bond proceeds transferred from the Clean Water Bonds Fund to the Clean Water Revolving Loan and Grant Fund shall be made and administered in accordance with the provisions of the Clean Water Revolving Loan and Grant Act. Loans and grants made from bond proceeds directly to local government units and any loan repayments shall, to the extent applicable, be made, administered, and applied in accordance with the provisions of the Clean Water Revolving Loan and Grant Act. Repayments of any direct loans may be initially placed into any fund or account as may be determined by the State Treasurer for the purpose of determining compliance with the applicable requirements of the federal tax law and shall be expended and disbursed therefrom under the direction and supervision of the Director of the Budget.

- (2) The proceeds of eight hundred million dollars (\$800,000,000) of Clean Water Bonds shall be used for the purpose of making loans to local government units to pay the cost of water supply systems, water conservation projects, wastewater collection systems, and wastewater treatment works. Sixty-nine percent (69%) of the proceeds of the bonds and notes shall be allocated for loans to local government units for wastewater collection systems and wastewater treatment works. Thirty-one

1 percent (31%) of the proceeds of the bonds and
2 notes shall be allocated for loans to local
3 government units for water supply systems and water
4 conservation projects.

5 The proceeds shall be used to make loans
6 directly to local government units qualifying for a
7 loan from the Clean Water Revolving Loan and Grant
8 Fund or loaned in such other manner as shall
9 effectuate the purposes of this act. To qualify
10 for a loan from the Clean Water Bonds Fund for the
11 purpose of paying the cost of water supply systems,
12 a local government unit must have a water supply
13 facility plan approved by the Department of
14 Environment, Health, and Natural Resources. A
15 water supply facility plan submitted by a local
16 government unit to the Department under G.S.
17 143-355(1) will be sufficient to meet this
18 requirement. To qualify for a loan from the Clean
19 Water Bonds Fund for the purpose of paying the cost
20 of wastewater collection systems or wastewater
21 treatment works, a local government unit must have
22 a wastewater facility plan approved by the
23 Department of Environment, Health, and Natural
24 Resources. A wastewater facility plan must project
25 future wastewater treatment needs, must present a
26 long-range plan to meet those needs, and must
27 include plans for system operations and maintenance
28 of the facilities being built with the bond
29 proceeds.

30 The Department of Environment, Health, and
31 Natural Resources shall set the priorities and
32 determine the eligibility of local government units
33 for these loans in accordance with Section 10 of
34 this act. The form of the loans and the details
35 thereof including, without limitation, the
36 maturity, interest rate, and amortization schedule,
37 shall be determined, from time to time, by the
38 State Treasurer. In making these determinations,
39 the State Treasurer shall consider the purpose of
40 the loans, the ability of local government units to
41 repay the loans, and the security for the loans.
42 The interest rates on these loans shall reflect the
43 self-supporting nature of the loan program and
44 shall be sufficient to cover substantially all

1 payments of debt service on the eight hundred
2 million dollars (\$800,000,000) of Clean Water Bonds
3 and the issuance costs and administrative expenses
4 associated with the issuance of these bonds and the
5 making of these loans, subject to any applicable
6 requirements of the federal tax law.

7 Repayments of the loans shall be credited to
8 the General Fund and may be used to pay, directly
9 or indirectly, debt service on the bonds and notes
10 issued. Repayments may be initially placed into
11 such fund or account as may be determined by the
12 State Treasurer for the purpose of determining
13 compliance with applicable requirements of the
14 federal tax law and shall be expended and disbursed
15 therefrom under the direction and supervision of
16 the Director of the Budget.

17 Any additional moneys which may be received by means of
18 a grant or grants from the United States of America or any agency
19 or department thereof or from any other source for deposit to the
20 Clean Water Bonds Fund may be placed in the Clean Water Bonds
21 Fund or in a separate account or fund and shall be disbursed, to
22 the extent permitted by the terms of the grant or grants, without
23 regard to any limitations imposed by this act.

24 Moneys in the Clean Water Bonds Fund, the Clean Water
25 Bonds Loan Fund, or any separate fund or account established
26 under this act may be invested from time to time by the State
27 Treasurer in the same manner permitted for investment of moneys
28 belonging to the State or held in the State Treasury, except with
29 respect to grant money to the extent otherwise directed by the
30 terms of the grant. Investment earnings, except investment
31 earnings with respect to grant moneys to the extent otherwise
32 directed or restricted by the terms of the grant, may be (i)
33 credited to the Clean Water Bonds Fund, the Clean Water Bonds
34 Loan Fund, or any separate fund or account established under this
35 act, (ii) used to pay debt service on the bonds authorized by
36 this act, (iii) used to satisfy compliance with applicable
37 requirements of the federal tax law, or (iv) transferred to the
38 General Fund of the State.

39 The proceeds of bonds and notes may be used with any
40 other moneys made available by the General Assembly for making
41 grants and loans authorized by this act, including the proceeds
42 of any other State bond issues, whether heretofore made available
43 or which may be made available at the session of the General
44 Assembly at which this act is ratified or any subsequent

1 sessions. The proceeds of bonds and notes shall be expended and
2 disbursed under the direction and supervision of the Director of
3 the Budget. The funds provided by this act shall be disbursed
4 for the purposes provided in this act upon warrants drawn on the
5 State Treasurer by the State Controller, which warrants shall not
6 be drawn until requisition has been approved by the Director of
7 the Budget and which requisition shall be approved only after
8 full compliance with the Executive Budget Act, Article 1 of
9 Chapter 143 of the General Statutes.

10 Section 6. Allocation of proceeds. The proceeds of
11 Clean Water Bonds and notes, including premium thereon, if any,
12 except the proceeds of bonds the issuance of which has been
13 anticipated by bond anticipation notes or the proceeds of
14 refunding bonds or notes, shall be placed by the State Treasurer
15 in a special fund to be designated "Clean Water Bonds Fund",
16 which may include such appropriate special accounts therein as
17 may be determined by the State Treasurer, and shall be disbursed
18 as provided in this act. Moneys in the Clean Water Bonds Fund
19 shall be allocated and expended as provided in this act.

20 Allocations to the costs of a capital improvement or
21 undertaking in each case may include allocations to pay the costs
22 set forth in Section 3(4)c., d., e., f., and g. of this act in
23 connection with the issuance of bonds for that capital
24 improvement or undertaking.

25 Section 7. Election. The question of the issuance of
26 the bonds authorized by this act shall be submitted to the
27 qualified voters of the State at the next statewide election or
28 statewide primary election, whichever comes first. Any other
29 primary, election, or referendum validly called or scheduled by
30 law at the time the election on the bond question provided for in
31 this section is held, may be held as called or scheduled. Notice
32 of the election shall be given in the manner and at the times
33 required by G.S. 163-33(8). The election and the registration of
34 voters therefor shall be held under and in accordance with the
35 general laws of the State. Absentee ballots shall be authorized
36 in the election.

37 The State Board of Elections shall reimburse the
38 counties of the State for all necessary expenses incurred in
39 holding the election that are in addition to those that would
40 have otherwise been incurred, the same to be paid out of the
41 Contingency and Emergency Fund or other funds available to the
42 State Board of Elections.

43 Ballots, voting systems authorized by Article 14 of
44 Chapter 163 of the General Statutes, or both may be used in

1 accordance with rules prescribed by the State Board of Elections.
2 The bond question to be used in the ballots or voting systems
3 shall be in substantially the following form:

4 "[] FOR the issuance of one billion dollars
5 (\$1,000,000,000) State of North Carolina Clean
6 Water Bonds constituting general obligation bonds
7 of the State secured by a pledge of the faith and
8 credit and taxing power of the State for the
9 purpose of providing funds, with any other
10 available funds, to make loans, revolving loans,
11 and grants to local government units to pay all or
12 a portion of the cost of clean water projects.

13 [] AGAINST the issuance of one billion dollars
14 (\$1,000,000,000) State of North Carolina Clean
15 Water Bonds constituting general obligation bonds
16 of the State secured by a pledge of the faith and
17 credit and taxing power of the State for the
18 purpose of providing funds, with any other
19 available funds, to make loans, revolving loans,
20 and grants to local government units to pay all or
21 a portion of the cost of clean water projects."

22 If a majority of those voting on the Clean Water Bond
23 question in the election vote in favor of the issuance of the
24 bonds, the bonds may be issued as provided in this act. If a
25 majority of those voting on the Clean Water Bond question in the
26 election vote against the issuance of the bonds, the bonds shall
27 not be issued.

28 The results of the election shall be canvassed and
29 declared as provided by law for elections for State officers; the
30 results of the election shall be certified by the State Board of
31 Elections to the Secretary of State, in the manner and at the
32 time provided by the general election laws of the State.

33 Section 8. Issuance of bonds and notes. (a) Terms and
34 Conditions. Bonds or notes may bear such date or dates, may be
35 serial or term bonds or notes, or any combination thereof, may
36 mature in such amounts and at such time or times, not exceeding
37 40 years from their date or dates, may be payable at such place
38 or places, either within or without the United States of America,
39 in such coin or currency of the United States of America as at
40 the time of payment is legal tender for payment of public and
41 private debts, may bear interest at such rate or rates, which may
42 vary from time to time, and may be made redeemable before
43 maturity, at the option of the State or otherwise as may be
44 provided by the State, at such price or prices, including a price

1 less than the face amount of the bonds or notes, and under such
2 terms and conditions, all as may be determined by the State
3 Treasurer, by and with the consent of the Council of State.

4 (b) Signatures; Form and Denomination; Registration.
5 Bonds or notes may be issued as certificated or uncertificated
6 obligations. If issued as certificated obligations, bonds or
7 notes shall be signed on behalf of the State by the Governor or
8 shall bear his facsimile signature, shall be signed by the State
9 Treasurer or shall bear his facsimile signature, and shall bear
10 the Great Seal of the State or a facsimile thereof shall be
11 impressed or imprinted thereon. If bonds or notes bear the
12 facsimile signatures of the Governor and the State Treasurer, the
13 bonds or notes shall also bear a manual signature which may be
14 that of a bond registrar, trustee, paying agent, or designated
15 assistant of the State Treasurer. Should any officer whose
16 signature or facsimile signature appears on bonds or notes cease
17 to be such officer before the delivery of the bonds or notes, the
18 signature or facsimile signature shall nevertheless have the same
19 validity for all purposes as if the officer had remained in
20 office until delivery and bonds or notes may bear the facsimile
21 signatures of persons who at the actual time of the execution of
22 the bonds or notes shall be the proper officers to sign any bond
23 or note although at the date of the bond or note such persons may
24 not have been such officers. The form and denomination of bonds
25 or notes, including the provisions with respect to registration
26 of the bonds or notes and any system for their registration,
27 shall be as the State Treasurer may determine in conformity with
28 this act; provided, however, that nothing in this act shall
29 prohibit the State Treasurer from proceeding, with respect to the
30 issuance and form of the bonds or notes, under the provisions of
31 Chapter 159E of the General Statutes, the Registered Public
32 Obligations Act, as well as under this act.

33 (c) Manner of Sale; Expenses. Subject to determination
34 by the Council of State as to the manner in which bonds or notes
35 shall be offered for sale, whether at public or private sale,
36 whether within or without the United States of America, and
37 whether by publishing notices in certain newspapers and financial
38 journals, mailing notices, inviting bids by correspondence,
39 negotiating contracts of purchase or otherwise, the State
40 Treasurer is authorized to sell bonds or notes at one time or
41 from time to time at such rate or rates of interest, which may
42 vary from time to time, and at such price or prices, including a
43 price less than the face amount of the bonds or the notes, as the
44 State Treasurer may determine. All expenses incurred in

1 preparation, sale, and issuance of bonds or notes shall be paid
2 by the State Treasurer from the proceeds of bonds or notes or
3 other available moneys.

4 (d) Notes; Repayment.

5 (1) By and with the consent of the Council of State,
6 the State Treasurer is hereby authorized to borrow
7 money and to execute and issue notes of the State
8 for the same, but only in the following
9 circumstances and under the following conditions:

10 a. For anticipating the sale of bonds to the
11 issuance of which the Council of State shall
12 have given consent, if the State Treasurer
13 shall deem it advisable to postpone the
14 issuance of the bonds;

15 b. For the payment of interest on or any
16 installment of principal of any bonds then
17 outstanding, if there shall not be sufficient
18 funds in the State treasury with which to pay
19 the interest or installment of principal as
20 they respectively become due;

21 c. For the renewal of any loan evidenced by notes
22 herein authorized;

23 d. For the purposes authorized in this act; and

24 e. For refunding bonds or notes as herein
25 authorized.

26 (2) Funds derived from the sale of bonds or notes may
27 be used in the payment of any bond anticipation
28 notes issued under this act. Funds provided by the
29 General Assembly for the payment of interest on or
30 principal of bonds shall be used in paying the
31 interest on or principal of any notes and any
32 renewals thereof, the proceeds of which shall have
33 been used in paying interest on or principal of the
34 bonds.

35 (e) Refunding Bonds and Notes. By and with the consent
36 of the Council of State, the State Treasurer is authorized to
37 issue and sell refunding bonds and notes pursuant to the
38 provisions of the State Refunding Bond Act for the purpose of
39 refunding bonds or notes issued pursuant to this act. The
40 refunding bonds and notes may be combined with any other issues
41 of State bonds and notes similarly secured.

42 (f) Tax Exemption. Bonds and notes shall be exempt
43 from all State, county, and municipal taxation or assessment,
44 direct or indirect, general or special, whether imposed for the

1 purpose of general revenue or otherwise, excluding inheritance
2 and gift taxes, income taxes on the gain from the transfer of
3 bonds and notes, and franchise taxes. The interest on bonds and
4 notes shall not be subject to taxation as to income.

5 (g) Investment Eligibility. Bonds and notes are hereby
6 made securities in which all public officers, agencies, and
7 public bodies of the State and its political subdivisions, all
8 insurance companies, trust companies, investment companies,
9 banks, savings banks, savings and loan associations, credit
10 unions, pension or retirement funds, other financial institutions
11 engaged in business in the State, executors, administrators,
12 trustees, and other fiduciaries may properly and legally invest
13 funds, including capital in their control or belonging to them.
14 Bonds and notes are hereby made securities which may properly and
15 legally be deposited with and received by any officer or agency
16 of the State or political subdivision of the State for any
17 purpose for which the deposit of bonds, notes, or obligations of
18 the State or any political subdivision is now or may hereafter be
19 authorized by law.

20 (h) Faith and Credit. The faith and credit and taxing
21 power of the State are hereby pledged for the payment of the
22 principal of and the interest on bonds and notes. In addition to
23 the State's right to amend any provision of this act to the
24 extent it does not impair any contractual right of a bond owner,
25 the State expressly reserves the right to amend any provision of
26 this act with respect to the making and repayment of loans, the
27 disposition of any repayments of loans, and any intercept
28 provisions relating to the failure of a local government unit to
29 repay a loan, the bonds not being secured in any respect by
30 loans, any repayments thereof, or any intercept provisions with
31 respect thereto.

32 Section 9. Variable interest rates. In fixing the
33 details of bonds and notes, the State Treasurer may provide that
34 any of the bonds or notes may:

35 (1) Be made payable from time to time on demand or
36 tender for purchase by the owner thereof provided a
37 credit facility supports the bonds or notes, unless
38 the State Treasurer specifically determines that a
39 credit facility is not required upon a finding and
40 determination by the State Treasurer that the
41 absence of a credit facility will not materially or
42 adversely affect the financial position of the
43 State and the marketing of the bonds or notes at a
44 reasonable interest cost to the State;

- 1 (2) Be additionally supported by a credit facility;
- 2 (3) Be made subject to redemption or a mandatory tender
- 3 for purchase prior to maturity;
- 4 (4) Bear interest at a rate or rates that may vary for
- 5 such period or periods of time, all as may be
- 6 provided in the proceedings providing for the
- 7 issuance of the bonds or notes, including, without
- 8 limitation, such variations as may be permitted
- 9 pursuant to a par formula; and
- 10 (5) Be made the subject of a remarketing agreement
- 11 whereby an attempt is made to remarket bonds or
- 12 notes to new purchasers prior to their presentment
- 13 for payment to the provider of the credit facility
- 14 or to the State.

15 If the aggregate principal amount repayable by the State
16 under a credit facility is in excess of the aggregate principal
17 amount of bonds or notes secured by the credit facility, whether
18 as a result of the inclusion in the credit facility of a
19 provision for the payment of interest for a limited period of
20 time or the payment of a redemption premium or for any other
21 reason, then the amount of authorized but unissued bonds or notes
22 during the term of such credit facility shall not be less than
23 the amount of such excess, unless the payment of such excess is
24 otherwise provided for by agreement of the State executed by the
25 State Treasurer.

26 Section 10. Special provisions governing clean water
27 loans. (a) Scope. The provisions of this section shall apply
28 to loans being made from the proceeds of bonds authorized by this
29 act for clean water projects, other than from funds deposited in
30 the Clean Water Revolving Loan and Grant Fund.

31 (b) Clean Water Bonds Loan Fund. There is established
32 in the Department of State Treasurer a fund to be known as the
33 Clean Water Bonds Loan Fund, which may include any special or
34 segregated accounts the State Treasurer considers appropriate.
35 There shall be deposited in the Clean Water Bonds Loan Fund
36 proceeds of the Clean Water Bonds and notes to be used to make
37 loans, other than loans to be made through the Clean Water
38 Revolving Loan and Grant Fund, to local government units for
39 clean water projects as provided in this act.

40 Except as otherwise permitted by Section 5 of this act
41 with respect to the use of investment earnings, all moneys
42 accruing to the credit of the Clean Water Bonds Loan Fund, other
43 than funds set aside for administrative expenses, including
44 expenses related to determining compliance with applicable

1 requirements of the federal tax law and costs of issuance, shall
2 be used to make loans for the purposes provided in this act. The
3 State Treasurer shall be responsible for making and administering
4 all loans pursuant to the provisions of this section.

5 (c) Application for Loans; Hearings.

6 (1) Eligibility/Initial Hearing.

7 a. Prior to filing an application for a loan, a
8 local government unit shall hold a public
9 hearing. A notice of the public hearing shall
10 be published once at least 10 days before the
11 date fixed for the hearing.

12 b. All applications for loans shall be filed with
13 the Department of Environment, Health, and
14 Natural Resources. The form of the
15 application shall be prescribed by the
16 Department and shall require any information
17 necessary to determine the eligibility for a
18 loan under the provisions of this section.
19 All applications approved by the Department of
20 Environment, Health, and Natural Resources
21 shall be filed with the Local Government
22 Commission. Each applicant shall furnish to
23 the Department of Environment, Health, and
24 Natural Resources and the Local Government
25 Commission information in addition or
26 supplemental to the information contained in
27 its application, upon request.

28 c. A local government unit shall not be eligible
29 for a loan unless it demonstrates to the
30 satisfaction of the Department of Environment,
31 Health, and Natural Resources and the Local
32 Government Commission that:

- 33 1. The applicant is a local government unit;
- 34 2. The applicant has the financial capacity
35 to pay the principal of and interest on
36 its proposed loan as evidenced by the
37 approval of the Local Government
38 Commission;
- 39 3. The applicant has substantially complied
40 or will substantially comply with all
41 applicable laws, rules, regulations, and
42 ordinances, whether federal, State, or
43 local; and

- 1 4. The applicant has agreed by official
2 resolution to adopt and place into effect
3 a schedule of fees and charges or the
4 application of other sources of revenue
5 which will provide adequate funds for
6 proper operation, maintenance, and
7 administration of the project and
8 repayment of all principal and interest
9 on the loan.
- 10 (2) Assessment. The Department of Environment, Health,
11 and Natural Resources may require any applicant to
12 file with its application an assessment of the
13 impact the project for which the funds are sought
14 will have upon meeting the facility needs of the
15 area within which the project is to be located.
- 16 (3) Hearing by the Department of Environment, Health,
17 and Natural Resources or the Local Government
18 Commission. A public hearing may be held by the
19 Department of Environment, Health, and Natural
20 Resources or the Local Government Commission at any
21 time on any application. Public hearings may also
22 be held by the Department of Environment, Health,
23 and Natural Resources in its discretion upon
24 written request from any citizen or taxpayer who is
25 a resident of the county or counties in which the
26 project is to be located or a resident of the local
27 government unit that proposes to borrow moneys
28 under this act, if it appears that the public
29 interest will be served by the hearing. The
30 written request shall set forth each objection to
31 the proposed project or other reason for requesting
32 a hearing on the application and shall contain the
33 name and address of the persons submitting it. In
34 deciding whether to grant a request for a hearing
35 on an application, the Department of Environment,
36 Health, and Natural Resources may consider the
37 application, the written objections to the proposed
38 project, and the facility needs and shall determine
39 if the public interest will be served by a hearing.
40 The determination by the Department of Environment,
41 Health, and Natural Resources shall be conclusive,
42 and all written requests for a hearing shall be
43 retained as a permanent part of the records
44 pertaining to the application.

(4) Petition for Vote. A petition, demanding that the question of whether to enter into a loan agreement with the State under this act be submitted to voters, may be filed with the clerk of the local government unit applying for the loan within 15 days after the public hearing required by this section. The petition's sufficiency shall be determined and a referendum, if any, shall be conducted, according to the standards, procedures, and limitations set out in G.S. 159-60 through G.S. 159-62.

(d) Priorities.

(1) Determination. Determination of priorities to be assigned each eligible project shall be made semiannually by the Department of Environment, Health, and Natural Resources during each fiscal year. Every eligible project shall be considered by the Department of Environment, Health, and Natural Resources with every other project eligible during this same priority period.

(2) Priority Factors. All applications for loans under this act shall be assigned a priority by the Department of Environment, Health, and Natural Resources. Having a comprehensive land-use plan that meets the requirements of G.S. 159G-10(e) shall be a priority factor, and having a plan that meets the requirements of that subsection and exceeds the minimum State standards for protection of the State's water resources shall receive greater priority than having a plan that does not exceed those standards. The Department of Environment, Health, and Natural Resources shall establish other priority factors criteria by rule.

(3) Assignment of Priority. A written statement relative to each priority assigned shall be prepared by the Department of Environment, Health, and Natural Resources and shall be attached to the application. The priority assigned shall be conclusive.

(4) Failure to Qualify. If an application does not qualify for a loan as of the prior period in which the application was eligible for consideration by reason of the priority assigned, the application shall be considered during the next succeeding

1 priority period upon request of the applicant. If
2 the application again fails to qualify for a loan
3 during the second priority period by reason of the
4 priority assigned, the application shall receive no
5 further consideration. An applicant may file a new
6 application at any time and may amend any pending
7 application to include additional data or
8 information.

9 (5) Withdrawal of Commitment. Failure of an applicant
10 within one year after the date of acceptance of the
11 loan to arrange for necessary financing of the
12 proposed project or award of the contract of the
13 construction of the proposed project shall
14 constitute sufficient cause for withdrawal of the
15 commitment. Prior to withdrawal of a commitment,
16 the Department of Environment, Health, and Natural
17 Resources shall give due consideration to any
18 extenuating circumstances presented by the
19 applicant as reasons for failure to arrange
20 necessary financing or to award a contract, and the
21 commitment may be extended for an additional period
22 of time if, in the judgment of the Department of
23 Environment, Health, and Natural Resources, the
24 extension is justified.

25 (e) Disbursement. To be eligible to receive the loans
26 provided for in this section, a local government unit must
27 arrange to borrow the amounts necessary pursuant to rules adopted
28 by the Local Government Commission. No funds shall be disbursed
29 until the Department of Environment, Health, and Natural
30 Resources gives a certificate of eligibility to the effect that
31 the applicant meets all eligibility criteria and that all
32 procedural requirements of this act have been met. The maximum
33 principal amount of a loan shall be one hundred percent (100%) of
34 the cost of any eligible project.

35 (f) Intercept. The governing body of a local
36 government unit shall by resolution authorize to be included in
37 its loan agreement a provision authorizing the State Treasurer,
38 upon failure of the local government unit to make a scheduled
39 repayment of the loan, to withhold from the local government unit
40 any State funds that would otherwise be distributed to the local
41 government unit in an amount sufficient to pay all sums then due
42 and payable to the State as a repayment of the loan. In such
43 event, notwithstanding any other provision of law, the State
44 Treasurer is authorized to withhold and apply such funds to the

1 repayment of the loan, except that such funds shall not be
2 withheld if (i) before the execution of the loan agreement, such
3 funds have been legally pledged to secure special obligation
4 bonds or other obligations of the local government unit, or (ii)
5 after the execution of the loan agreement, such funds are legally
6 pledged to secure special obligation bonds or other obligations
7 of the local government unit as authorized in this subsection.
8 After the execution of a loan agreement, all or any portion of
9 the State funds specified in the loan agreement to be so withheld
10 may be pledged to secure special obligation bonds or other
11 obligations of the local government unit only with the prior
12 written consent of the State Treasurer.

13 The State Treasurer shall notify the Secretary of
14 Revenue and the State Controller of the amount to be withheld
15 from the local government unit, and the Secretary of Revenue and
16 the State Controller shall transfer to the State Treasurer the
17 amount so requested to be applied by the State Treasurer to the
18 repayment of the loan.

19 (g) Inspection. Inspection of a project for which a
20 loan has been made under this act may be performed by qualified
21 personnel of the Department of Environment, Health, and Natural
22 Resources or may be performed by qualified engineers registered
23 in this State approved by the Department of Environment, Health,
24 and Natural Resources. No person shall be approved to perform
25 inspections who is an officer employed by the local government
26 unit to which the loan was made or who is an owner, officer,
27 employer, or agent of a contractor or subcontractor engaged in
28 the construction of the project for which the loan was made. For
29 the purpose of payment of inspection fees, inspection services
30 shall be included in the term "cost" as used in this act.

31 (h) Rules. The State Treasurer, the Local Government
32 Commission, and the Department of Environment, Health, and
33 Natural Resources may adopt, modify, and repeal rules necessary
34 for the administration of their respective duties under this act.
35 Uniform rules may be jointly adopted where feasible and
36 desirable, and no rule, jointly adopted, may be modified or
37 revoked except upon concurrence of all agencies involved.

38 (i) Federal Grants and Loans. In order to carry out
39 the purposes of this act to secure the greatest possible benefits
40 to the citizens of this State of the funds appropriated, the
41 State Treasurer, the Local Government Commission, and the
42 Department of Environment, Health, and Natural Resources shall
43 adopt rules and criteria, not inconsistent with provisions of
44 this act, as are necessary and appropriate to conform to

1 regulations for federal grants and loans for any of the purposes
2 set forth in this act.

3 (j) Reports. The Department of Environment, Health,
4 and Natural Resources shall prepare and file each year on or
5 before July 31 with the Joint Legislative Commission on
6 Governmental Operations a report for the preceding fiscal year
7 concerning the allocation and making of loans authorized by this
8 act. The report shall set forth for the preceding fiscal year:

- 9 (1) Itemized and total allocations of loans authorized
10 and unallocated funds for the loan program as of
11 the end of the preceding fiscal year;
- 12 (2) Identification of each loan agreement entered into
13 by the State during the preceding fiscal year and
14 the total amount of loans authorized by such loan
15 agreements;
- 16 (3) The amount disbursed to each local government unit
17 pursuant to such loan agreements during the
18 preceding fiscal year and the total amount of such
19 disbursements;
- 20 (4) The loan repayments made by each local government
21 unit pursuant to such loan agreements and the total
22 amount of such loan repayments during the preceding
23 fiscal year; and
- 24 (5) A summary for the five preceding years of the
25 information required by subdivisions (1) through
26 (4) of this subsection.

27 The report shall be signed by the Secretary of Environment,
28 Health, and Natural Resources.

29 (k) Local Government Commission.

30 (1) Local government units may execute debt instruments
31 payable to the State in order to obtain loans
32 provided for in this act. Local government units
33 shall pledge or agree to apply as security for such
34 obligations:

- 35 a. Any available source of revenues of the local
36 government unit, including revenues from
37 benefitted facilities or systems, provided
38 that (i) the local government unit has not
39 otherwise pledged the revenues as security
40 for, or contractually agreed to apply the
41 revenues to, the payment of any other
42 obligations of the local government unit, (ii)
43 the use of the revenues is not otherwise
44 restricted by law, or (iii) the revenues are

1 not derived from the exercise of the local
2 government unit's taxing power; or

3 b. Their faith and credit; or

4 c. Any combination of a. or b. above.

5 The faith and credit of a local government
6 unit shall not be pledged or be deemed to have been
7 pledged unless the requirements of Article 4 of
8 Chapter 159 of the General Statutes have been met.
9 The State Treasurer, with the assistance of the
10 Local Government Commission, shall develop and
11 adopt appropriate debt instruments for use under
12 this act.

13 (2) Nothing contained in this act shall prohibit any
14 local government unit from applying any funds of
15 the local government unit not otherwise restricted
16 as to use by law to the payment of any debt
17 instrument payable to the State incurred pursuant
18 to the provisions of this act.

19 (3) The Local Government Commission shall review and
20 approve proposed loans to local government units
21 under this act under the provisions of Articles 4
22 and 5 of Chapter 159 of the General Statutes. The
23 Local Government Commission in considering the
24 ability of a local government unit to repay a loan
25 may regard as a source of revenue for repayment of
26 a loan revenue sources that may not be available
27 other than on an annual discretionary basis and
28 that may not be subject to a pledge or agreement to
29 apply. Loans under this act shall be outstanding
30 debts for the purposes of Article 10 of Chapter 159
31 of the General Statutes.

32 (4) The State Treasurer shall annually certify to the
33 General Assembly the financial condition of the
34 loan program and identify existing delinquencies.

35 Section 11. Minority business participation. The goals
36 set by G.S. 143-128 for participation in projects by minority
37 businesses apply to projects funded by the proceeds of bonds or
38 notes issued under this act. The Department of Environment,
39 Health, and Natural Resources shall monitor compliance with this
40 requirement and shall report to the General Assembly by January 1
41 of each year on the participation by minority businesses in these
42 projects.

43 Section 12. Interpretation of act. (a) Additional
44 Method. The foregoing sections of this act shall be deemed to

1 provide an additional and alternative method for the doing of the
2 things authorized thereby and shall be regarded as supplemental
3 and additional to powers conferred by other laws, and shall not
4 be regarded as in derogation of any powers now existing.

5 (b) Statutory References. References in this act to
6 specific sections or Chapters of the General Statutes or to
7 specific acts are intended to be references to these sections,
8 Chapters, or acts as they may be amended from time to time by the
9 General Assembly.

10 (c) Liberal Construction. This act, being necessary
11 for the health and welfare of the people of the State, shall be
12 liberally construed to effect the purposes thereof.

13 (d) Inconsistent Provisions. Insofar as the provisions
14 of this act are inconsistent with the provisions of any general
15 laws, or parts thereof, the provisions of this act shall be
16 controlling.

17 (e) Severability. If any provision of this act or the
18 application thereof to any person or circumstance is held
19 invalid, such invalidity shall not affect other provisions or
20 applications of the act which can be given effect without the
21 invalid provision or application, and to this end the provisions
22 of this act are declared to be severable.

23 Section 13. Authorize regional planning loans and
24 grants. G.S. 159G-3(4) reads as rewritten:

25 "(4) 'Construction costs' means the actual costs of
26 planning, designing and constructing any project
27 for which a revolving loan or grant is made under
28 this Chapter including planning; environmental
29 assessment; wastewater system analysis, evaluation
30 and rehabilitation; engineering; legal, fiscal,
31 administrative and contingency costs for water
32 supply systems, wastewater collection systems,
33 wastewater treatment works and any extensions,
34 improvements, remodeling, additions, or alterations
35 to existing systems. Construction costs may include
36 excess or reserve capacity costs, attributable to
37 no more than 20-year projected domestic growth,
38 plus ten percent (10%) unspecified industrial
39 growth. In addition, construction costs shall
40 include any fees payable to the Environmental
41 Management Commission or the Division of
42 Environmental Health for review of applications and
43 grant of permits, and fees for inspections under
44 G.S. 159G-14. Construction costs may also include

the costs for purchase or acquisition of real property. The term may also include the costs for planning and designing a regional project or small town project. Funds for planning and designing a regional project or small town project may be advanced prior to construction of the project and may be paid even though the project is never actually constructed. A small town is defined as a municipality with a population of 1,000 or less, based on the most recent annual estimate of population certified by the State Planning Officer."

Section 14. G.S. 159G-4(b) reads as rewritten:

"(b) Of the appropriations made from the General Fund to the Clean Water Revolving Loan and Grant Fund for use of the Department of Environment, Health, and Natural Resources as provided in this Chapter, allocations are made as follows after first subtracting the amounts allocated under subsection (a) of this section, to the extent that there are any excess funds available:

Wastewater Accounts

General Wastewater Revolving		
Loan Account	~~39.00%~~	<u>38.00%</u>
Emergency Wastewater Revolving		
Loan Account	~~10.00%~~	<u>9.00%</u>
High-Unit Cost Wastewater		
Account	~~20.00%~~	<u>22.00%</u>
Water Supply Accounts		
General Water Supply		
Revolving Loan Account	~~21.00%~~	<u>20.00%</u>
High-Unit Cost Water Supply		
Account	~~5.00%~~	<u>7.00%</u>
Emergency Water Supply Revolving		
Loan Account	~~5.00%~~	<u>4.00%</u>

Section 15. G.S. 159G-6 reads as rewritten:

"§ 159G-6. Distribution of funds.

(a) Revolving loans and grants.

(1) All funds appropriated or accruing to the Clean Water Revolving Loan and Grant Fund, other than funds set aside for administrative expenses, shall be used for revolving loans and grants to local government units for construction costs of wastewater treatment works, wastewater collection

1 systems and water supply systems and other
2 assistance as provided in this Chapter.

3 (2) The maximum principal amount of a revolving loan or
4 a grant may be one hundred percent (100%) of the
5 nonfederal share of the construction costs of any
6 eligible project. ~~The maximum principal amount of~~
7 ~~revolving loans made to any one local government~~
8 ~~unit during any fiscal year shall be three million~~
9 ~~dollars (\$3,000,000). The maximum principal amount~~
10 ~~of grants made to any one local government unit~~
11 ~~during any fiscal year shall be one million dollars~~
12 ~~(\$1,000,000).~~ The Department of Environment,
13 Health, and Natural Resources may establish maximum
14 principal amounts for revolving loans and for
15 grants made to the same local government unit in a
16 fiscal year.

17 (3) The State Treasurer shall be responsible for
18 investing and distributing all funds appropriated
19 or accruing to the Clean Water Revolving Loan and
20 Grant Fund for revolving loans and grants under
21 this Chapter. In fulfilling his responsibilities
22 under this section, the State Treasurer shall make
23 a written request to the Department of Environment,
24 Health, and Natural Resources to arrange for the
25 appropriated funds to be (i) transferred from the
26 appropriate accounts to a local government unit to
27 provide funds for one or more revolving loans or
28 grants or (ii) invested as authorized by this
29 Chapter with the interest on and the principal of
30 such investments to be transferred to the local
31 government unit to provide funds for one or more
32 revolving loans or grants.

33 (b) Wastewater Accounts. -- The sums allocated in G.S. 159G-4
34 and accruing to the various Wastewater Accounts in each fiscal
35 year shall be used to make revolving loans and grants to local
36 government units as provided below. The Department of
37 Environment, Health, and Natural Resources shall disburse no
38 funds from the Wastewater Accounts except upon receipt of written
39 approval of the disbursement from the Environmental Management
40 Commission.

41 (1) General Wastewater Revolving Loan and Grant
42 Account. -- The funds in the General Wastewater
43 Revolving Loan and Grant Account shall be used
44 exclusively for the purpose of providing for

- 1 revolving construction loans or grants in
2 connection with approved wastewater treatment work
3 or wastewater collection system projects.
- 4 (2) High-Unit Cost Wastewater Account. -- The funds in
5 the High-Unit Cost Wastewater Account shall be
6 available for grants to applicants for high-unit
7 cost wastewater projects. Eligibility of an
8 applicant for such a grant shall be determined by
9 comparing estimated average household user fees for
10 water and sewer service, for debt service and
11 operation and maintenance costs, to one and one-
12 half percent (1.5%) of the median household income
13 in the ~~county~~ local government unit in which the
14 project is located. The projects which would
15 require estimated average household water and sewer
16 user fees greater than one and one-half percent
17 (1.5%) of the median household income are defined
18 as high-unit cost wastewater projects and will be
19 eligible for a grant equal to the excess cost,
20 subject to the limitations in ~~subsection~~
21 subdivision (a)(2) of this section.
- 22 (3) Emergency Wastewater Revolving Loan Account. -- The
23 funds in the Emergency Wastewater Revolving Loan
24 Account shall be available for revolving emergency
25 loans to applicants in the event the Environmental
26 Management Commission certifies that a serious
27 public health hazard, related to the inadequacy of
28 existing wastewater facilities, is present or
29 imminent in a community.
- 30 (c) Water Supply Accounts. -- The sums allocated in G.S. 159G-
31 4 and accruing to the various Water Supply Accounts in each
32 fiscal year shall be used to provide revolving loans and grants
33 to local government units as provided below. The Department of
34 Environment, Health, and Natural Resources shall disburse no
35 funds from the Water Supply Accounts except upon receipt of
36 written approval of the disbursement from the Division of
37 Environmental Health.
- 38 (1) General Water Supply Revolving Loan and Grant
39 Account. -- The funds in the General Water Supply
40 Revolving Loan and Grant Account shall be used
41 exclusively for the purpose of providing for
42 revolving construction loans and grants in
43 connection with water supply systems generally and
44 not upon a county allotment basis.

- 1 (2) High-Unit Cost Water Supply Account. -- The funds
2 in the High-Unit Cost Water Supply Account shall be
3 available for grants to applicants for high-unit
4 cost water supply systems, on the same basis as
5 provided in G.S. 159G-6(b)(2) for high-unit cost
6 wastewater projects.
- 7 (3) Emergency Water Supply Revolving Loan Account. --
8 The funds in the Emergency Water Supply Revolving
9 Loan Account shall be available for revolving
10 emergency loans to applicants in the event the
11 Division of Environmental Health certifies that a
12 serious public health hazard, related to the water
13 supply system, is present or imminent in a
14 community.
- 15 (d) Repealed by Session Laws 1991, c. 186, s. 4.
- 16 (e) Notwithstanding any other provision of this Chapter, funds
17 in the Water Pollution Control Revolving Fund shall not be
18 available as grants except to the extent permitted by Title VI of
19 the Federal Water Quality Act of 1987 and the regulations
20 thereunder."
- 21 Section 16. G.S. 159G-10 reads as rewritten:
- 22 "**§ 159G-10. Priorities.**
- 23 (a) Determination. -- Determination of priorities to be
24 assigned each eligible application shall be made semiannually by
25 each receiving agency during each fiscal year. Every eligible
26 application filed under G.S. 159G-5(c), G.S. 159G-6(b)(1) or G.S.
27 159G-6(c)(1) shall be considered by the receiving agency with
28 every other application filed under G.S. 159G-5(c), G.S. 159G-
29 6(b)(1) or G.S. 159G-6(c)(1), respectively, and eligible for
30 consideration during the same priority period, to determine the
31 priority to be assigned to each application. The same procedure
32 shall apply to every eligible application filed under G.S. 159G-
33 6(b)(3) and G.S. 159G-6(c)(3) of this Chapter. Any application
34 which does not contain the information required by this Chapter
35 or regulations adopted by the receiving agency(s) shall not be
36 deemed received until such information is furnished by the
37 applicant to the receiving agency.
- 38 (al) (See note) Expired.
- 39 (b) Priority Factors. -- All applications for revolving loans
40 or grants under this Chapter eligible for consideration during
41 each priority period shall be assigned a priority for such funds
42 by the receiving agency. The priority factors ~~shall~~ to be used
43 are listed below; many of these factors are similar to those

1 developed under the North Carolina Clean Water Bond Act of 1977,
2 ~~as provided in this subsection.~~ 1977:

3 (1) General Criteria. -- The existence of a
4 comprehensive land-use plan that meets the
5 requirements of subsection (e) of this section is a
6 general criterion for determining which local
7 government units will receive a loan or grant. A
8 comprehensive land-use plan that meets the
9 requirements of that subsection and exceeds the
10 minimum State standards for protection of the
11 State's water resources shall receive more points
12 than a plan that does not exceed those standards.

13 The general criteria provided in 1 NCAC 22.0401
14 through .0403 on January 1, 1987, shall also apply,
15 except that 1 NCAC 22.0401(c) shall apply only to
16 State funds appropriated to match available federal
17 funds.

18 (2) Wastewater Treatment Work Projects. -- The priority
19 criteria provided in 1 NCAC 22.0501 through .0506
20 on January 1, 1987, shall apply to applications for
21 wastewater treatment work projects, except that 1
22 NCAC 22.0503 shall not apply.

23 (3) Wastewater Collection System Projects. -- The
24 priority criteria provided in 1 NCAC 22.0601
25 through .0606 on January 1, 1987, shall apply to
26 applications for wastewater collection system
27 projects, except that 1 NCAC 22.0601(2)(a) and (3),
28 and 1 NCAC 22.0605(2), (3) and (4) shall not apply.

29 (4) Water Supply System Projects. -- The priority
30 criteria provided in 1 NCAC 22.0701 through .0704
31 on January 1, 1987, shall apply to applications for
32 water supply system projects.

33 (5) The total number of points available in the
34 respective categories shall be deemed adjusted in
35 accordance with the provisions of subdivisions (1)
36 through (4) of this subsection.

37 (c) Assignment of Priority. -- A written statement relative to
38 each priority assigned shall be prepared by the receiving agency
39 and shall be attached to the application. The priority assigned
40 shall be conclusive.

41 (d) Failure to Qualify. -- Any application filed under G.S.
42 159G-5(c), G.S. 159G-6(b) or G.S. 159G-6(c) that does not qualify
43 for a revolving loan or grant as of the priority period in which
44 the application was eligible for consideration by reason of the

1 priority assigned the application shall be considered for a
2 revolving loan or grant during the next succeeding priority
3 period upon request of the applicant. If such application should
4 again fail to qualify for a revolving loan or grant during the
5 second priority period by reason of the priority assigned, the
6 application shall receive no further consideration. An applicant
7 may file a new application at any time, and may amend any pending
8 application to include additional data or information.

9 (e) Land-Use Plan. -- Local units of government are encouraged
10 to adopt comprehensive land-use plans. To qualify as a
11 comprehensive land-use plan, a plan must meet all of the
12 following requirements:

- 13 (1) Be adopted by the governing body of the local
14 government unit covered by the plan.
15 (2) Promote economically and environmentally
16 sustainable development.
17 (3) Establish verifiable goals to be met through
18 compliance with the plan.
19 (4) Be approved by the Office of State Planning."

20 Section 17. Effective date. Sections 13 through 16 of
21 this act become effective only if the voters approve the issuance
22 of the Clean Water Bonds authorized by this act in the election
23 required by Section 7 of this act. The remaining sections of
24 this act are effective when the act becomes law.

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS

June 18, 1997

The Senate Appropriations Committee met at 8:30 a.m. on June 18, 1997. Co-Chair, Senator Aaron Plyler, presided with 28 members being present.

HB 210, Ag. Dept. Name Change, was explained by Senator Charlie Albertson. Senator Odom moved for a favorable report and the motion carried.

Committee substitute for **SB 938, Constr. Worker Training Credit** was presented by Senator Jordan. Mr. Donny Hunter, Assoc. VP, Government Affairs, NC CCS, responded to concerns and questions from the committee. Senator Dannelly moved for a favorable report and the motion carried.

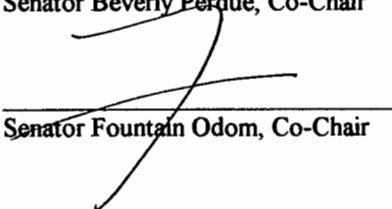
Senator David Hoyle moved for adoption of a PCS for **SB 853**. He then explained the bill, **Rev. Officers Police Powers**. Senator Odom presented a technical amendment, which would eliminate the \$45,385 in the 2nd fiscal year. The motion carried. Mr. Dewey Sanders, Asst. Sec., Field Ops., Rev. Dept., spoke on behalf of the bill. Senator Hoyle requested that Sabre Faires, a former General Assembly staff member now with the Revenue Department, draft an amendment to clean up the bill to reflect that it "only refers to criminals - not someone who just forgot to pay a tax. It's for protection from dangerous criminals." No action was taken on this bill. The Chair announced that a meeting on the Senate Floor would be called to handle the amendment.

The meeting adjourned at 9:30 a.m.

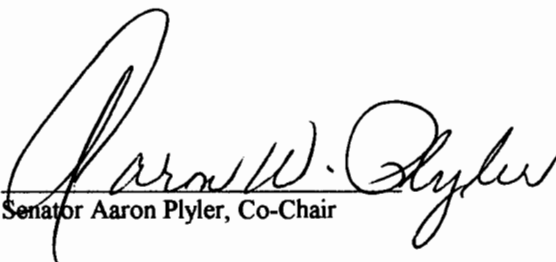
Respectfully submitted,



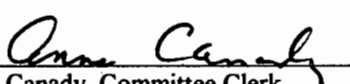
Senator Beverly Perdue, Co-Chair



Senator Fountain Odom, Co-Chair



Senator Aaron Plyler, Co-Chair



Anne Canady, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair

Senator Perdue, Co-Chair

Wednesday, June 18, 1997

Senator Plyler

submits the following with recommendations as to passage:

FAVORABLE

H.B. 210

Ag Dept. Name Change

Sequential Referral: none

Recommended Referral: none

S.B.(CS) 938

Construction Worker Training Credit

Sequential Referral: none

Recommended Referral: none

TOTAL REPORTED: 2

Committee Clerk Comment:

All done

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

*Albritton EG,
J.R. Adam*

H

1

HOUSE BILL 210*

Short Title: Ag Dept. Name Change.

(Public)

Sponsors: Representatives Brown; and Yongue.

Referred to: Agriculture.

February 17, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO CHANGE THE NAME OF THE NORTH CAROLINA
3 DEPARTMENT OF AGRICULTURE TO THE NORTH CAROLINA
4 DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 19A-22 reads as rewritten:

7 "§ 19A-22. Animal Welfare Section in Animal Health Division of Department of
8 Agriculture created; Director.

9 There is hereby created within the Animal Health Division of the North Carolina
10 Department of ~~Agriculture~~; Agriculture and Consumer Services, a new section
11 thereof, to be known as the Animal Welfare Section of said division.

12 The Commissioner of Agriculture is hereby authorized to appoint a Director of
13 said section whose duties and authority shall be determined by the Commissioner
14 subject to the approval of the Board of Agriculture and subject to the provisions of
15 this Article.

16 Section 2. G.S. 19A-23(8) reads as rewritten:

17 "(8) 'Director' means the Director of the Animal Welfare Section of
18 the Animal Health Division of the Department of ~~Agriculture~~.
19 Agriculture and Consumer Services."

20 Section 3. G.S. 62-102(b)(6) reads as rewritten:

21 "(6) The Department of ~~Agriculture~~; Agriculture and Consumer
22 Services;"

23 Section 4. G.S. 66-58(b)(2) reads as rewritten:

"(2) The Department of Human Resources, the Department of Environment, Health, and Natural Resources, or the Department of Agriculture and Consumer Services for the sale of serums, vaccines, and other like products."

Section 5. G.S. 66-58(b)(13b) reads as rewritten:

"(13b) The Department of Agriculture and Consumer Services with regard to its lessees at farmers' markets operated by the Department."

Section 6. G.S. 66-58(c)(7) and (8) read as rewritten:

"(7) The operation by penal, correctional or facilities operated by the Department of Human Resources or by the ~~State~~ Department of ~~Agriculture~~, Agriculture and Consumer Services, of dining rooms for the inmates or clients or members of the staff while on duty and for the accommodation of persons visiting such inmates or clients, and other bona fide visitors.

(8) The sale by the Department of Agriculture and Consumer Services of livestock, poultry and publications in keeping with its present livestock and farm program."

Section 7. G.S. 81A-9(2) reads as rewritten:

"(2) Authorized Agent. -- An 'authorized agent' is any employee of the North Carolina Department of Agriculture and Consumer Services designated by the Commissioner to enforce any provisions of this Chapter and who is designated by an official identification card issued by the Commissioner."

Section 8. G.S. 81A-29 reads as rewritten:

"§ 81A-29. Offenses and penalties.

Any person who violates any provision of this section or any provision of this Chapter or regulations promulgated pursuant thereto for which a specific penalty has not been prescribed shall be guilty of a Class 2 misdemeanor upon a first conviction. Upon a subsequent conviction thereof, said person shall be guilty of a Class 1 misdemeanor. No person shall:

- (1) Use or have in possession for use in commerce any incorrect weight or measure.
- (2) Remove any tag, seal, or mark from any weight or measure without specific written authorization from the Commissioner or his authorized agent.
- (3) Hinder or obstruct any weights-and-measures official in the performance of his duties.
- (4) Impersonate in any way any employee of the North Carolina Department of Agriculture and Consumer Services designated by the Commissioner to enforce any part of this Chapter.
- (5) Use in retail trade, except in the preparation of packages put up in advance of sale, a weighing or measuring device which is not so positioned so that its indications may be accurately read and

1 the weighing or measuring operation observed from some
2 position which may be reasonably assumed by a customer.

3 (6) Manufacture, use or possess a counterfeit seal, tag, mark,
4 certificate, label or decal representing, imitating or copying the
5 same issued by the Commissioner under this Chapter."

6 Section 9. G.S. 81A-51(3) reads as rewritten:

7 "(3) 'Department' means the North Carolina Department of
8 ~~Agriculture~~ Agriculture and Consumer Services."

9 Section 10. G.S. 81A-71 reads as rewritten:

10 **"§ 81A-71. Prerequisites for scale technician.** It shall be unlawful for any scale
11 technician to render service as a scale technician until after he or she has compiled
12 with the following requirements:

13 (1) Obtained from the Department of Agriculture and Consumer
14 Services a copy of this Article, a copy of regulations pertinent to
15 said Article, and an application form for registration.

16 (2) to (4) Repealed by Session Laws 1983, c. 111, s. 2, effective July 1,
17 1983.

18 (5) Obtained a registration card or certificate from the Commissioner
19 or his authorized agent and a model form of service certificate.

20 (6) Obtained from the Department an annual certification of the
21 standards of weight which will be used by the scale technician.

22 The provisions of this Article shall not apply to a full-time employee who renders
23 service only on a scale or weighing device, or on scales or weighing devices, owned
24 solely by his or her employer unless additional pay or compensation is received for
25 such service."

26 Section 11. G.S. 90-187.10(10) reads as rewritten:

27 "(10) Any person employed by the North Carolina Department of
28 Agriculture and Consumer Services as a livestock inspector or by
29 the U.S. Department of Agriculture as an animal health
30 technician from performing regular duties assigned to him or her
31 during the course and scope of that person's employment."

32 Section 12. G.S. 105-130.37(b)(2) reads as rewritten:

33 "(2) 'Market price' means the season average price of the crop as
34 determined by the North Carolina Crop and Livestock Reporting
35 Service in the Department of ~~Agriculture~~, Agriculture and
36 Consumer Services, or the average price of the crop in the
37 nearest local market for the month in which the crop is gleaned if
38 the Crop and Livestock Reporting Service does not determine the
39 season average price for that crop; and".

40 Section 13. G.S. 105-151.14(b)(2) reads as rewritten:

41 "(2) 'Market price' means the season average price of the crop as
42 determined by the North Carolina Crop and Livestock Reporting
43 Service in the Department of ~~Agriculture~~, Agriculture and
44 Consumer Services, or the average price of the crop in the

1 nearest local market for the month in which the crop is gleaned if
2 the Crop and Livestock Reporting Service does not determine the
3 season average price for that crop; and".

4 Section 14. G.S. 105-259(b)(14) reads as rewritten:

5 "(14) To exchange information concerning a tax imposed by
6 Subchapter V of this Chapter with the Standards Division of the
7 Department of Agriculture and Consumer Services when the
8 information is needed to administer the Gasoline and Oil
9 Inspection Act, Article 3 of Chapter 119 of the General Statutes."

10 Section 15. The Title to Article 1 of Chapter 106 reads as rewritten:

11 "ARTICLE 1.

12 Department of ~~Agriculture~~: Agriculture and Consumer Services."

13 Section 16. G.S. 106-2 reads as rewritten:

14 "§ 106-2. Department of Agriculture and Consumer Services established; Board of
15 Agriculture, membership, terms of office, etc.

16 The Department of Agriculture and Consumer Services is created and established
17 and shall be under the control of the Commissioner of Agriculture, with the consent
18 and advice of a board to be styled "The Board of Agriculture." The Board of
19 Agriculture shall consist of the Commissioner of Agriculture, who shall be ex officio
20 a member and chairman thereof and shall preside at all meetings, and of 10 other
21 members from the State at large, so distributed as to reasonably represent the
22 different sections and agriculture of the State. In the appointment of the members of
23 the Board the Governor shall also take into consideration the different agricultural
24 interests of the State, and shall appoint one member who shall be a practical tobacco
25 farmer to represent the tobacco farming interest, one who shall be a practical cotton
26 grower to represent the cotton interest, one who shall be a practical truck farmer or
27 general farmer to represent the truck and general farming interest, one who shall be a
28 practical dairy farmer to represent the dairy and livestock interest of the State, one
29 who shall be a practical poultryman to represent the poultry interest of the State, one
30 who shall be a practical peanut grower to represent the peanut interests, one who
31 shall be experienced in marketing to represent the marketing of products of the State.
32 The members of such Board shall be appointed by the Governor by and with the
33 consent of the Senate, when the terms of the incumbents respectively expire. The
34 term of office of such members shall be six years and until their successors are duly
35 appointed and qualified. The terms of office of the five members constituting the
36 present Board of Agriculture shall continue for the time for which they were
37 appointed. In making appointments for the enlarged Board of Agriculture, the
38 Governor shall make the appointments so that the term of three members will be for
39 two years, three for four and four for six years. Thereafter the appointments shall be
40 made for six years. Vacancies in such Board shall be filled by the Governor for the
41 unexpired term. The Commissioner of Agriculture and the members of the Board of
42 Agriculture shall be practical farmers engaged in their profession."

43 Section 17. G.S. 106-17 reads as rewritten:

44 "§ 106-17. Acquisition of research farm.

1 The Department of Agriculture and Consumer Services is hereby authorized and
2 empowered to acquire by purchase, gift, donation, or lease, a tract or boundary of
3 land of not less than 100 acres in the sandhill section of North Carolina, and in
4 northeastern North Carolina composed of the Counties of Camden, Chowan,
5 Currituck, Gates, Pasquotank and Perquimans, to be developed and used as a
6 'research farm' for the purposes of work in investigation in agriculture.

7 Such 'research farm' when acquired and established shall be operated, managed
8 and controlled as other 'research farms' in the State."

9 Section 18. G.S. 106-18 reads as rewritten:

10 **"§ 106-18. Peanut research farm.**

11 The Department of Agriculture and Consumer Services is hereby authorized and
12 directed to purchase, establish and operate a research farm in some suitable place in
13 the peanut section of eastern North Carolina for the purpose of studying the growing
14 of peanuts, looking toward the improvement of seed, fertilizer, the control of disease,
15 through experiments, and such other matters pertaining to the growth and
16 improvement of the quality of peanuts. The said research farm to be purchased and
17 established in time for operation not later than January 1, 1938. In doing this work
18 the Department of Agriculture is authorized to make such reasonable expenditures
19 for establishing and operating such peanut research farm as may be necessary for its
20 proper conduct and in the same way as is now being done for the other research
21 farms in the State. The research farm shall be established, operated and controlled by
22 the Department of Agriculture as the other research farms for the study of other farm
23 crops."

24 Section 19. G.S. 106-19 reads as rewritten:

25 **"§ 106-19. State Chemist; duties of office.**

26 The Department of Agriculture and Consumer Services shall employ an analyst or
27 State Chemist skilled in agricultural chemistry, and such assistants as may be
28 necessary. It shall be the duty of the State Chemist to analyze such fertilizers and
29 products as may be required by this Department, and to aid as far as practicable in
30 suppressing fraud in the sale of commercial fertilizers. He shall also, under the
31 direction of the Department, analyze for citizens of the State such samples of ores,
32 minerals, mineral and potable waters, soils, marls and phosphates as may be deemed
33 by the Department of benefit to the development of the material interest of the State,
34 when such samples are supplied under rules by the Department, and he shall carry
35 on such other investigations as the Department may direct. He shall make regular
36 reports to the Department of all analyses, assays, and experiments made, which shall
37 be furnished when deemed needful to such newspapers as will publish the same."

38 Section 20. G.S. 106-21 reads as rewritten:

39 **"§ 106-21. Timber conditions to be investigated and reported.**

40 The Department of Agriculture and Consumer Services shall investigate and report
41 upon the conditions of the timber in North Carolina, and recommend such legislation
42 as will promote the growth thereof and preserve the same."

43 Section 21. G.S. 106-21.1 reads as rewritten:

44 **"§ 106-21.1. Feed Advisory Service; fee.**

1 The Department of Agriculture and Consumer Services shall operate a Feed
2 Advisory Service for the analysis of animal feeds in order to provide a feeding
3 management service to all animal producers in North Carolina. A fee of ten dollars
4 (\$10.00) shall accompany each feed sample sent to the Department for testing. A fee
5 of seventy-five dollars (\$75.00) shall accompany each feed sample which is to be
6 tested for the presence of fumonisin."

7 Section 22. G.S. 106-21.2 reads as rewritten:

8 **"§ 106-21.2. Food Bank information and referral service.**

9 The Department of Agriculture and Consumer Services may maintain an
10 information and referral service for persons and organizations that have notified the
11 department of their desire to donate food to a nonprofit organization or a nonprofit
12 corporation."

13 Section 23. G.S. 106-22.1 reads as rewritten:

14 **"§ 106-22.1. State farms.** State-owned farmland, including timberland, allocated to
15 the Department of Agriculture and Consumer Services for the State Farm Program,
16 shall be managed by the Department for research, teaching, and demonstration in
17 agriculture, forestry, and aquaculture. Research projects on the State farms shall be
18 approved by the Department. The Department may sell surplus commodities
19 produced on the farms."

20 Section 24. G.S. 106-22.2 reads as rewritten:

21 **"§ 106-22.2. Museum of Natural Sciences; Maritime Museum; disposition of objects.**

22 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
23 or any other law pertaining to surplus State property, the Department of Agriculture
24 and Consumer Services may sell or exchange any object from the collections of the
25 Museum of Natural Sciences and the Maritime Museum when it would be in the best
26 interests of the Museums to do so. Sales or exchanges shall be conducted in
27 accordance with generally accepted practices for accredited museums. If an object is
28 sold, the net proceeds of the sale shall be deposited in the State treasury to the credit
29 of a special fund to be used for the improvement of the Museums' collections or
30 exhibits."

31 Section 25. G.S. 106-24 reads as rewritten:

32 **"§ 106-24. Collection and publication of information relating to agriculture;
33 cooperation.**

34 The Department of Agriculture and Consumer Services shall collect, compile,
35 systematize, tabulate, and publish statistical information relating to agriculture. The
36 Department is authorized to use sample surveys to collect primary data relating to
37 agriculture. The Department is authorized to cooperate with the United States
38 Department of Agriculture and the several boards of county commissioners of the
39 State, to accomplish the purpose of this Part."

40 Section 26. G.S. 106-24.1 reads as rewritten:

41 **"§ 106-24.1. Confidentiality of information collected and published.**

42 All information published by the Department of Agriculture and Consumer
43 Services pursuant to this Part shall be classified so as to prevent the identification of
44 information received from individual farm operators. All information received

1 pursuant to this Part from individual farm operators shall be held confidential by the
2 Department and its employees. Information collected by the Department from
3 individual farm operators for the purposes of its animal health programs may be
4 disclosed by the State Veterinarian when, in his judgment, the disclosure will assist in
5 the implementation of these programs."

6 Section 27. G.S. 106-65.23 reads as rewritten:

7 "**§ 106-65.23. Structural Pest Control Division of Department of Agriculture and**
8 **Consumer Services recreated; Director; Structural Pest Control Committee created;**
9 **appointment; terms; quorum.**

10 There is hereby recreated, within the North Carolina Department of ~~Agriculture,~~
11 Agriculture and Consumer Services, a Division thereof, to be known as the Structural
12 Pest Control Division of said Department. The Commissioner of Agriculture is
13 hereby authorized to appoint a Director of said Division whose duties and authority
14 shall be determined by the Commissioner. Said Director shall act as secretary to the
15 Structural Pest Control Committee herein created.

16 There is hereby created a Structural Pest Control Committee to be composed of
17 the following members. The Commissioner shall appoint one member of the
18 Committee who is not in the structural pest control business for a four-year term.
19 The Commissioner of Agriculture shall designate an employee of the Department of
20 Agriculture and Consumer Services to serve on said Committee at the pleasure of the
21 Commissioner. The dean of the School of Agriculture of North Carolina State
22 University at Raleigh shall appoint one member of the Committee who shall serve for
23 one term of two years and who shall be a member of the entomology faculty of said
24 University. The vacancy occurring on the Committee by the expired term of the
25 member from the entomology faculty of said University shall be filled by the dean of
26 the School of Agriculture of North Carolina State University at Raleigh who shall
27 designate any person of his choice from the entomology faculty of said University to
28 serve on said Committee at the pleasure of the dean. The Secretary of Environment,
29 Health, and Natural Resources shall appoint one member of the Committee who shall
30 be an epidemiologist in the Division of Health Services and who shall serve at the
31 pleasure of the Secretary. The Governor shall appoint two members of said
32 Committee who are actively engaged in the pest control industry, who are licensed in
33 at least two phases of structural pest control as provided under G.S. 106-65.25(a), and
34 who are residents of the State of North Carolina but not affiliates of the same
35 company. The initial Committee members from the pest control industry shall be
36 appointed as follows: one for a two-year term and one for a three-year term. The
37 Governor shall appoint one member of the Committee who is a public member and
38 who is unaffiliated with the structural pest control industry, the pesticide industry, the
39 Department of ~~Agriculture,~~ Agriculture and Consumer Services, the Department of
40 Environment, Health, and Natural Resources and the School of Agriculture at North
41 Carolina State University at Raleigh. The initial public member shall be appointed
42 for a term of two years, commencing July 1, 1991. After the initial appointments by
43 the Governor, all ensuing appointments by the Governor shall be for terms of four
44 years. Any vacancy occurring on the Committee by reason of death, resignation, or

1 otherwise shall be filled by the Governor or the Commissioner of Agriculture, as the
2 case may be, for the unexpired term of the member whose seat is vacant. A member
3 of the Committee appointed by the Governor shall not succeed himself.

4 The Committee shall make final decisions under this Article concerning licenses,
5 certified applicator cards, and identification cards. The Committee shall report
6 annually to the Board of Agriculture the action taken in the Committee's final
7 decisions and the financial status of the Structural Pest Control Division.

8 The Director shall be responsible for and answerable to the Commissioner of
9 Agriculture as to the operation and conduct of the Structural Pest Control Division.

10 Each member of the Committee who is not an employee of the State shall receive
11 as compensation for services per diem and necessary travel expenses and registration
12 fees in accordance with the provisions as outlined for members of occupational
13 licensing boards and currently provided for in G.S. 93B-5. Such per diem and
14 necessary travel expenses and registration fees shall apply to the same effect that G.S.
15 93B-5 might hereafter be amended.

16 Four members of the Committee shall constitute a quorum but no action at any
17 meeting of the Committee shall be taken without four votes in accord. The chairman
18 shall be entitled to vote at all times.

19 The Committee shall meet at such times and such places in North Carolina as the
20 chairman shall direct; provided, however, that four members of the Committee may
21 call a special meeting of the Committee on five days' notice to the other members
22 thereof.

23 Except as otherwise provided herein, all members of the Committee shall be
24 appointed or designated, as the case may be, prior to and shall commence their
25 respective terms on July 1, 1967.

26 At the first meeting of the Committee they shall elect a chairman who shall serve
27 as such at the pleasure of the Committee."

28 Section 28. G.S. 106-65.24(8a) reads as rewritten:

29 "(8a) 'Director' means the Director of the Structural Pest Control
30 Division of the Department of ~~Agriculture~~. Agriculture and
31 Consumer Services."

32 Section 29. G.S. 106-65.24(9a) reads as rewritten:

33 "(9a) 'Enforcement agency' means the Structural Pest Control Division
34 of the Department of ~~Agriculture~~. Agriculture and Consumer
35 Services."

36 Section 30. G.S. 106-65.44(4) reads as rewritten:

37 "(4) The term 'Division of Entomology' means the Division of the
38 Department of Agriculture ~~so named~~. and Consumer Services."

39 Section 31. G.S. 106-65.69(3) reads as rewritten:

40 "(3) Commissioner. -- The Commissioner of ~~the Department of~~
41 ~~Agriculture~~ of this State or any officer or employee of ~~said the~~
42 Department of Agriculture and Consumer Services or designated
43 cooperator to whom authority to act in his stead has been or
44 hereafter may be delegated."

1 Section 32. G.S. 106-121(2) reads as rewritten:

2 "(2) The term 'Commissioner' means the Commissioner of
3 Agriculture; the term 'Department' means the Department of
4 ~~Agriculture~~, Agriculture and Consumer Services, and the term
5 'Board' means the Board of Agriculture."

6 Section 33. G.S. 106-134(8) reads as rewritten:

7 "(8) If it has been found by the Department of Agriculture and
8 Consumer Services to be a drug liable to deterioration, unless it is
9 packaged in such form and manner, and its label bears a
10 statement of such precautions, as the Board of Agriculture shall
11 by regulations require as necessary for the protection of public
12 health. No such regulation shall be established for any drug
13 recognized in an official compendium until the Commissioner of
14 Agriculture shall have informed the appropriate body charged
15 with the revision of such compendium of the need for such
16 packaging or labeling requirements and such body shall have
17 failed within a reasonable time to prescribe such requirements."

18 Section 34. G.S. 106-141.1 reads as rewritten:

19 "§ 106-141.1. Inspections of donated food. (a) The Department of Agriculture and
20 Consumer Services is authorized to inspect for compliance with the provisions of
21 Article 12 of Chapter 106 of the North Carolina General Statutes, food items donated
22 for use or distribution by nonprofit organizations or nonprofit corporations, and may
23 establish procedures for the handling of the food items, including reporting
24 procedures concerning the donation of food.

25 (b) The Department of Agriculture and Consumer Services may apply to Superior
26 Court for injunctive relief restraining the violation of this section.

27 (c) Nothing in this section shall limit the duties or responsibilities of the
28 Commission for Health Services or the local boards of health."

29 Section 35. G.S. 106-145.2(5) reads as rewritten:

30 "(5) Department. -- The Department of ~~Agriculture~~, Agriculture and
31 Consumer Services."

32 Section 36. G.S. 106-185(a) reads as rewritten:

33 "(a) Scope. -- This Article gives the Department of Agriculture and Consumer
34 Services the authority to investigate marketing conditions for and establish and
35 maintain standard grades, packages, and State brands for farm products. As used in
36 this Article, the term 'farm products' means farm crops, horticultural crops, and
37 animal products."

38 Section 37. G.S. 106-202.14(a) reads as rewritten:

39 "(a) The North Carolina Plant Conservation Board is created within the
40 Department of ~~Agriculture~~, Agriculture and Consumer Services."

41 Section 38. G.S. 106-202.14(b)(6) reads as rewritten:

42 "(6) The Department of ~~Agriculture~~, Agriculture and Consumer
43 Services."

44 Section 39. G.S. 106-202.15(12) reads as rewritten:

"(12) To promulgate regulations under which the Department of Agriculture and Consumer Services may issue permits to licensed nurserymen, commercial growers, scientific supply houses and botanical gardens for the sale or distribution of plants on the protected list provided that the plants are nursery propagated and grown horticulturally from seeds or by vegetative propagation of cuttings, meristems or other similar materials and that the plants bear the grower's permit number."

Section 40. G.S. 106-202.19(a)(7) reads as rewritten:

"(7) To fail to keep records as required under this Article, to refuse to make records available for inspection by the Board or its agent, or to use forms other than those provided for the current year or harvest season by the Department of ~~Agriculture~~; Agriculture and Consumer Services."

Section 41. G.S. 106-202.19(b) reads as rewritten:

"(b) The Commissioner or any employee of the Department of Agriculture and Consumer Services designated by the Commissioner to enforce the provisions of this Article, may enter any place within the State at all reasonable times where plant materials are being grown, transported or offered for sale and require the presentation for inspection of all pertinent papers and records relative to the provisions of this Article, after giving notice in writing to the owner or custodian of the premises to be entered. If he refuses to consent to the entry, the Commissioner may apply to any district court judge and the judge may order, without notice, that the owner or custodian of the place permit the Commissioner to enter the place for the purposes herein stated and failure by any person to obey the order may be punished as for contempt."

Section 42. G.S. 106-245.14(12) reads as rewritten:

"(12) 'Lots' means a physical grouping of eggs or containers with eggs therein, as determined by the North Carolina Department of ~~Agriculture~~; Agriculture and Consumer Services."

Section 43. G.S. 106-245.31(3) reads as rewritten:

"(3) 'Department' means the North Carolina Department of ~~Agriculture~~; Agriculture and Consumer Services."

Section 44. G.S. 106-251 reads as rewritten:

"§ 106-251. Department of Agriculture and Consumer Services to enforce law; examinations."

It shall be the duty of the Department of Agriculture and Consumer Services to enforce this Article, and the Board of Agriculture shall cause to be made by the experts of the Department such examinations of plants and products named herein as are necessary to insure the compliance with the provisions of this Article. For the purpose of inspection, the authorized experts of the Department shall have authority, during business hours, to enter all plants or storage rooms where cream, ice cream, butter, or cheese or ingredients used in the same are made, stored, or kept, and any person who shall hinder, prevent, or attempt to prevent any duly authorized expert

1 of the Department in the performance of his duty in connection with this Article
2 shall be guilty of a violation of this Article."

3 Section 45. G.S. 106-266.6(5) reads as rewritten:

4 "(5) 'Health authorities' includes the Department of Environment,
5 Health, and Natural Resources, the State North Carolina
6 Department of ~~Agriculture~~, Agriculture and Consumer Services,
7 the Commissioner of Agriculture, and the local health
8 authorities."

9 Section 46. G.S. 106-268 reads as rewritten:

10 "§ 106-268. Definitions; enforcement of Article.

11 The definitions set forth in this section shall apply to milk, dairy products, ice
12 cream, frozen desserts, frozen confections or any other products which purport to be
13 milk, dairy products or frozen desserts for which a definition and standard of identity
14 has been established and when any of such products heretofore enumerated shall be
15 sold, offered for sale or held with intent to sell by a milk producer, manufacturer or
16 distributor, and insofar as practicable and applicable, the definitions contained in
17 Article 12 of Chapter 106 of the General Statutes, as amended, shall be effective as to
18 the products enumerated in this Article and section.

19 The term 'adulteration' means:

- 20 (1) Failure to meet definitions and standards as established by the
21 Board of Agriculture.
22 (2) If any valuable constituent has been in whole or in part omitted
23 or abstracted therefrom.
24 (3) If any substance has been substituted wholly or in part thereof.
25 (4) If it is adjudged to be unfit for human consumption.

26 The term 'misbranded' means:

- 27 (1) If its labeling is false or misleading in any particular.
28 (2) If it is offered for sale under the name of another dairy product
29 or frozen dessert.
30 (3) If it is sold in package form unless it bears a prominent label
31 containing the name of the defined product, name and address of
32 the producer, processor or distributor and carries an accurate
33 statement of the quantity of contents in terms of weight or
34 measure.

35 The Department of ~~Agriculture~~, Agriculture and Consumer Services, through its
36 agents or inspectors, shall have free access during business hours to all places of
37 business, buildings, vehicles, cars, storage places, containers and vessels used in the
38 production, testing, processing and distribution of milk, cream, butter, cheese, ice
39 cream, frozen dessert or any dairy product for which standards of purity and of
40 identity have been established, as well as any substance which purports to be milk,
41 dairy products, frozen dessert or confection for which a definition and standard of
42 purity has been established; the Department of ~~Agriculture~~, acting through its duly
43 authorized agents and inspectors, may open any box, carton, parcel, package or
44 container holding or containing, or supposed to hold or contain any of the

1 above-enumerated dairy products, as well as related products, and may take
2 therefrom samples for analysis, test or inspection. If it appears that any of the
3 provisions of this Article or of this section have been violated, or whenever a duly
4 authorized agent of the Department of ~~Agriculture~~ has cause to believe that any
5 milk, cream, butter, cheese, ice cream, frozen dessert or any dairy product for which
6 standards of purity and of identity have been established or any substance which
7 purports to be milk, a dairy product or a frozen dessert for which a definition and
8 standard of identity has been established, is adulterated or misbranded or by reason
9 of contamination with microorganisms has become deleterious to health during
10 production, processing or distribution, and such products, or any of them, are in a
11 stage of production, or are being exposed for sale, or are being held for processing or
12 distribution or such products are being held with intent to sell the same, such agent
13 or inspector is hereby authorized to issue a 'stop-sale' order which shall prohibit
14 further sale of any of the products above enumerated or which shall prohibit further
15 processing, production or distribution of any of the products above enumerated. The
16 agent or inspector shall affix to such product a tag or other appropriate marking
17 giving notice that such product is, or is suspected of, being adulterated, misbranded
18 or contaminated and that the same has been detained or embargoed, and warning all
19 persons not to remove or dispose of such product, by sale or otherwise, until
20 permission for removal or disposal is given by such agent or inspector, until the law
21 or regulation has been complied with or said violation has otherwise been legally
22 disposed of. It shall be unlawful for any person to remove or dispose of any
23 embargoed product, by sale or otherwise, without such permission: Provided, that if
24 such adulteration or misbranding can be corrected by proper labeling or processing of
25 the products so that the products meet the definitions and standards of purity and
26 identity, then with the approval of such agent or inspector, sale and removal may be
27 made. Any milk, dairy products or any of the products enumerated in this Article or
28 section not in compliance with this Article or section shall be subject to seizure upon
29 complaint of the Commissioner of Agriculture, or any of the agents or inspectors of
30 the Department of ~~Agriculture~~, Agriculture and Consumer Services, to a court of
31 competent jurisdiction in the area in which said products are located. In the event the
32 court finds said products, or any of them, to be in violation of this Article or of this
33 section, the court may order the condemnation of said products, and the same shall
34 be disposed of in any manner consistent with the rules and regulations of the Board
35 of Agriculture and the laws of the State and in such a manner as to minimize any loss
36 or damage as far as possible: Provided, that in no instance shall the disposition of said
37 products be ordered by the court without first giving the claimant or owner of same
38 an opportunity to apply to the court for the release of said products or for permission
39 to again process or relabel the same so as to bring the product in compliance with
40 this Article or section. In the event any 'stop-sale' order shall be issued under the
41 provisions of this Article or section, the agents, inspectors or representatives of the
42 Department of Agriculture and Consumer Services shall release the products, or any
43 of them, so withdrawn from sale when the requirements of the provisions of this

1 Article and section have been complied with and upon payment of all costs and
2 expenses incurred in connection with the withdrawal."

3 Section 47. G.S. 106-277.9(7) reads as rewritten:

4 "(7) To use the name of the Department of Agriculture and Consumer
5 Services or the results of tests and inspections made by the
6 Department for advertising purposes."

7 Section 48. G.S. 106-277.28(3) reads as rewritten:

8 "(3) Each seed dealer or grower who has seed, whether originated or
9 labeled by the dealer or grower, that is offered for sale in this
10 State shall report the quantity of seed offered for sale and pay an
11 inspection fee of two cents (2¢) for each container of seeds
12 weighing 10 pounds or more. Seed shall be subject to the
13 inspection fee and reporting requirements only once in any 12-
14 month period. This fee does not apply to seed grown by a farmer
15 and offered for sale by the farmer at the farm where the seed was
16 grown.

17 Each seed dealer or grower shall keep accurate records of
18 the quantity of seeds and container weights offered for sale from
19 each distribution point in the State. These records shall be
20 available to the Commissioner or an authorized representative of
21 the Commissioner at any and all reasonable hours for the purpose
22 of verifying the quantity of seed offered for sale and the fees paid.
23 Each seed dealer or grower shall report quarterly on forms
24 furnished by the Commissioner the quantity and container weight
25 of seeds first offered for sale that quarter. The reports shall be
26 made on the first day of January, April, July, and October, or
27 within 10 days thereafter. Inspection fees shall be due and paid
28 with the next quarterly report filed after the seed is first offered
29 for sale. If the report is not filed and the inspection fees paid to
30 the Department of Agriculture and Consumer Services by the
31 tenth day following the date due, or if the report of the quantity
32 or container weights is false, the Commissioner may issue a stop-
33 sale order for all seed offered for sale by the dealer or grower. If
34 the inspection fees are unpaid more than 15 days after the due
35 date, the amount due shall bear a penalty of ten percent (10%)
36 which shall be added to the inspection fees due."

37 Section 49. G.S. 106-307.1 reads as rewritten:

38 "§ 106-307.1. Serums, vaccines, etc., for control of animal diseases.

39 The North Carolina Department of Agriculture and Consumer Services is
40 authorized and empowered to purchase for resale serums, viruses, vaccines, biologics,
41 and other products for the control of animal and poultry diseases. The resale of said
42 serums, viruses, vaccines, biologics and other products shall be at a reasonable price
43 to be determined by the Commissioner of Agriculture."

44 Section 50. G.S. 106-313 reads as rewritten:

1 "§ 106-313. Price of serum to be fixed.

2 The Department of Agriculture and Consumer Services shall fix the price of
3 anti-hog-cholera serum at such an amount as will cover the cost of production."

4 Section 51. G.S. 106-322.3(10) reads as rewritten:

5 "(10) Where the owner has failed to submit the reports required by the
6 United States Department of Agriculture and the North Carolina
7 ~~Departments~~ Department of Agriculture and Consumer Services
8 for animals on which indemnity is paid under Article 34."

9 Section 52. G.S. 106-418.10 reads as rewritten:

10 "§ 106-418.10. Prohibited conduct.

11 It shall be unlawful for any person to:

12 (1) Carry on or conduct the business of a livestock dealer without a
13 current valid license issued by the North Carolina Department of
14 Agriculture and Consumer Services under the provisions of this
15 Article;

16 (2) Fail to keep the records required by G.S. 106-418.13."

17 Section 53. G.S. 106-426 reads as rewritten:

18 "§ 106-426. Expert graders to be employed; cooperation with United States
19 Department of Agriculture.

20 The North Carolina Department of Agriculture and Consumer Services shall have
21 authority to employ expert cotton graders to grade cotton in this State under such
22 rules and regulations as it may adopt. The ~~North Carolina Department of Agriculture~~
23 may seek the aid of the United States Department of Agriculture in the prosecution
24 of this work, and shall have authority to enter into such contracts or arrangements as
25 shall be mutually agreeable in furtherance of the object and purpose of this Article."

26 Section 54. G.S. 106-451.7(7) reads as rewritten:

27 "(7) 'Warehouseman' means a person licensed by North Carolina
28 Department of Agriculture and Consumer Services to engage in
29 the business of storing cotton for hire."

30 Section 55. G.S. 106-451.9(2) and (3) read as rewritten:

31 "(2) To assign and reassign the administrative and enforcement duties
32 and functions assigned to him in this Article to one or more
33 divisions within the Department of ~~Agriculture~~ Agriculture and
34 Consumer Services.

35 (3) To delegate to any division head and other officer or employee of
36 the Department of ~~Agriculture~~ Agriculture and Consumer
37 Services any of the powers and duties given to the Department by
38 statute or by rules promulgated pursuant to this Article."

39 Section 56. G.S. 106-542 reads as rewritten:

40 "§ 106-542. Hatcheries, chick dealers and others to obtain license to operate.

41 (a) It shall be unlawful for any person, firm or corporation to operate a hatchery
42 within this State without first obtaining a hatchery license from the Department of
43 Agriculture and Consumer Services for a fee of twenty-five dollars (\$25.00) per year.

1 (b) It shall be unlawful for any person, firm or corporation to operate as a hatching
2 egg dealer, chick dealer or jobber within this State without first obtaining a license
3 from the Department of Agriculture and Consumer Services for a fee of ten dollars
4 (\$10.00) per year.

5 (c) The Department of Agriculture and Consumer Services may deny, suspend,
6 revoke or refuse to renew the license of any person, firm or corporation for violation
7 of this Article or any rule or regulation promulgated thereunder."

8 Section 57. G.S. 106-549.01 reads as rewritten:

9 "§ 106-549.01. Civil penalties.

10 The Department of Agriculture and Consumer Services may assess a civil penalty
11 of not more than five thousand dollars (\$5,000) against any person who violates a
12 provision of this Article or any rule promulgated thereunder. In determining the
13 amount of the penalty, the Department shall consider the degree and extent of harm
14 caused by the violation."

15 Section 58. G.S. 106-549.15(3) reads as rewritten:

16 "(3) 'Authorized representative' means the Director of the Meat and
17 Poultry Inspection Service of the North Carolina Department of
18 ~~Agriculture~~ Agriculture and Consumer Services."

19 Section 59. G.S. 106-549.29 reads as rewritten:

20 "§ 106-549.29. North Carolina Department of Agriculture and Consumer Services
21 responsible for cooperation.

22 (a) The North Carolina Department of Agriculture and Consumer Services is
23 hereby designated as the State agency which shall be responsible for cooperating with
24 the Secretary of Agriculture of the United States under the provisions of section 301
25 of the Federal Meat Inspection Act and such agency is directed to cooperate with the
26 Secretary of Agriculture of the United States in developing and administering the
27 meat inspection program of this State under this and the previous Article in such a
28 manner as will effectuate the purposes of this and the previous Article.

29 (b) In such cooperative efforts, the North Carolina Department of Agriculture and
30 Consumer Services is authorized to accept from said Secretary advisory assistance in
31 planning and otherwise developing the State program, technical and laboratory
32 assistance and training (including necessary curricular and instructional materials and
33 equipment), and financial and other aid for administration of such a program.

34 (c) The North Carolina Department of Agriculture and Consumer Services is
35 further authorized to recommend to the said Secretary of Agriculture such officials or
36 employees of this State as the Commissioner shall designate, for appointment to the
37 advisory committees provided for in Section 301 of the Federal Meat Inspection Act;
38 and the Commissioner or his authorized representative shall serve as the
39 representative of the Governor for consultation with said Secretary under paragraph
40 (c) of Section 301 of said act."

41 Section 60. G.S. 106-549.38 reads as rewritten:

42 "§ 106-549.38. Rules and regulations of State Department of ~~Agriculture~~ Agriculture
43 and Consumer Services.

1 All rules and regulations of the ~~North Carolina~~ Department of Agriculture and
2 Consumer Services not inconsistent with the provisions of this Article shall remain in
3 full force and effect until amended or repealed by the Board."

4 Section 61. G.S. 106-549.51(12) and (13) read as rewritten:

5 "(12) 'Inspection service' means the official government service within
6 ~~this State~~ the Department of Agriculture and Consumer Services
7 designated by the Commissioner as having the responsibility for
8 carrying out the provisions of this Article.

9 (13) 'Inspector' means an employee or official of the ~~State~~
10 Department of Agriculture and Consumer Services authorized by
11 the Commissioner to inspect poultry and poultry products under
12 the authority of this Article, or any employee or official of the
13 government of any county or other governmental subdivision of
14 this State authorized by the Commissioner to inspect poultry and
15 poultry products under authority of this Article, under an
16 agreement entered into between the Department of ~~Agriculture~~
17 and such governmental subdivision."

18 Section 62. G.S. 106-549.52 reads as rewritten:

19 "(a) The Department of Agriculture and Consumer Services is hereby designated
20 as the State agency which shall be responsible for cooperating with the Secretary of
21 Agriculture of the United States under the provisions of section 5 of the Federal
22 Poultry Products Inspection Act and such agency is directed to cooperate with the
23 Secretary of Agriculture of the United States in developing and administering the
24 poultry products inspection program of this State under this Article and in
25 developing and administering the program of this State under G.S. 106-549.58 in such
26 a manner as will effectuate the purposes of this Article and said federal act.

27 (b) In such cooperative efforts, the Department of ~~Agriculture~~ is authorized to
28 accept from said Secretary advisory assistance in planning and otherwise developing
29 the State program, technical and laboratory assistance and training (including
30 necessary curricular and instructional materials and equipment), and financial and
31 other aid for administration of such a program.

32 (c) The Department of ~~Agriculture~~ is further authorized to recommend to the
33 Secretary of Agriculture such officials or employees of this State as the Commissioner
34 shall designate, for appointment to the advisory committees provided for in section 5
35 of the Federal Poultry Products Inspection Act; and the Commissioner shall serve as
36 the representative of the Governor for consultation with said Secretary under
37 subsection (c) of section 5 of said act."

38 Section 63. G.S. 106-549.94 reads as rewritten:

39 "**§ 106-549.94. Regulation of pen-raised quail by Department of Agriculture; and**
40 **Consumer Services; certain authority of North Carolina Wildlife Resources**
41 **Commission not affected.**

42 (a) The ~~North Carolina~~ Department of Agriculture and Consumer Services is
43 given exclusive authority to regulate the production and sale of pen-raised quail for
44 food purposes. The Board of Agriculture shall promulgate rules and regulations for

1 the production and sale of pen-raised quail for food purposes in such a manner as to
2 provide for close supervision of any person, firm, or corporation producing and
3 selling pen-raised quail for food purposes.

4 (b) The North Carolina Wildlife Resources Commission shall retain its authority
5 to regulate the possession and transportation of live pen-raised quail."

6 Section 64. G.S. 106-549.97 reads as rewritten:

7 "**§ 106-549.97. Regulation of fallow deer by Department of ~~Agriculture~~; Agriculture
8 and Consumer Services; certain authority of North Carolina Wildlife Resources
9 Commission not affected.**

10 (a) The Department of Agriculture and Consumer Services shall regulate the
11 production and sale of fallow deer for food purposes. The Board of Agriculture shall
12 adopt rules for the production and sale of fallow deer for food purposes in such a
13 manner as to provide for close supervision of any person, firm, or corporation
14 producing and selling fallow deer for food purposes.

15 As used in this section, 'fallow deer' (*Dama dama* spp.) means a small European
16 deer raised commercially for production and sale for food purposes.

17 (b) The North Carolina Wildlife Resources Commission shall regulate the
18 possession and transportation of live fallow deer and may adopt rules to prevent the
19 release or escape of fallow deer upon finding that it is necessary to protect live fallow
20 deer or to prevent damage to the native deer population or its habitat."

21 Section 65. G.S. 106-621(1) reads as rewritten:

22 "(1) Adulterated grain: Grain which contains any substance, such as,
23 but not limited to, Captan, carbon tetrachloride, Malathion,
24 Parathion, DDT, Dieldrin, Thiram, Endrin, Heptachlor, Maneb,
25 Methoxychlor, 2, 6-dichloro, 4-nitroaniline,
26 pentachloronitrobenzene, hexachlorobenzene, Demeton, Phorate,
27 Carbophenothion, in excess of the tolerance for human or animal
28 consumption established for such substances by the laws of the
29 State or the regulations of the ~~North Carolina~~ Department of
30 ~~Agriculture~~, Agriculture and Consumer Services or both the State
31 and the Department."

32 Section 66. G.S. 106-627 reads as rewritten:

33 "**§ 106-627. Determination of adulteration.**

34 For purposes of evidence under this Article, the grain dealer or his agent, upon
35 receipt or pending receipt of suspected adulterated grain, may, at his discretion, call
36 any law-enforcement officer to verify the sampling technique, [and] origin of sampled
37 grain and subsequently send or request the law-enforcement officer to send the
38 sample of grain in a sealed package to the Department of Agriculture and Consumer
39 Services for inspection and analysis in order to protect only the chain of evidence.

40 Upon [a] finding by the Department of ~~Agriculture~~ that said sample is adulterated
41 grain, the Department shall notify the grain dealer of the results and return the
42 sample to the original sender in a sealed package."

43 Section 67. G.S. 106-635(10) reads as rewritten:

1 "(10) The term 'Department' means the North Carolina Department of
2 ~~Agriculture.~~ Agriculture and Consumer Services."

3 Section 68. G.S. 106-662(b)(6) reads as rewritten:

4 "(6) In the trial of any suit or action wherein there is called in
5 question the value or composition of any lot of commercial
6 fertilizer, a certificate signed by the fertilizer chemist and attested
7 with the seal of the Department of ~~Agriculture,~~ Agriculture and
8 Consumer Services, setting forth the analysis made by the chemist
9 of the Department of ~~Agriculture,~~ of any sample of said
10 commercial fertilizer, drawn under the provisions of this section
11 and analyzed by them under the provisions of the same, shall be
12 prima facie proof that the lot of fertilizer represented by the
13 sample was of the value and constituency shown by said analysis.
14 And the said certificate of the chemist shall be admissible in
15 evidence."

16 Section 69. G.S. 106-662(e)(2) reads as rewritten:

17 "(2) The sample shall be drawn in the presence of the manufacturer,
18 seller, or representative designated by either party together with
19 two disinterested adult persons; or in case the manufacturer,
20 seller, or representative of either refuses or is unable to witness
21 the drawing of such a sample, a sample may be drawn in the
22 presence of three disinterested adult persons; provided, any such
23 sample shall be taken with the same type of sampler as used by
24 the inspector of the Department of Agriculture and Consumer
25 Services in taking samples and shall be drawn, mixed, and
26 divided, as directed in subdivisions (1), (2), (3), and (4) of
27 subsection (b) of this section, except that the sample shall be
28 divided into two parts each to consist of at least one pound. Each
29 of these is to be placed into a separate, tight container, securely
30 sealed, properly labeled, and one sent to the Commissioner for
31 analysis and the other to the manufacturer. A certificate statement
32 in a form which will be prescribed and supplied by the
33 Commissioner must be signed by the parties taking and witnessing
34 the taking of the sample. Such certificate is to be made and
35 signed in duplicate and one copy sent to the Commissioner and
36 the other to the manufacturer or seller of the brand sampled. The
37 witnesses of the taking of any sample, as provided for in this
38 section, shall be required to certify that such sample has been
39 continuously under their observation from the taking of the
40 sample up to and including the delivery of it to an express
41 agency, a post office or to the office of the Commissioner."

42 Section 70. G.S. 106-708(5) reads as rewritten:

43 "(5) 'Department' means the Department of ~~Agriculture.~~ Agriculture
44 and Consumer Services."

1 Section 71. G.S. 106-758(5) reads as rewritten:

2 "(5) 'Department' means the North Carolina Department of
3 ~~Agriculture.~~ Agriculture and Consumer Services."

4 Section 72. G.S. 106-760(a) and (b) read as rewritten:

5 "(a) There is created within the Department of Agriculture and Consumer
6 Services the Aquaculture Advisory Board, to consist of the following persons:

7 (1) The Commissioner of Agriculture, or his designee;

8 (2) The Secretary of Commerce, or his designee;

9 (3) The Secretary of Environment, Health, and Natural Resources, or
10 his designee;

11 (4) The President of the North Carolina Biotechnology Center, or his
12 designee;

13 (5) The President of the University of North Carolina, or his
14 designee;

15 (6) One Senator designated by the President Pro Tempore of the
16 Senate; and

17 (7) One Representative designated by the Speaker of the House of
18 Representatives.

19 (b) The Commissioner of Agriculture or his designee shall serve as Chairman of
20 the Board. A majority of the Board shall constitute a quorum for the transaction of
21 business. Clerical and other assistance shall be provided by the Department of
22 ~~Agriculture.~~ Agriculture and Consumer Services. The Commissioner may appoint
23 advisory committees, pursuant to G.S. 143B-10(d), to assist the Board in carrying out
24 its duties."

25 Section 73. G.S. 106-761(a) reads as rewritten:

26 "(a) Authority. The North Carolina Department of Agriculture and Consumer
27 Services shall regulate the production and sale of commercially raised freshwater fish
28 and freshwater crustacean species. The Board of Agriculture shall promulgate rules
29 for the registration of facilities for the production and sale of freshwater
30 aquaculturally raised species. The Board may prescribe standards under which
31 commercially reared fish may be transported, possessed, bought, and sold. The
32 Department of ~~Agriculture~~ and Board of Agriculture authority shall be limited to
33 commercially reared fish and shall not include authority over the wild fishery
34 resource which is managed under the authority of the North Carolina Wildlife
35 Resources Commission. The authority granted herein to regulate facilities licensed
36 pursuant to this section does not authorize the Department of Agriculture or the
37 Board of Agriculture to promulgate rules that (i) are inconsistent with rules adopted
38 by any other State agency; or (ii) exempt such facilities from the rules adopted by any
39 other State agency."

40 Section 74. G.S. 106-761(d) reads as rewritten:

41 "(d) Aquaculture Propagation and Production Facility License. The Board of
42 Agriculture may, by rule, authorize and license the operation of fish hatcheries and
43 production facilities for species of fish listed in subsection (b) of this section. The
44 Board may prescribe standards of operation, qualifications of operators, and the

1 conditions under which fish may be commercially reared, transported, possessed,
2 bought, and sold. Aquaculture Propagation and Production Licenses issued by the
3 ~~North Carolina Department of Agriculture~~ shall be valid for a period of five years."

4 Section 75. G.S. 106-761(e)(1) reads as rewritten:

5 "(1) Commercial catchout facilities must be stocked exclusively with
6 hatchery reared fish obtained from hatcheries approved by the
7 ~~Department of Agriculture~~ to prevent the introduction of
8 diseases. The Board of Agriculture may, by rule, prescribe
9 standards of operation and conditions under which fish from such
10 ponds may be taken, transported, possessed, bought, and sold."

11 Section 76. G.S. 106-761(g) reads as rewritten:

12 "(g) Possession of species other than those listed in subsection (b) of this section
13 or as authorized in writing by the Wildlife Resources Commission shall be a violation
14 which shall result in the revocation of the Aquaculture Propagation and Production
15 Facility or Commercial Catchout Facility License until such time that proper
16 authorization is received from the Wildlife Resources Commission or the
17 unauthorized species is removed from the facility. In the event of possession of
18 unauthorized fish species, the Wildlife Resources Commission may take further
19 regulatory action. The ~~Department of Agriculture~~ and the Wildlife Resources
20 Commission shall have authority to enter the premises of such facilities to inspect for
21 the possession of a species other than those authorized in subsection (b) of this
22 section or authorized by written permission of the Wildlife Resources Commission."

23 Section 77. G.S. 106-762(a) reads as rewritten:

24 "(a) The North Carolina Department of Agriculture and Consumer Services shall,
25 with the assistance of the Wildlife Resources Commission, develop and implement a
26 fish disease management plan to prevent the introduction of fish diseases through
27 aquaculture facilities subject to the provisions and duly adopted rules of this section
28 into the State."

29 Section 78. G.S. 106-783(3) reads as rewritten:

30 "(3) 'Department' means the North Carolina Department of
31 ~~Agriculture~~. Agriculture and Consumer Services."

32 Section 79. G.S. 106-792(3) reads as rewritten:

33 "(3) Department. -- The North Carolina Department of ~~Agriculture~~.
34 Agriculture and Consumer Services."

35 Section 80. G.S. 113-129(16) reads as rewritten:

36 "(16) Wildlife. -- Wild animals; wild birds; all fish found in inland
37 fishing waters; and inland game fish. Unless the context clearly
38 requires otherwise, the definitions of wildlife, wildlife resources,
39 wild animals, wild birds, fish, and the like are deemed to include
40 species normally wild, or indistinguishable from wild species,
41 which are raised or kept in captivity. Nothing in this definition is
42 intended to abrogate the exclusive authority given the
43 Department of Agriculture and Consumer Services to regulate the
44 production and sale of pen-raised quail for food purposes."

1 Section 81. G.S. 113-273(h) reads as rewritten:

2 "(h) Game Bird Propagation License. -- No person may propagate game birds in
3 captivity or possess game birds for propagation without first procuring a license under
4 this subsection. The Wildlife Resources Commission may by rule prescribe the
5 activities to be covered by the propagation license, which species of game birds may
6 be propagated, and the manner of keeping and raising the birds, in accordance with
7 the overall objectives of conservation of wildlife resources. Except as limited by this
8 subsection, propagated game birds may be raised and sold for purposes of
9 propagation, stocking, food, or taking in connection with dog training as authorized
10 in G.S. 113-291.1(d). Migratory game bird operations authorized under this
11 subsection must also comply with any applicable provisions of federal law and rules.
12 The Wildlife Resources Commission may impose requirements as to shipping,
13 marking packages, banding, tagging, or wrapping the propagated birds and other
14 restrictions designed to reduce the change of illicit game birds being disposed of
15 under the cover of licensed operations. The Wildlife Resources Commission may
16 make a reasonable charge for any bands, tags, or wrappers furnished propagators.
17 The game bird propagation license is issued by the Wildlife Resources Commission
18 upon payment of a fee of five dollars (\$5.00). It authorizes a person or individual to
19 propagate and sell game birds designated in the license, in accordance with the rules
20 of the Wildlife Resources Commission, except:

- 21 (1) Wild turkey and ruffed grouse may not be sold for food.
22 (2) Production and sale of pen-raised quail for food purposes is
23 under the exclusive control of the Department of ~~Agriculture~~.
24 Agriculture and Consumer Services. The Wildlife Resources
25 Commission, however, may regulate the possession, propagation,
26 and transportation of live pen-raised quail.
27 Wild turkey acquired or raised under a game bird propagation license shall be
28 confined in a cage or pen approved by the Wildlife Resources Commission and no
29 such wild turkey shall be released for any purpose or allowed to range free. It is a
30 Class 3 misdemeanor to sell wild turkey or ruffed grouse for food purposes, to sell
31 quail other than lawfully acquired pen-raised quail for food purposes, or to release or
32 allow wild turkey to range free."

33 Section 82. G.S. 113A-164.4(3) reads as rewritten:

- 34 "(3) Maintain a Natural Heritage Program to provide assistance in the
35 selection and nomination for registration or dedication of natural
36 areas. The Program shall include classification of natural heritage
37 resources, an inventory of their locations, and a data bank for that
38 information. The Program shall cooperate with the Department of
39 Agriculture and Consumer Services in the selection and
40 nomination of areas that contain habitats for endangered and rare
41 plant species, and shall cooperate with the Wildlife Resources
42 Commission in the selection and nomination of areas that contain
43 habitats for endangered and rare animal species. Information
44 from the natural heritage data bank may be made available to

public agencies and private persons for environmental assessment and land management purposes. Use of the inventory data for any purpose inconsistent with the Natural Heritage Program may not be authorized. The Program shall include other functions as may be assigned for registration, dedication, and protection of natural areas and nature preserves."

Section 83. G.S. 119-26.1 reads as rewritten:

"§ 119-26.1. Oxygen content standards and reformulated gasoline.

(a) Rules adopted pursuant to G.S. 143-215.107(a)(9) to regulate the oxygen content of gasoline or to require the use of reformulated gasoline shall be implemented by the Department of Agriculture and Consumer Services and the Gasoline and Oil Inspection Board. Such rules shall be implemented within any area specified by the Environmental Management Commission when the Commission certifies to the Commissioner of Agriculture that implementation:

- (1) Will improve the ambient air quality within the specified county or counties;
- (2) Is necessary to achieve attainment or preclude violations of the National Ambient Air Quality Standards; or
- (3) Is otherwise necessary to meet federal requirements.

(b) The Department of Agriculture and Consumer Services and the Gasoline and Oil Inspection Board may adopt rules to implement this section. Rules shall be consistent with the implementation schedule and rules adopted by the Environmental Management Commission.

(c) The Commissioner of Agriculture may assess and collect civil penalties for violations of rules adopted under G.S. 143-215.107(a)(9) or this section in accordance with G.S. 143-215.114A. The Commissioner of Agriculture may institute a civil action for injunctive relief to restrain, abate, or prevent a violation or threatened violation of rules adopted under G.S. 143-215.107(a)(9) or this section in accordance with G.S. 143-215.114C. The assessment of a civil penalty under this section and G.S. 143-215.114A or institution of a civil action under G.S. 143-215.114C and this section shall not relieve any person from any other penalty or remedy authorized under this Article.

(d) The Commissioner of Agriculture may delegate his powers and duties under this subsection to the Director of the Standards Division of the Department of ~~Agriculture~~ Agriculture and Consumer Services."

Section 84. G.S. 119-27.1(b) reads as rewritten:

"(b) The North Carolina Department of Agriculture and Consumer Services shall have the responsibility for the enforcement of this section."

Section 85. G.S. 122D-3(6) reads as rewritten:

"(6) 'Department' means the North Carolina Department of ~~Agriculture~~ Agriculture and Consumer Services."

Section 86. G.S. 130A-250(9) reads as rewritten:

"(9) Markets where meat food products or poultry products are prepared and sold and which are under the continuous inspection

1 by the North Carolina Department of Agriculture and Consumer
2 Services or the United States Department of Agriculture."

3 Section 87. G.S. 130A-278 reads as rewritten:

4 "§ 130A-278. Certain authorities of Department of Agriculture and Consumer
5 Services not replaced.

6 This Part shall not repeal or limit the Department of ~~Agriculture's~~ Agriculture and
7 Consumer Services authority to carry out labeling requirements, required butterfat
8 testing, aflatoxin testing, pesticide testing, other testing performed by the Department
9 of Agriculture and Consumer Services any other function of the Department of
10 Agriculture and Consumer Services concerning Grade 'A' milk which is not
11 inconsistent with this Article."

12 Section 88. G.S. 136-18.2 reads as rewritten:

13 "§ 136-18.2. Seed planted by Department of Transportation to be approved by
14 Department of Agriculture.

15 The Department of Transportation shall not cause any seed to be planted on or
16 along any highway or road right-of-way unless and until such seed has been approved
17 by the ~~State~~ Department of Agriculture and Consumer Services as provided for in the
18 rules and regulations of the Department of Agriculture and Consumer Services for
19 such seed."

20 Section 89. G.S. 143-64.5 reads as rewritten:

21 "§ 143-64.5. Department of Agriculture and Consumer Services exempted from
22 application of Article.

23 Notwithstanding any provisions or limitations of Part 2 of this Article, the North
24 Carolina Department of Agriculture and Consumer Services is authorized and
25 empowered to distribute food, surplus commodities and agricultural products under
26 contracts and agreements with the federal government or any of its departments or
27 agencies, and ~~the North Carolina Department of Agriculture~~ is authorized and
28 empowered to adopt rules in order to conform with federal requirements and
29 standards for such distribution and also for the proper distribution of such food,
30 commodities and agricultural products. To the extent set forth above and in this
31 section, the provisions of Part 2 of this Article shall not apply to the North Carolina
32 Department of ~~Agriculture~~ Agriculture and Consumer Services."

33 Section 90. G.S. 143-436(b)(1) reads as rewritten:

34 "(1) One member each representing the North Carolina Department
35 of Agriculture and Consumer Services and two members
36 representing the North Carolina Department of Environment,
37 Health, and Natural Resources, one of whom shall be the State
38 Health Director or his designee and one of whom shall represent
39 an environmental protection agency. The persons so selected
40 may be either members of a policy board or departmental
41 officials or employees."

42 Section 91. G.S. 143-438 reads as rewritten:

43 "§ 143-438. Commissioner of Agriculture to administer and enforce Article.

1 The Commissioner of Agriculture shall have the following powers and duties
2 under this Article:

- 3 (1) To administer and enforce the provisions of this Article.
- 4 (2) To attend all meetings of the Pesticide Board, but without power
5 to vote (unless he be designated as the ex officio member of the
6 Board from the Department of ~~Agriculture~~. Agriculture and
7 Consumer Services).
- 8 (3) To keep an accurate and complete record of all Board meetings
9 and hearings, and to have legal custody of all books, papers,
10 documents and other records of the Board.
- 11 (4) To assign and reassign the administrative and enforcement duties
12 and functions assigned to him in this Article to one or more of
13 the divisions and other units within the Department of
14 ~~Agriculture~~. Agriculture and Consumer Services."
- 15 (5) To direct the work of the personnel employed by the Board and
16 of the personnel of the Department of Agriculture and Consumer
17 Services who have responsibilities concerning the programs set
18 forth in this Article.
- 19 (6) To delegate to any division head or other officer or employee of
20 the Department of Agriculture and Consumer Services any of the
21 powers and duties given to the Department by statute or by the
22 rules, regulations and procedures established pursuant to this
23 Article.
- 24 (7) To perform such other duties as the Board may from time to time
25 direct."

26 Section 92. G.S. 143-468 reads as rewritten:

27 "§ 143-468. Disposition of fees and charges.

28 (a) Except as provided in subsection (b), all fees and charges received by the
29 Board under this Article shall be credited to the Department of Agriculture and
30 Consumer Services for the purpose of administration and enforcement of this Article.

31 (b) The Pesticide Environmental Trust Fund is established as a nonreverting
32 account within the Department of ~~Agriculture~~. Agriculture and Consumer Services.
33 The Department of Agriculture and Consumer Services shall administer the Fund.
34 The additional assessment imposed by G.S. 143-442(b) on the registration of a brand
35 or grade of pesticide shall be credited to the Fund. The Department shall distribute
36 money in the Fund as follows:

- 37 (1) Two and one-half percent (2.5%) to North Carolina State
38 University Cooperative Extension Service to enhance its
39 agromedicine efforts in cooperation with East Carolina University
40 School of Medicine.
- 41 (2) Two and one-half percent (2.5%) to East Carolina University
42 School of Medicine to enhance its agromedicine efforts in
43 cooperation with North Carolina State University Cooperative
44 Extension Service.

1 The State Department of Correction shall in their discretion, upon application to
2 them, hire to the corporate authorities of any city or town for the purposes specified
3 in G.S. 148-66, such convicts as are mentally and physically capable of performing
4 the work or labor contemplated and are not at the time of such application hired or
5 otherwise engaged in labor under the direction of the Department; but the convicts so
6 hired for services shall be fed, clothed and quartered while so employed by the
7 Department.

8 Upon application to it, it shall be the duty of the State Department of Correction,
9 in its discretion, to hire to the Department of Agriculture and Consumer Services of
10 ~~the State of North Carolina~~ for the purposes of working on the State test farms and/or
11 State experimental stations, such convicts as may be mentally and physically capable
12 of performing the work or labor contemplated; but the convicts so hired for services
13 under this paragraph shall be fed, clothed and quartered while so employed by the
14 State Department of Correction."

15 Section 108. G.S. 166A-26(a)(6) reads as rewritten:

16 "(6) The Department of ~~Agriculture~~; Agriculture and Consumer
17 Services."

18 Section 109. The Revisor of Statutes shall change all references in the
19 General Statutes from the Department of Agriculture to the Department of
20 Agriculture and Consumer Services.

21 Section 110. This act is effective when it becomes law.

1 (3) Twenty percent (20%) to North Carolina State University,
2 Department of Toxicology, to establish and maintain an extension
3 agromedicine specialist position.

4 (4) Seventy-five percent (75%) to the Department of Agriculture and
5 Consumer Services for its environmental programs, as directed by
6 the Board, including establishing a pesticide container
7 management program to enhance its pesticide disposal program
8 and its water quality initiatives."

9 Section 93. G.S. 143A-11(8) reads as rewritten:

10 "(8) Department of ~~Agriculture~~. Agriculture and Consumer Services."

11 Section 94. The title to Article 7 of Chapter 143A of the General
12 Statutes reads as rewritten:

13 "ARTICLE 7.

14 Department of ~~Agriculture~~. Agriculture and Consumer Services."

15 Section 95. G.S. 143A-56 reads as rewritten:

16 "§ 143A-56. Creation.

17 There is hereby created a Department of ~~Agriculture~~. Agriculture and Consumer
18 Services. The head of the Department of ~~Agriculture~~ is the Commissioner of
19 Agriculture."

20 Section 96. G.S. 143A-58 reads as rewritten:

21 "§ 143A-58. Commissioner of Agriculture; transfer of powers and duties to
22 Department.

23 Except as otherwise provided in the Constitution or in this Chapter, all powers,
24 duties and functions vested by law in the Commissioner of Agriculture are transferred
25 by a Type I transfer to the Department of ~~Agriculture~~. Agriculture and Consumer
26 Services."

27 Section 97. G.S. 143A-59 reads as rewritten:

28 "§ 143A-59. Board of Agriculture; transfer.

29 The Board of Agriculture, as contained in Article 1 of Chapter 106 of the General
30 Statutes and the laws of this State, is hereby transferred by a Type II transfer to the
31 Department of ~~Agriculture~~. Agriculture and Consumer Services."

32 Section 98. G.S. 143A-60 reads as rewritten:

33 "§ 143A-60. Structural Pest Control Division; transfer.

34 The Structural Pest Control Division of the Department of Agriculture, as
35 contained in Article 4C of Chapter 106 of the General Statutes and the laws of this
36 State, is hereby transferred by a Type II transfer to the Department of ~~Agriculture~~.
37 Agriculture and Consumer Services."

38 Section 99. G.S. 143A-61 reads as rewritten:

39 "§ 143A-61. The North Carolina Agricultural Hall of Fame; transfer.

40 The North Carolina Agricultural Hall of Fame, as contained in Article 50B of
41 Chapter 106 of the General Statutes and the laws of this State, is hereby transferred
42 by a Type I transfer to the Department of ~~Agriculture~~. Agriculture and Consumer
43 Services."

44 Section 100. G.S. 143A-62 reads as rewritten:

1 "§ 143A-62. Gasoline and Oil Inspection Board; transfer.

2 The Gasoline and Oil Inspection Board, as contained in Article 3 of Chapter 119
3 of the General Statutes and the laws of this State, is hereby transferred by a Type II
4 transfer to the Department of ~~Agriculture~~. Agriculture and Consumer Services."

5 Section 101. G.S. 143A-63 reads as rewritten:

6 "§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.

7 The North Carolina Rural Rehabilitation Corporation, and board of directors, as
8 contained in Chapter 137 of the General Statutes and the laws of this State, is hereby
9 transferred by a Type II transfer to the Department of ~~Agriculture~~. Agriculture and
10 Consumer Services."

11 Section 102. G.S. 143A-64 reads as rewritten:

12 "§ 143A-64. North Carolina Board of Crop Seed Improvement; transfer.

13 The North Carolina Board of Crop Seed Improvement, as contained in Article 30
14 of Chapter 106 of the General Statutes and the laws of this State, is hereby
15 transferred by a Type II transfer to the Department of ~~Agriculture~~. Agriculture and
16 Consumer Services."

17 Section 103. G.S. 143A-65 reads as rewritten:

18 "§ 143A-65. North Carolina Public Livestock Market Advisory Board; transfer.

19 The North Carolina Public Livestock Market Advisory Board, as contained in
20 Article 35 of Chapter 106 of the General Statutes and the laws of this State, is hereby
21 transferred by a Type I transfer to the Department of ~~Agriculture~~. Agriculture and
22 Consumer Services."

23 Section 104. G.S. 143B-417(1)q. reads as rewritten:

24 "q. Department of Agriculture and Consumer Services".

25 Section 105. G.S. 143B-434(c)(2) reads as rewritten:

26 "(2) The Department of ~~Agriculture~~. Agriculture and Consumer
27 Services."

28 Section 106. G.S. 148-66 reads as rewritten:

29 "§ 148-66. Cities and towns and Department of Agriculture and Consumer Services
30 may contract for prison labor.

31 The corporate authorities of any city or town may contract in writing with the
32 State Department of Correction for the employment of convicts upon the highways or
33 streets of such city or town, and such contracts when so exercised shall be valid and
34 enforceable against such city or town, and the Attorney General may prosecute an
35 action in the Superior Court of Wake County in the name of the State for their
36 enforcement.

37 The Department of Agriculture and Consumer Services ~~of the State of North~~
38 ~~Carolina~~ is hereby authorized and empowered to contract, in writing, with the State
39 Department of Correction for the employment and use of convicts under its
40 supervision to be worked on the State test farms and/or State experimental stations."

41 Section 107. G.S. 148-67 reads as rewritten:

42 "§ 148-67. Hiring to cities and towns and State Department of ~~Agriculture~~.
43 Agriculture and Consumer Services.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 938
Finance Committee Substitute Adopted 6/11/97

Short Title: Construction Worker Training Credit.

(Public)

Sponsors:

Referred to: Appropriations.

April 17, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE TAX CREDITS FOR CONSTRUCTION EMPLOYERS
3 WHO PROVIDE CRAFTWORKER TRAINING TO EMPLOYEES AND WHO
4 HIRE WELFARE RECIPIENTS.
5 The General Assembly of North Carolina enacts:
6 Section 1. G.S. 105-129.2 reads as rewritten:
7 "§ 105-129.2. (Repealed effective January 1, 2002 -- see note) Definitions.
8 The following definitions apply in this Article:
9 (1) Construction. -- Any of the following businesses as defined in
10 Major Groups 15, 16, and 17 of the Standard Industrial
11 Classification Manual issued by the United States Bureau of the
12 Census:
13 a. Construction.
14 b. Heavy construction.
15 c. Building-related special trades.
16 (1a) Cost. -- Defined in section 179 of the Code.
17 (2) Data processing. -- Defined in the Standard Industrial
18 Classification Manual issued by the United States Bureau of the
19 Census.
20 (3) Enterprise tier. -- The classification assigned to an area pursuant to
21 G.S. 105-129.3.
22 (4) Full-time job. -- A position that requires at least 1,600 hours of
23 work per year and is intended to be held by one employee during

the entire year. A full-time employee is an employee who holds a full-time job.

(5) Machinery and equipment. -- Engines, machinery, tools, and implements that are capitalized by the taxpayer for tax purposes under the Code and are used or designed to be used in manufacturing or processing, warehousing and distribution, or data processing. The term does not include real property as defined in G.S. 105-273 or rolling stock as defined in G.S. 105-333.

(6) Manufacturing and processing. -- Defined in the Standard Industrial Classification Manual issued by the United States Bureau of the Census.

(7) Purchase. -- Defined in section 179 of the Code.

(8) Warehousing and distribution. -- Defined in the Standard Industrial Classification Manual issued by the United States Bureau of the Census.

(9) Welfare recipient. -- A person who was a recipient of public assistance under Part 2 of Article 2 of Chapter 108A of the General Statutes within the 12-month period before being hired by the taxpayer.

Section 2. G.S. 105-129.4 reads as rewritten:

"§ 105-129.4. (Repealed effective January 1, 2002) Eligibility; forfeiture.

(a) Type of Business. -- A taxpayer is eligible for the credit for creating a construction job for a welfare recipient under G.S. 105-129.8(a1) or the credit for construction craftworker training under G.S. 105-129.11(b) if the taxpayer is engaged in the business of construction. A taxpayer is eligible for ~~a credit~~ the remaining credits allowed by this Article if the taxpayer engages in manufacturing or processing, warehousing or distributing, or data processing, and the jobs with respect to which a credit is claimed are created in that business, the machinery and equipment with respect to which a credit is claimed are used in that business, and the research and development for which a credit is claimed are carried out as part of that business.

(b) Wage Standard. -- A taxpayer is eligible for the credit for creating jobs or the credit for worker training if the jobs for which the credit is claimed meet the wage standard at the time the taxpayer applies for the credit. A taxpayer is eligible for the credit for investing in machinery and equipment or the credit for research and development if the jobs at the location with respect to which the credit is claimed meet the wage standard at the time the taxpayer applies for the credit. Jobs meet the wage standard if they pay an average weekly wage that is at least ten percent (10%) above the average weekly wage paid in the county in which the jobs will be located. In calculating the average weekly wage of jobs, positions that pay a wage or salary at a rate that exceeds one hundred thousand dollars (\$100,000) a year shall be excluded. For the purpose of this subsection, the average wage in a county is the average wage for all insured industries in the county as computed by the Employment Security Commission for the most recent period for which data are available.

1 (c) Worker Training. -- A taxpayer is eligible for the tax credit for worker training
2 only for training workers who occupy jobs for which the taxpayer is eligible to claim
3 an installment of the credit for creating jobs or which are full-time positions at a
4 location with respect to which the taxpayer is eligible to claim an installment of the
5 credit for investing in machinery and equipment for the taxable year.

6 The credit for worker training is allowed only with respect to employees in
7 positions not classified as exempt under the Fair Labor Standards Act, 29 U.S.C. §
8 213(a)(1) and for expenditures for training that would be eligible for expenditure or
9 reimbursement under the Department of Community Colleges' New and Expanding
10 Industry Program, as determined by guidelines adopted by the State Board of
11 Community Colleges. To establish eligibility, the taxpayer must obtain as part of the
12 application process under G.S. 105-129.6 the certification of the Department of
13 Community Colleges that the taxpayer's planned worker training would satisfy the
14 requirements of this paragraph. A taxpayer shall apply to the Department of
15 Community Colleges for this certification. The application must be on a form
16 provided by the Department of Community Colleges, must provide a detailed plan of
17 the worker training to be provided, and must contain any information required by the
18 Department of Community Colleges to determine whether the requirements of this
19 paragraph will be satisfied. If the Department of Community Colleges determines that
20 the planned worker training meets the requirements of this paragraph, the
21 Department of Community Colleges shall issue a certificate describing the location
22 with respect to which the credit is claimed and stating that the planned worker
23 training meets the requirements of this paragraph. The State Board of Community
24 Colleges may adopt rules in accordance with Chapter 150B of the General Statutes
25 that are needed to carry out its responsibilities under this paragraph.

26 (c1) Construction Craftworker Training. -- A taxpayer is eligible for the tax credit
27 for construction craftworker training only for training construction craftworkers in
28 positions not classified as exempt under the Fair Labor Standards Act, 29 U.S.C. §
29 213(a)(1), and only for training provided pursuant to a program that satisfies the
30 following conditions:

- 31 (1) It combines jobsite training and related instruction in construction
32 craftwork.
33 (2) It includes competency testing to verify completion of each stage of
34 training.
35 (3) It is approved by the Department of Labor, the Department of
36 Community Colleges, or a statewide trade association that
37 represents employers engaged in the construction business.

38 To establish eligibility, the taxpayer must obtain as part of the application process
39 under G.S. 105-129.6 certification that the taxpayer's planned construction
40 craftworker training would satisfy the requirements of this subsection. A taxpayer
41 must apply to the Department of Labor for certification of registered apprenticeships
42 and certified on-the-job training and to the Department of Community Colleges for
43 certification of all other training. The application must be on a form provided by the
44 certifying Department, must provide a detailed plan of the construction craftworker

training to be provided, and must contain any information required by the certifying Department to determine whether the requirements of this subsection will be satisfied. If the certifying Department determines that the planned construction craftworker training meets the requirements of this subsection, it shall issue a certificate describing the taxpayer, identifying the entity that approved the training program, and stating that the planned construction craftworker training meets the requirements of this subsection. The State Board of Community Colleges and the Department of Labor may adopt rules in accordance with Chapter 150B of the General Statutes that are needed to carry out their responsibilities under this subsection.

(d) Forfeiture. -- A taxpayer forfeits a credit allowed under this Article if the taxpayer was not eligible for the credit at the time the taxpayer applied for the credit. A taxpayer that forfeits a credit under this Article is liable for all past taxes avoided as a result of the credit plus interest at the rate established under G.S. 105-241.1(i), computed from the date the taxes would have been due if the credit had not been allowed. The past taxes and interest are due 30 days after the date the credit is forfeited; a taxpayer that fails to pay the past taxes and interest by the due date is subject to the penalties provided in G.S. 105-236. If a taxpayer forfeits the credit for creating jobs or the credit for investing in machinery and equipment, the taxpayer also forfeits any credit for worker training claimed for the jobs for which the credit for creating jobs was claimed or the jobs at the location with respect to which the credit for investing in machinery and equipment was claimed.

(e) Change in Ownership of Business. -- The sale, merger, acquisition, or bankruptcy of a business, or any other transaction by which an existing business reformulates itself as another business, does not create new eligibility in a succeeding business with respect to credits for which the predecessor was not eligible under this Article. A successor business may, however, take any installment of or carried-over portion of a credit that its predecessor could have taken if it had a tax liability."

Section 3. G.S. 105-129.8 reads as rewritten:

"§ 105-129.8. (Repealed effective January 1, 2002) ~~Credit~~ **Credits for creating jobs.**

(a) ~~Credit.~~ **Creating Jobs.** -- A taxpayer that meets the eligibility requirements set out in G.S. 105-129.4, has five or more employees for at least 40 weeks during the taxable year, and hires an additional full-time employee during that year to fill a position located in this State is allowed a credit for creating a new full-time job. The amount of the credit for each new full-time job created is set out in the table below and is based on the enterprise tier of the area in which the position is located:

Area Enterprise Tier	Amount of Credit
Tier One	\$12,500
Tier Two	4,000
Tier Three	3,000
Tier Four	1,000
Tier Five	500

A position is located in an area if more than fifty percent (50%) of the employee's duties are performed in the area.

1 (a1) Creating Construction Jobs for Welfare Recipients. -- A taxpayer that is
2 engaged in the construction business, has five or more employees for at least 40
3 weeks during the taxable year, and hires a welfare recipient as an additional full-time
4 employee during the year is allowed a credit of five hundred dollars (\$500.00) for the
5 job.

6 (a2) The credit may not be taken in the taxable year in which the additional
7 employee is hired. Instead, the credit shall be taken in equal installments over the
8 four years following the taxable year in which the additional employee was hired and
9 shall be conditioned on the continued employment by the taxpayer of the number of
10 full-time employees the taxpayer had upon hiring the employee that caused the
11 taxpayer to qualify for the credit.

12 If, in one of the four years in which the installment of a credit accrues, the number
13 of the taxpayer's full-time employees falls below the number of full-time employees
14 the taxpayer had in the year in which the taxpayer qualified for the credit, the credit
15 expires and the taxpayer may not take any remaining installment of the credit. The
16 taxpayer may, however, take the portion of an installment that accrued in a previous
17 year and was carried forward to the extent permitted under G.S. 105-129.5.

18 If, in one of the four years in which the installment of a credit accrues, a job for
19 which the welfare recipient credit was allowed is no longer filled by a welfare
20 recipient, the credit expires and the taxpayer may not take any remaining installment
21 of the welfare recipient credit with respect to that job.

22 Jobs transferred from one area in the State to another area in the State shall not be
23 considered new jobs for purposes of this section. If, in one of the four years in which
24 the installment of a credit accrues, the position filled by the employee is moved to an
25 area in a higher- or lower-numbered enterprise tier, the remaining installments of the
26 credit shall be calculated as if the position had been created initially in the area to
27 which it was moved.

28 (b) Repealed by Session Laws 1989, c. 111, s. 1.

29 (b1), (c) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3.

30 (d) Planned Expansion. -- A taxpayer that signs a letter of commitment with the
31 Department of Commerce to create at least twenty new full-time jobs in a specific
32 area within two years of the date the letter is signed qualifies for the credit in the
33 amount allowed by subsection (a) of this section based on the area's enterprise tier
34 for that year even though the employees are not hired that year. The credit shall be
35 available in the taxable year after at least twenty employees have been hired if the
36 hirings are within the two-year commitment period. The conditions outlined in
37 subsection (a) apply to a credit taken under this subsection except that if the area is
38 redesignated to a higher-numbered enterprise tier after the year the letter of
39 commitment was signed, the credit is allowed based on the area's enterprise tier for
40 the year the letter was signed. If the taxpayer does not hire the employees within the
41 two-year period, the taxpayer does not qualify for the credit. However, if the taxpayer
42 qualifies for a credit under subsection (a) in the year any new employees are hired,
43 the taxpayer may take the credit under that subsection.

1 (e), (f) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3 for
2 taxable years beginning on or after January 1, 1996."

3 Section 4. G.S. 105-129.11 reads as rewritten:

4 "**§ 105-129.11. (Repealed effective January 1, 2002) Credit for worker training.**
5 **Credits for worker training and construction craftworker training.**

6 (a) **Credit. Worker Training.** -- A taxpayer that provides worker training for five
7 or more of its eligible employees during the taxable year is allowed a credit equal to
8 fifty percent (50%) of its eligible expenditures for the training. For positions located
9 in an enterprise tier one area, the credit may not exceed one thousand dollars
10 (\$1,000) per employee trained during the taxable year. For other positions, the credit
11 may not exceed five hundred dollars (\$500.00) per employee trained during the
12 taxable year. A position is located in an area if more than fifty percent (50%) of the
13 employee's duties are performed in the area.

14 (b) **Eligibility.** ~~The eligibility of a taxpayer's expenditures and employees is~~
15 ~~determined as provided in G.S. 105-129.4.~~ **Construction Craftworker Training.** -- A
16 **taxpayer that is engaged in the construction business and provides construction**
17 **craftworker training to its eligible employees is allowed a credit equal to five hundred**
18 **dollars (\$500.00) for each employee who completes his or her 1,000th hour of the**
19 **provided training during the taxable year.**

20 (c) **Eligibility.** -- **The eligibility of a taxpayer's training, expenditures, and**
21 **employees is determined as provided in G.S. 105-129.4."**

22 Section 5. This act is effective for taxable years beginning on or after
23 January 1, 1998.

PCS done
6/25

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 853
Proposed Senate Committee Substitute
S853-CSLA-6/18(V4)

Short Title: Revenue Officers' Police Powers.

(Public)

Sponsors:

Referred to: Judiciary.

April 15, 1997

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING THE SECRETARY OF THE DEPARTMENT OF REVENUE TO
3 APPOINT EMPLOYEES OF THE DEPARTMENT AS REVENUE LAW ENFORCEMENT
4 AGENTS TO ENFORCE THE EXCISE TAX ON CONTROLLED SUBSTANCES AND
5 COUNTERFEIT DRUGS AND THE CRIMINAL PROVISIONS OF THE REVENUE
6 LAWS.
7 The General Assembly of North Carolina enacts:
8 Section 1. Article 9 of Chapter 105 of the General
9 Statutes is amended by adding a new section to read:
10 "§ 105-236.1. Enforcement of revenue laws by revenue law
11 enforcement agents.
12 (a) General. -- The Secretary may appoint employees of the
13 Criminal Investigations Division to serve as revenue law
14 enforcement officers having the responsibility and subject-matter
15 jurisdiction to enforce the felony tax violations in G.S. 105-236
16 and to enforce any of the following criminal offenses when they
17 involve a tax imposed under Chapter 105 of the General Statutes:
18 G.S. 14-91 (Embezzlement of State Property), G.S. 14-92
19 (Embezzlement of Funds), G.S. 14-100 (Obtaining Property By False
20 Pretenses), G.S. 14-119 (Forgery), and G.S. 14-120 (Uttering
21 Forged Paper).

1 The Secretary may appoint employees of the Controlled
2 Substances Tax Division to serve as revenue law enforcement
3 officers having the responsibility and subject-matter
4 jurisdiction to enforce the excise tax on controlled substances
5 imposed by Article 2D of this Chapter. To serve as a revenue law
6 enforcement officer, an employee must be certified as a criminal
7 justice officer under Chapter 17C of the General Statutes.

8 (b) Authority. -- A revenue law enforcement officer is a State
9 officer with jurisdiction throughout the State within the
10 officer's subject-matter jurisdiction. A revenue law enforcement
11 officer may serve and execute notices, orders, warrants, or
12 demands issued by the Secretary or the General Court of Justice
13 in connection with the enforcement of the officer's subject-
14 matter jurisdiction. A revenue law enforcement officer has the
15 full powers of arrest as provided by G.S. 15A-401 while executing
16 the notices, orders, warrants, or demands."

17 Section 2. G.S. 17C-2 reads as rewritten:

18 "§ 17C-2. Definitions.

19 Unless the context clearly otherwise requires, the following
20 definitions apply in this Chapter:

21 (a) ~~"Commission" means the~~ (1) Commission. -- The
22 North Carolina Criminal Justice Education and
23 Training Standards ~~Commission; Commission.~~

24 (b) ~~"Criminal justice agencies" means the~~ (2) Criminal
25 justice agencies. -- The State and local
26 law-enforcement agencies, the State correctional
27 agencies, other correctional agencies maintained by
28 local governments, and the juvenile justice
29 agencies, but shall not include deputy sheriffs,
30 special deputy sheriffs, sheriffs' jailers, or
31 other sheriffs' department personnel governed by
32 the provisions of Chapter 17E of these General
33 Statutes; Statutes.

34 (c) ~~"Criminal justice officer(s)" means and~~
35 ~~incorporates the~~ (3) Criminal justice officers. --
36 The administrative and subordinate personnel of all
37 the departments, agencies, units or entities
38 comprising the ~~"criminal justice agencies," as~~
39 ~~defined in subsection (b),~~ criminal justice
40 agencies who are sworn law-enforcement officers,
41 both State and local, with the power of arrest;
42 revenue law enforcement officers; State
43 correctional officers; State probation/parole
44 officers; officers, supervisory and administrative

1 personnel of local confinement facilities; State
2 youth services officers; State probation/parole
3 intake officers; State probation/parole officers-
4 surveillance; State probation/parole intensive
5 officers; and State parole case analysts.

6 (d) ~~"Entry level" means the (4) Entry level.~~ -- The
7 initial appointment or employment of any person by
8 a criminal justice agency, or any appointment or
9 employment of a person previously employed by a
10 criminal justice agency who has not been employed
11 by a criminal justice agency for the 12-month
12 period preceding this appointment or employment, or
13 any appointment or employment of a previously
14 certified criminal justice officer to a position
15 which requires a different type of certification."

16 Section 3. G.S. 135-1(11b) reads as rewritten:

17 "(11b) 'Law-Enforcement Officer' means a full-time
18 paid employee of an employer who is actively
19 serving in a position with assigned primary
20 duties and responsibilities for prevention and
21 detection of crime or the general enforcement
22 of the criminal laws of the State of North
23 Carolina or serving civil processes, and who
24 possesses the power of arrest by virtue of an
25 oath administered under the authority of the
26 State. The term does not include a revenue
27 law-enforcement officer."

28 Section 4. G.S. 143-166.30(a)(4) reads as rewritten:

29 "(4) 'Law-enforcement officer' means a full-time paid
30 employee of an employer who is actively serving in
31 a position with assigned primary duties and
32 responsibilities for prevention and detection of
33 crime or the general enforcement of the criminal
34 laws of the State or serving civil processes, and
35 who possesses the power of arrest by virtue of an
36 oath administered under the authority of the State.
37 The term does not include a revenue law-enforcement
38 officer."

39 Section 5. G.S. 143-166.13(a) is amended by adding a
40 new subdivision to read:

41 "(18) Sworn State Law-Enforcement Officers with the
42 power of arrest, Department of Revenue."

43 Section 6. Of the funds appropriated from the General
44 Fund to the Department of Revenue for operating expenses, the sum

1 of sixty-seven thousand five hundred three dollars (\$67,503)
2 shall be used in the 1997-98 fiscal year to implement this act.
3 Section 7. This act becomes effective July 1, 1997.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. _____

DATE _____

S. B. No. _____

Amendment No. _____

(to be filled in by
Principal Clerk)

Rep.)

Sen.)

Adon

moves to amend the bill on page 4, line 1, 2 + 3

by

striking the words "sum of forty-five thousand three hundred eighty-five dollars (\$45,385) shall be paid in the 1998-99 fiscal year"

SIGNED

Adon
Phyllis

ADOPTED _____

FAILED _____

TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

B. No. _____

DATE _____

S. B. No. _____

Amendment No. _____

(to be filled in by
Principal Clerk)

Rep.) _____

Sen.) _____

moves to amend the bill on page 4, line 1, 2 + 3

by _____

striking the words "sum of forty-five thousand three hundred eighty-nine dollars (\$45,385) shall be paid in the 1998-99 fiscal year"

SIGNED _____

ADOPTED _____

FAILED _____

TABLED _____

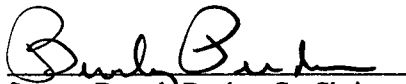
MINUTES
SENATE COMMITTEE ON APPROPRIATIONS

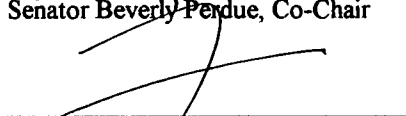
Thursday, June 26, 1997

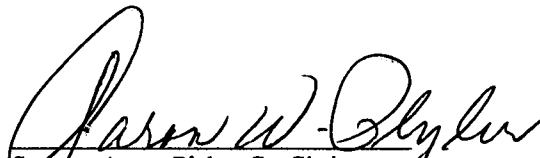
Co-Chair Senator Aaron Plyler called the Senate Appropriations Committee meeting to order at his Senate Chamber desk on June 26, 1997, at 11:00 a.m. With 29 members being present, the purpose was to consider a committee substitute for **SB 473, Continuing Budget Authority**. The bill was explained and Senator Lucas moved for a favorable committee substitute report and the motion carried.

The meeting was adjourned.

Respectfully submitted,


Senator Beverly Perdue, Co-Chair


Senator Fountain Odom, Co-Chair


Senator Aaron Plyler, Co-Chair


Anne Canady, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair
Senator Perdue, Co-Chair

Thursday, June 26, 1997

Senator Plyler,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B.(CS) 473	Appropriations Blank Bill-2	
	Draft Number:	PCS 4624
	Sequential Referral:	none
	Recommended Referral:	none
	Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comment: First step

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

S

D

SENATE BILL 473
Proposed Committee Substitute S473-PCS4624

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 24, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE
4 LEVEL IN EFFECT ON JUNE 30, 1997, AND TO EXTEND EXPIRING
5 PROVISIONS OF LAW.

6 The General Assembly of North Carolina enacts:

7

8 **BUDGET CONTINUATION**

9 Section 1. The Director of the Budget may continue to allocate funds for
10 expenditure for current operations by State departments, institutions, and agencies at
11 a level not to exceed the level at which those operations were authorized by the
12 General Assembly as of June 30, 1997. The Director of the Budget shall not allocate
13 funds for any of the purposes set out in the base budget reductions contained in
14 Senate Bill 352, 3rd edition, and Senate Bill 352, 5th edition, that are not in
15 controversy.

16 To the extent necessary to implement this authorization, there is
17 appropriated from the appropriate State funds and cash balances, federal receipts,
18 and departmental receipts for the 1997-98 fiscal year, funds necessary to carry out this
19 section.

20 This appropriation and this authorization to allocate and spend funds
21 shall remain in effect until ratification of the Current Operations and Capital
22 Improvements Appropriations Act of 1997, at which time that act shall become
23 effective and shall govern appropriations and expenditures. Upon ratification of the

1 Current Operations and Capital Improvements Appropriations Act of 1997, the
2 Director of the Budget shall adjust allocations to give effect to that act from July 1,
3 1997.

4 Except as otherwise provided by this act, the limitations and directions
5 for the 1996-97 fiscal year in Chapters 324 and 507 of the 1995 Session Laws and
6 Chapter 18 of the Session Laws of the 1996 Second Extra Session remain in effect.
7 Session laws that applied to appropriations to particular agencies or for particular
8 purposes apply to the funds appropriated and authorized for expenditure under this
9 section.

10

11 **EMPLOYEE SALARIES**

12 Section 2. The salary schedules and specific salaries established for fiscal
13 year 1996-97 by or under Chapters 324 and 507 of the 1995 Session Laws and
14 Chapter 18 of the Session Laws of the 1996 Second Extra Session for offices and
15 positions shall remain in effect until the effective date of the Current Operations and
16 Capital Improvements Appropriations Act of 1997.

17 Teachers and other employees shall not move up on these salary
18 schedules or receive automatic, annual, performance, merit, or other increments until
19 authorized by the General Assembly.

20

21 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

22 Section 3. The State's employer contribution rates budgeted for
23 retirement and related benefits for the 1997-98 fiscal year shall remain the same as
24 they are on June 30, 1997.

25

26 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

27 Section 4. The General Assembly authorizes and certifies anticipated
28 revenues of the Highway Fund as follows:

29 FY 1999-2000	\$1,182.2 million
30 FY 2000-2001	\$1,211.2 million
31 FY 2001-2002	\$1,241.2 million
32 FY 2002-2003	\$1,271.9 million.

33 The General Assembly authorizes and certifies anticipated revenues of
34 the Highway Trust Fund as follows:

35 FY 1999-2000	\$861.7 million
36 FY 2000-2001	\$891.0 million
37 FY 2001-2002	\$921.6 million
38 FY 2002-2003	\$953.3 million.

39

40 **FUNDS SHALL NOT REVERT**

41 Section 5. If the provisions of Senate Bill 352, 3rd edition, Senate Bill
42 352, 5th edition, or both, direct that funds shall not revert, the funds shall not revert
43 on June 30, 1997. Unless these funds are encumbered on or before June 30, 1997,
44 these funds shall not be expended after June 30, 1997, except as provided by a statute

1 that becomes effective after June 30, 1997. If no such statute is enacted prior to
2 August 1, 1997, these funds shall revert to the appropriate fund on that date.

3

4 **EXTEND SENTENCING COMMISSION**

5 Section 6. Section 8 of Chapter 1076 of the 1989 Session Laws, as
6 amended by Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and
7 591 of the 1993 Session Laws, and Chapter 236 of the 1995 Session Laws, reads as
8 rewritten:

9 "Sec. 8. This act is effective upon ratification, and shall expire ~~July 1, 1997.~~ July
10 31, 1997."

11

12 **EXTEND MORATORIUM ON FISHING LICENSES**

13 Section 7. Subsection (a) of Section 3 of Chapter 675 of the 1993 Session
14 Laws, Regular Session 1994, as amended by subsection (a) of Section 26.5 of Chapter
15 507 of the 1995 Session Laws, reads as rewritten:

16 "(a) Except as provided in subsections (b), (c), (c1), or (c2) of this section, the
17 Department shall not issue any new licenses for a period beginning July 1, 1994, and
18 ending ~~June 30, 1997,~~ July 31, 1997, under the following statutes:

- 19 (1) G.S. 113-152. Vessel licenses.
- 20 (2) G.S. 113-153.1. Crab license.
- 21 (3) G.S. 113-154. Shellfish license
- 22 (4) G.S. 113-154.1. Nonvessel endorsements to sell fish."

23

24 **AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION PLATES ON** 25 **PUBLICLY OWNED MOTOR VEHICLES**

26 Section 8. Section 23(c) of Chapter 18 of the Session Laws of the 1996
27 Second Extra Session reads as rewritten:

28 "(c) Subsection (a) of this section expires ~~June 30, 1997.~~ July 31, 1997."

29

30 **LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS**

31 Section 9. Section 27.8(a) of Chapter 18 of the Session Laws of the 1996
32 Second Extra Session reads as rewritten:

33 "(a) Of the funds appropriated by this act to the Lower Neuse River Basin
34 Association for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000)
35 shall be allocated as grants to local government units in the Neuse River Basin to
36 assist those local government units in fulfilling their obligations under the Neuse
37 River Nutrient Sensitive Waters Management Strategy plan adopted by the
38 Environmental Management Commission. The funds are contingent upon the
39 adoption of the plan by the Environmental Management Commission. If the
40 Environmental Management Commission fails to adopt the plan by ~~June 30, 1997,~~
41 July 31, 1997, then the funds shall revert to the General Fund."

42

43 **BEAVER DAMAGE CONTROL FUNDS**

1 Section 10. Subsection (h) of Section 69 of Chapter 1044 of the 1991
2 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws,
3 Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of
4 the 1995 Session Laws, and Section 27.15(c) of Chapter 18 of the Session Laws of the
5 1996 Second Extra Session reads as rewritten:

6 "(h) Subsections (a) through (d) of this section expire ~~June 30, 1997~~. July 31,
7 1997."
8

9 CHANGES IN THE EXECUTION OF THE BUDGET

10 Section 11. The amendments to G.S. 143-27 that were enacted in Section
11 7.4(h)(2) of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall
12 become effective August 1, 1997.
13

14 CORE SOUND/DESCRIPTION OF AREA A FOR SHELLFISH LEASE 15 MORATORIUM

16 Section 12. Section 3 of Chapter 547 of the 1995 Session Laws (1996
17 Regular Session) as amended by Section 1 of Chapter 633 of the 1995 Session Laws
18 (1996 Regular Session) and as rewritten by Section 27.33 of Chapter 18 of the Session
19 Laws of the 1996 Second Extra Session reads as rewritten:

20 "Sec. 3. Notwithstanding G.S. 113-202, a moratorium on new shellfish cultivation
21 leases shall be imposed in the remaining area of Core Sound not described in Section
22 1 of this act. During the moratorium, a comprehensive study of the shellfish lease
23 program shall be conducted. The moratorium established under this section covers
24 that part of Core Sound bounded by a line beginning at a point on Cedar Island at
25 35°00'39"N - 76°17'48"W, thence 109°(M) to a point in Core Sound 35°00'00"N -
26 76°12'42"W, thence 229°(M) to Marker No. 37 located 0.9 miles off Bells Point at
27 34°43'30"N - 76°29'00"W, thence 207°(M) to the Cape Lookout Lighthouse at
28 34°37'24"N - 76°31'30"W, thence 12°(M) to a point at Marshallberg at 34°43'07"N -
29 76°31'12"W, thence following the shoreline in a northerly direction to the point of
30 beginning except that the highway bridges at Salters Creek, Thorofare Bay, and the
31 Rumley Bay ditch shall be considered shoreline. The moratorium shall expire ~~July 1,~~
32 ~~1997~~. August 1, 1997."
33

34 EFFECTIVE DATE

35 Section 13. This act becomes effective July 1, 1997, except that Sections
36 5 through 10 of this act become effective June 30, 1997. This act expires August 1,
37 1997.

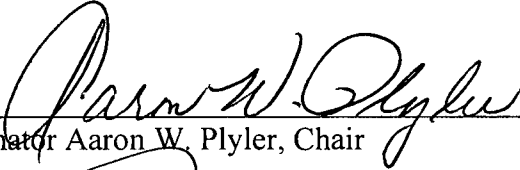
MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
July 3, 1997

The Senate Committee on Appropriations met on July 3, 1997, in Room 643 of the Legislative Office Building. Senator Plyler, Chair called the meeting to order and asked Senator Hoyle to explain the **Proposed Senate Committee Substitute for SB853 Revenue Officers' Police Powers.**

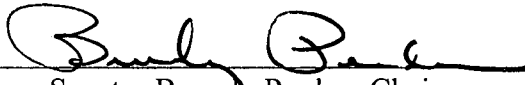
After discussion, Senator Perdue sent forth an amendment. It was voted and agreed that the amendment would be incorporated into a new Committee Substitute, and the SB 853 was passed **Unfavorable as to Bill, but Favorable as to C.S. Bill.**

The meeting was then adjourned.

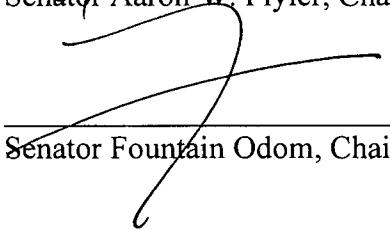
Respectfully submitted,



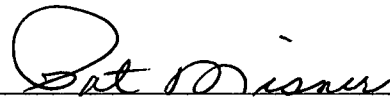
Senator Aaron W. Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair



Pat Misner, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Thursday, July 03, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B.	853	Revenue Officers' Police Powers.	
		Draft Number:	PCS1851
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comment: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 853
Proposed Committee Substitute S853-PCS1851

Short Title: Revenue Officers' Police Powers.

(Public)

Sponsors:

Referred to:

April 15, 1997

A BILL TO BE ENTITLED

1 AN ACT AUTHORIZING THE SECRETARY OF THE DEPARTMENT OF
2 REVENUE TO APPOINT EMPLOYEES OF THE DEPARTMENT AS
3 REVENUE LAW ENFORCEMENT AGENTS TO ENFORCE THE EXCISE
4 TAX ON CONTROLLED SUBSTANCES AND THE CRIMINAL PROVISIONS
5 OF THE REVENUE LAWS AND DIRECTING THE SECRETARY OF
6 REVENUE TO NOTIFY AFFECTED INTANGIBLES TAXPAYERS BY MAIL
7 AS SOON AS POSSIBLE OF THE COURT NOTICE IN THE CLASS ACTION
8 LAWSUIT REGARDING REFUNDS.

9 The General Assembly of North Carolina enacts:

10 Section 1. Article 9 of Chapter 105 of the General Statutes is amended
11 by adding a new section to read:

12 **"§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.**

13 (a) General. -- The Secretary may appoint employees of the Criminal
14 Investigations Division to serve as revenue law enforcement officers having the
15 responsibility and subject-matter jurisdiction to enforce the felony tax violations in
16 G.S. 105-236 and to enforce any of the following criminal offenses when they involve
17 a tax imposed under Chapter 105 of the General Statutes: G.S. 14-91 (Embezzlement
18 of State Property), G.S. 14-92 (Embezzlement of Funds), G.S. 14-100 (Obtaining
19 Property By False Pretenses), G.S. 14-119 (Forgery), and G.S. 14-120 (Uttering
20 Forged Paper).

21 The Secretary may appoint employees of the Controlled Substances Tax Division
22 to serve as revenue law enforcement officers having the responsibility and subject-
23

1 matter jurisdiction to enforce the excise tax on controlled substances imposed by
2 Article 2D of this Chapter. To serve as a revenue law enforcement officer, an
3 employee must be certified as a criminal justice officer under Chapter 17C of the
4 General Statutes.

5 (b) Authority. -- A revenue law enforcement officer is a State officer with
6 jurisdiction throughout the State within the officer's subject-matter jurisdiction. A
7 revenue law enforcement officer may serve and execute notices, orders, warrants, or
8 demands issued by the Secretary or the General Court of Justice in connection with
9 the enforcement of the officer's subject-matter jurisdiction. A revenue law
10 enforcement officer has the full powers of arrest as provided by G.S. 15A-401 while
11 executing the notices, orders, warrants, or demands."

12 Section 2. G.S. 17C-2 reads as rewritten:

13 "**§ 17C-2. Definitions.**

14 Unless the context clearly otherwise requires, the following definitions apply in this
15 Chapter:

16 (a) ~~"Commission" means the~~ (1) Commission. -- The North Carolina
17 Criminal Justice Education and Training Standards Commission;
18 Commission.

19 (b) ~~"Criminal justice agencies" means the~~ (2) Criminal justice
20 agencies. -- The State and local law-enforcement agencies, the
21 State correctional agencies, other correctional agencies maintained
22 by local governments, and the juvenile justice agencies, but shall
23 not include deputy sheriffs, special deputy sheriffs, sheriffs' jailers,
24 or other sheriffs' department personnel governed by the provisions
25 of Chapter 17E of these General Statutes; Statutes.

26 (c) ~~"Criminal justice officer(s)" means and incorporates the~~ (3)
27 Criminal justice officers. -- The administrative and subordinate
28 personnel of all the departments, agencies, units or entities
29 comprising the "criminal justice agencies," as defined in subsection
30 (b); criminal justice agencies who are sworn law-enforcement
31 officers, both State and local, with the power of arrest; revenue law
32 enforcement officers; State correctional officers; State
33 probation/parole officers; officers, supervisory and administrative
34 personnel of local confinement facilities; State youth services
35 officers; State probation/parole intake officers; State
36 probation/parole officers-surveillance; State probation/parole
37 intensive officers; and State parole case analysts.

38 (d) ~~"Entry level" means the~~ (4) Entry level. -- The initial appointment
39 or employment of any person by a criminal justice agency, or any
40 appointment or employment of a person previously employed by a
41 criminal justice agency who has not been employed by a criminal
42 justice agency for the 12-month period preceding this appointment
43 or employment, or any appointment or employment of a previously

1 matter jurisdiction to enforce the excise tax on controlled substances imposed by
2 Article 2D of this Chapter. To serve as a revenue law enforcement officer, an
3 employee must be certified as a criminal justice officer under Chapter 17C of the
4 General Statutes.

5 (b) Authority. -- A revenue law enforcement officer is a State officer with
6 jurisdiction throughout the State within the officer's subject-matter jurisdiction. A
7 revenue law enforcement officer may serve and execute notices, orders, warrants, or
8 demands issued by the Secretary or the General Court of Justice in connection with
9 the enforcement of the officer's subject-matter jurisdiction. A revenue law
10 enforcement officer has the full powers of arrest as provided by G.S. 15A-401 while
11 executing the notices, orders, warrants, or demands."

12 Section 2. G.S. 17C-2 reads as rewritten:

13 **"§ 17C-2. Definitions.**

14 Unless the context clearly otherwise requires, the following definitions apply in this
15 Chapter:

16 (a) ~~"Commission" means the~~ (1) Commission. -- The North Carolina
17 Criminal Justice Education and Training Standards Commission;
18 Commission.

19 (b) ~~"Criminal justice agencies" means the~~ (2) Criminal justice
20 agencies. -- The State and local law-enforcement agencies, the
21 State correctional agencies, other correctional agencies maintained
22 by local governments, and the juvenile justice agencies, but shall
23 not include deputy sheriffs, special deputy sheriffs, sheriffs' jailers,
24 or other sheriffs' department personnel governed by the provisions
25 of Chapter 17E of these General Statutes; Statutes.

26 (c) ~~"Criminal justice officer(s)" means and incorporates the~~ (3)
27 Criminal justice officers. -- The administrative and subordinate
28 personnel of all the departments, agencies, units or entities
29 comprising the "criminal justice agencies," as defined in subsection
30 (b); criminal justice agencies who are sworn law-enforcement
31 officers, both State and local, with the power of arrest; revenue law
32 enforcement officers; State correctional officers; State
33 probation/parole officers; officers, supervisory and administrative
34 personnel of local confinement facilities; State youth services
35 officers; State probation/parole intake officers; State
36 probation/parole officers-surveillance; State probation/parole
37 intensive officers; and State parole case analysts.

38 (d) ~~"Entry level" means the~~ (4) Entry level. -- The initial appointment
39 or employment of any person by a criminal justice agency, or any
40 appointment or employment of a person previously employed by a
41 criminal justice agency who has not been employed by a criminal
42 justice agency for the 12-month period preceding this appointment
43 or employment, or any appointment or employment of a previously

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 853
Proposed Committee Substitute S853-PCS1843

Short Title: Revenue Officers' Police Powers.

(Public)

Sponsors:

Referred to:

April 15, 1997

1 A BILL TO BE ENTITLED
2 AN ACT AUTHORIZING THE SECRETARY OF THE DEPARTMENT OF
3 REVENUE TO APPOINT EMPLOYEES OF THE DEPARTMENT AS
4 REVENUE LAW ENFORCEMENT AGENTS TO ENFORCE THE EXCISE
5 TAX ON CONTROLLED SUBSTANCES AND COUNTERFEIT DRUGS AND
6 THE CRIMINAL PROVISIONS OF THE REVENUE LAWS.
7 The General Assembly of North Carolina enacts:
8 Section 1. Article 9 of Chapter 105 of the General Statutes is amended
9 by adding a new section to read:
10 "§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.
11 (a) General. -- The Secretary may appoint employees of the Criminal
12 Investigations Division to serve as revenue law enforcement officers having the
13 responsibility and subject-matter jurisdiction to enforce the felony tax violations in
14 G.S. 105-236 and to enforce any of the following criminal offenses when they involve
15 a tax imposed under Chapter 105 of the General Statutes: G.S. 14-91 (Embezzlement
16 of State Property), G.S. 14-92 (Embezzlement of Funds), G.S. 14-100 (Obtaining
17 Property By False Pretenses), G.S. 14-119 (Forgery), and G.S. 14-120 (Uttering
18 Forged Paper).
19 The Secretary may appoint employees of the Controlled Substances Tax Division
20 to serve as revenue law enforcement officers having the responsibility and subject-
21 matter jurisdiction to enforce the excise tax on controlled substances imposed by
22 Article 2D of this Chapter. To serve as a revenue law enforcement officer, an

1 employee must be certified as a criminal justice officer under Chapter 17C of the
2 General Statutes.

3 (b) Authority. -- A revenue law enforcement officer is a State officer with
4 jurisdiction throughout the State within the officer's subject-matter jurisdiction. A
5 revenue law enforcement officer may serve and execute notices, orders, warrants, or
6 demands issued by the Secretary or the General Court of Justice in connection with
7 the enforcement of the officer's subject-matter jurisdiction. A revenue law
8 enforcement officer has the full powers of arrest as provided by G.S. 15A-401 while
9 executing the notices, orders, warrants, or demands."

10 Section 2. G.S. 17C-2 reads as rewritten:

11 "**§ 17C-2. Definitions.**

12 Unless the context clearly otherwise requires, the following definitions apply in this
13 Chapter:

14 (a) ~~"Commission" means the (1) Commission. -- The North Carolina~~
15 ~~Criminal Justice Education and Training Standards Commission;~~
16 ~~Commission.~~

17 (b) ~~"Criminal justice agencies" means the (2) Criminal justice~~
18 ~~agencies. -- The State and local law-enforcement agencies, the~~
19 ~~State correctional agencies, other correctional agencies maintained~~
20 ~~by local governments, and the juvenile justice agencies, but shall~~
21 ~~not include deputy sheriffs, special deputy sheriffs, sheriffs' jailers,~~
22 ~~or other sheriffs' department personnel governed by the provisions~~
23 ~~of Chapter 17E of these Statutes; Statutes.~~

24 (c) ~~"Criminal justice officer(s)" means and incorporates the (3)~~
25 ~~Criminal justice officers. -- The administrative and subordinate~~
26 ~~personnel of all the departments, agencies, units or entities~~
27 ~~comprising the "criminal justice agencies," as defined in subsection~~
28 ~~(b); criminal justice agencies who are sworn law-enforcement~~
29 ~~officers, both State and local, with the power of arrest; revenue law~~
30 ~~enforcement officers; State correctional officers; State~~
31 ~~probation/parole officers; officers, supervisory and administrative~~
32 ~~personnel of local confinement facilities; State youth services~~
33 ~~officers; State probation/parole intake officers; State~~
34 ~~probation/parole officers-surveillance; State probation/parole~~
35 ~~intensive officers; and State parole case analysts.~~

36 (d) ~~"Entry level" means the (4) Entry level. -- The initial appointment~~
37 ~~or employment of any person by a criminal justice agency, or any~~
38 ~~appointment or employment of a person previously employed by a~~
39 ~~criminal justice agency who has not been employed by a criminal~~
40 ~~justice agency for the 12-month period preceding this appointment~~
41 ~~or employment, or any appointment or employment of a previously~~
42 ~~certified criminal justice officer to a position which requires a~~
43 ~~different type of certification."~~

44 Section 3. G.S. 135-1(11b) reads as rewritten:

1 "(11b) 'Law-Enforcement Officer' means a full-time paid employee of an
2 employer who is actively serving in a position with assigned
3 primary duties and responsibilities for prevention and detection of
4 crime or the general enforcement of the criminal laws of the State
5 of North Carolina or serving civil processes, and who possesses the
6 power of arrest by virtue of an oath administered under the
7 authority of the State. The term does not include a revenue law-
8 enforcement officer."

9 Section 4. G.S. 143-166.30(a)(4) reads as rewritten:

10 "(4) 'Law-enforcement officer' means a full-time paid employee of an
11 employer who is actively serving in a position with assigned
12 primary duties and responsibilities for prevention and detection of
13 crime or the general enforcement of the criminal laws of the State
14 or serving civil processes, and who possesses the power of arrest by
15 virtue of an oath administered under the authority of the State.
16 The term does not include a revenue law-enforcement officer."

17 Section 5. G.S. 143-166.13(a) is amended by adding a new subdivision to

18 read:

19 "(18) Sworn State Law-Enforcement Officers with the power of arrest,
20 Department of Revenue."

21 Section 6. Of the funds appropriated from the General Fund to the
22 Department of Revenue for operating expenses, the sum of sixty-seven thousand five
23 hundred three dollars (\$67,503) shall be used in the 1997-98 fiscal year to implement
24 this act.

25 Section 7. This act becomes effective July 1, 1997.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 853

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)
Page 1 of ____

S853-ALC-7/2

Date _____, 199__

Comm. Sub. [YES]
Amends Title [YES]
PCS1843



Sen. _____

1 moves to amend the bill on page 1, lines 5 - 6,
2 by rewriting the lines to read:
3 "TAX ON CONTROLLED SUBSTANCES AND THE CRIMINAL PROVISIONS OF THE
4 REVENUE LAWS AND DIRECTING THE SECRETARY OF REVENUE TO NOTIFY
5 AFFECTED INTANGIBLES TAXPAYERS BY MAIL AS SOON AS POSSIBLE OF THE
6 COURT NOTICE IN THE CLASS ACTION LAWSUIT REGARDING REFUNDS.";

7

8 and on page 3, lines 24 - 25,
9 by rewriting the lines to read:

10 "Sections 1 through 5 of this act.

11 Section 7. (a) The Secretary of Revenue shall, as soon as
12 possible, mail a copy of the Wake County Superior Court's notice in
13 the class action lawsuit Smith v. State to all intangibles taxpayers
14 that she has identified as possibly being affected and for whom she
15 has identified a last known mailing address. The Secretary of
16 Revenue shall draw the costs of implementing this subsection, up to
17 a maximum of two hundred thousand dollars (\$200,000), from
18 collections under Division II of Article 4 of Chapter 105 of the
19 General Statutes. The court's notice requires immediate action by
20 affected taxpayers. The Secretary of Revenue shall, therefore, make
21 an extraordinary effort to assure that the notices are sent as
22 quickly as possible.

23 (b) It is the intent of the General Assembly that as many affected
24 taxpayers as possible receive actual, complete information before
25 the deadline set by the court for taxpayers to make a decision
26 regarding the class action lawsuit. The Secretary of Revenue shall
27 supplement the mailing required by this section with circulation of
28 the court's notice to tax professionals and media outlets throughout



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 853

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S853-ALC-7/2

Page 2 of ____

1 the State and to any other person she considers appropriate to
2 implement the intent of this section.
3 Section 8. This act is effective when it becomes law."
4
5

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS

July 24, 1997

Senator Plyler called the Senate Appropriations Committee to order on Thursday, July 24 at 8:30 a.m. with 15 members being present.

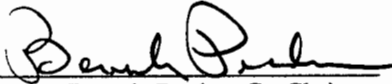
Senator John Kerr presented **HB 1157, Various Corporate Tax Law Changes**. Senator Howard Lee moved for a favorable report and the motion carried.

Senator Ed Warren moved for adoption of an amendment to **HB 35, Conform Sales and Fuel Tax Refund Period**. Senator Kerr explained the amendment and the bill. Senator Lee moved for a favorable as amended to be rolled into a committee substitute bill; the motion carried.

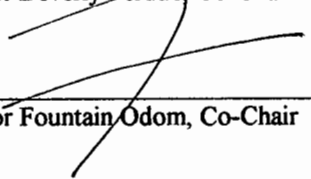
Representative Morris presented **HB 524, UNC Alcohol Ed. Endowment Fund**. Upon motion by Senator Dannelly, the bill was given a favorable report.

The meeting adjourned at 9:10 a.m.

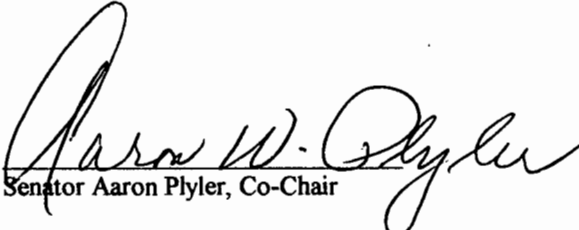
Respectfully submitted,



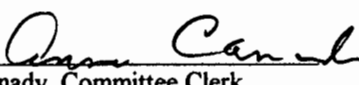
Senator Beverly Perdue, Co-Chair



Senator Fountain Odom, Co-Chair



Senator Aaron Plyler, Co-Chair



Anne Canady, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair
Senator Perdue, Co-Chair

AMENDED REPORT

Thursday, July 24, 1997

SENATOR PLYLER,

submits the following with recommendations as to passage:

FAVORABLE

H.B. 524 UNC Alcohol Ed. Endowment Fund
 Sequential Referral: None
 Recommended Referral: none

H.B. 1157 Various Corporate Tax Law Changes
 Sequential Referral: none
 Recommended Referral: none

UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL #1, BUT FAVORABLE AS TO SENATE C.S. BILL #2

H.B.(SCS#1)35 Conform Sales & Fuel Tax Refund Period
 Draft Number: PCS 7359
 Sequential Referral: none
 Recommended Referral: none
 Long Title Amended: No

TOTAL REPORTED: 3

Committee Clerk Comment: none

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1997

*Kevin Egan
Law J. R.*

H

2

HOUSE BILL 1157
Senate Finance Committee Substitute Adopted 7/10/97

Short Title: Various Corporate Tax Law Changes.

(Public)

Sponsors:

Referred to:

April 24, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE CORPORATE INCOME TAX ON CERTAIN TAX-
3 EXEMPT OBLIGATIONS AND TO DELETE THE CAP ON CORPORATE
4 INCOME TAX DEDUCTIONS OF DIVIDENDS RECEIVED FROM
5 REGULATED INVESTMENT COMPANIES.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-130.5(b) is amended by adding a new subdivision to
8 read:

9 "(1a) Interest upon the obligations of any of the following, net of related
10 expenses, to the extent included in federal taxable income:

11 a. This State, a political subdivision of this State, or a
12 commission, an authority, or another agency of this State or
13 of a political subdivision of this State.

14 b. A nonprofit educational institution organized or chartered
15 under the laws of this State."

16 Section 2. G.S. 105-130.7 reads as rewritten:

17 "§ 105-130.7. Deductible portion of dividends.

18 (a) Regulated Investment Companies. -- A corporation may deduct the
19 proportionate part of dividends received by it from a regulated investment company
20 or a real estate investment trust, as defined in G.S. 105-130.12, as represents and
21 corresponds to income received by the regulated investment company or real estate
22 investment trust that would not be taxed by this State if received directly by the
23 corporation.

(b) Subsidiary Dividends. -- A corporation that, at the close of its taxable year, has its commercial domicile within North Carolina may deduct all dividends received from corporations in which it owns more than fifty percent (50%) of the outstanding voting stock.

~~Dividends from stock issued by a corporation are deductible to the extent provided in this section.~~

(1), ~~(2). Repealed by Session Laws 1996, Second Extra Session, c. 14, s. 3.~~

(3) ~~A corporation may deduct such proportionate part of dividends received by it from a regulated investment company or a real estate investment trust, as defined in G.S. 105-130.12, as represents and corresponds to income received by such regulated investment company or real estate investment trust which would not be taxed by this State if received directly by the corporation.~~

~~(3a) Repealed by Session Laws 1996, Second Extra Session, c. 14, s. 3.~~

(4) ~~A corporation that, at the close of its taxable year, has its commercial domicile within North Carolina shall be allowed to deduct all dividends received from corporations in which it owns more than fifty percent (50%) of the outstanding voting stock.~~

~~(5) Repealed by Session Laws 1996, Second Extra Session, c. 14, s. 3.~~

(6) ~~In no case shall the total amount of dividends that are allowed as a deduction to a corporation under subdivision (3) of this section exceed fifteen thousand dollars (\$15,000) for the taxable year."~~

Section 3. This act is effective for taxable years beginning on or after January 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 35

Senate Finance Committee Substitute Adopted 7/10/97
Proposed Committee Substitute H35-PCS7359

Short Title: Conform Sales & Fuel Tax Refund Period.

(Public)

Sponsors:

Referred to:

February 4, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO EXTEND THE TIME ALLOWED FOR CLAIMING SALES TAX
3 REFUNDS, MOTOR FUEL TAX REFUNDS, AND ALTERNATIVE FUEL TAX
4 REFUNDS, AND TO PROVIDE THAT A MOTOR FUEL TAX REFUND IS
5 NET OF THE SALES TAX DUE ON THE FUEL.
6 The General Assembly of North Carolina enacts:
7 Section 1. G.S. 105-164.14(d) reads as rewritten:
8 "(d) Penalties for Late Applications. -- Refunds made pursuant to applications
9 filed after the dates specified in subsections (b) and (c) above are subject to the
10 following penalties for late filing: applications filed within 30 days after the due date,
11 twenty-five percent (25%); applications filed after 30 days but within ~~six months~~ three
12 years after the due date, fifty percent (50%). Refunds applied for more than ~~six~~
13 ~~months~~ three years after the due date are barred."
14 Section 2. G.S. 105-449.109 reads as rewritten:
15 "**§ 105-449.109. Reduction or denial of late ~~annual or quarterly~~ refund application.**
16 An application filed with the Secretary within ~~six months~~ three years of the date
17 the application is due must be accepted but is subject to a penalty of twenty-five
18 percent (25%) of the amount of the refund otherwise due if the application is filed
19 within 30 days after the date the application is due, and is subject to a penalty of fifty
20 percent (50%) of the amount of the refund otherwise due if the application is filed
21 more than 30 days but within ~~six months~~ three years after the date the application is

1 due. The Secretary shall not accept an application filed more than ~~six months~~ three
2 years after the date the application is due."

3 Section 3. G.S. 105-164.13(11) reads as rewritten:

4 "(11) ~~Motor fuel subject to tax under Article 36C of this Chapter and~~
5 ~~alternative fuel subject to tax under Article 36D of this Chapter,~~
6 ~~regardless of whether those Articles exempt the fuel from tax or~~
7 ~~allow a refund of tax paid on the fuel. Any of the following fuel:~~

8 a. Motor fuel, as defined in G.S. 105-449.60, except
9 motor fuel for which a refund of the per gallon excise
10 tax is allowed under G.S. 105-449.105(c) or (d) or
11 under G.S. 105-449.107.

12 b. Alternative fuel taxed under Article 36D of this
13 Chapter, unless a refund of that tax is allowed under
14 G.S. 105-449.107."

15 Section 4. G.S. 105-449.107, as amended by Section 14 of Chapter 33 of
16 the 1997 Session Laws, reads as rewritten:

17 "**§ 105-449.107. Annual refunds for off-highway use and use by certain vehicles with**
18 **power attachments.**

19 (a) Off-Highway. -- A person who purchases and uses motor fuel for a purpose
20 other than to operate a licensed highway vehicle may receive an annual refund for
21 the excise tax the person paid on fuel used during the preceding calendar ~~year at a~~
22 ~~rate equal to year.~~ The amount of refund allowed is the amount of the flat cents-per-
23 gallon rate in effect during the year for which the refund is claimed plus the average
24 of the two variable cents-per-gallon rates in effect during that year, less one cent (1¢)
25 per gallon. the amount of sales and use tax due on the fuel under this Chapter. An
26 application for a refund allowed under this section must be made in accordance with
27 this Part.

28 (b) Certain Vehicles. -- A person who purchases and uses motor fuel in one of the
29 vehicles listed below may receive an annual refund for the amount of fuel consumed
30 by any of the following vehicles:

- 31 (1) A concrete mixing vehicle.
- 32 (2) A solid waste compacting vehicle.
- 33 (3) A bulk feed vehicle that delivers feed to poultry or livestock and
34 uses a power takeoff to unload the feed.
- 35 (4) A vehicle that delivers lime or fertilizer in bulk to farms and uses a
36 power takeoff to unload the lime or fertilizer.
- 37 (5) A tank wagon that delivers alternative fuel, as defined in G.S. 105-
38 449.130, or motor fuel or another type of liquid fuel into storage
39 tanks and uses a power takeoff to make the delivery.

40 ~~The refund rate shall be computed by subtracting one cent (1¢) from the combined~~
41 ~~amount of~~ amount of refund allowed is thirty-three and one-third percent (33 1/3%)
42 of the following: the sum of the flat cents-per-gallon rate in effect during the year for
43 which the refund is claimed and the average of the two variable cents-per-gallon rates
44 in effect during that year, and multiplying the difference by thirty-three and one-third

1 ~~percent (33 1/3%)~~. less the amount of sales and use tax due on the fuel under this
2 Chapter. An application for a refund allowed under this section ~~shall~~ must be made
3 in accordance with this Part. This refund is allowed for the amount of fuel consumed
4 by the vehicle in its mixing, compacting, or unloading operations, as distinguished
5 from propelling the vehicle, which amount is considered to be one-third of the
6 amount of fuel consumed by the vehicle.

7 (c) Sales Tax Amount. -- Article 5 of this Chapter determines the amount of sales
8 and use tax to be deducted under this section from a motor fuel excise tax refund.
9 The sales price and the cost price of motor fuel to be used in determining the amount
10 to deduct is the average of the wholesale prices used under G.S. 105-449.80 to
11 determine the excise tax rates in effect for the two six-month periods of the year for
12 which the refund is claimed."

13 Section 5. Section 1 of this act becomes effective July 1, 1998. Sections
14 2 through 4 of this act become effective January 1, 1998, and apply to motor fuel and
15 alternative fuel taxes paid on or after that date. The remainder of this act is effective
16 when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

HOUSE BILL 35

Senate Finance Committee Substitute Adopted 7/10/97

PCS 7359

Cur
L. W. J. R. 9
P. C. S. 2

Short Title: Conform Sales & Fuel Tax Refund Period.

(Public)

Sponsors:

Referred to:

February 4, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO EXTEND THE TIME ALLOWED FOR CLAIMING SALES TAX
3 REFUNDS, MOTOR FUEL TAX REFUNDS, AND ALTERNATIVE FUEL TAX
4 REFUNDS, AND TO PROVIDE THAT A MOTOR FUEL TAX REFUND IS
5 NET OF THE SALES TAX DUE ON THE FUEL.

6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-164.14(d) reads as rewritten:

8 "(d) Penalties for Late Applications. -- Refunds made pursuant to applications
9 filed after the dates specified in subsections (b) and (c) above are subject to the
10 following penalties for late filing: applications filed within 30 days after the due date,
11 twenty-five percent (25%); applications filed after 30 days but within ~~six months~~ three
12 years after the due date, fifty percent (50%). Refunds applied for more than ~~six~~
13 ~~months~~ three years after the due date are barred."

14 Section 2. G.S. 105-449.109 reads as rewritten:

15 "**§ 105-449.109. Reduction or denial of late ~~annual or quarterly~~ refund application.**

16 An application filed with the Secretary within ~~six months~~ three years of the date
17 the application is due must be accepted but is subject to a penalty of twenty-five
18 percent (25%) of the amount of the refund otherwise due if the application is filed
19 within 30 days after the date the application is due, and is subject to a penalty of fifty
20 percent (50%) of the amount of the refund otherwise due if the application is filed
21 more than 30 days but within ~~six months~~ three years after the date the application is
22 due. The Secretary shall not accept an application filed more than ~~six months~~ three
23 years after the date the application is due."

Section 3. G.S. 105-164.13(11) reads as rewritten:

"(11) ~~Motor fuel subject to tax under Article 36C of this Chapter and alternative fuel subject to tax under Article 36D of this Chapter, regardless of whether those Articles exempt the fuel from tax or allow a refund of tax paid on the fuel. Any of the following fuel:~~

a. Motor fuel, as defined in G.S. 105-449.60, except motor fuel for which a refund of the per gallon excise tax is allowed under G.S. 105-449.105(c) or (d) or under G.S. 105-449.107.

b. Alternative fuel taxed under Article 36D of this Chapter, unless a refund of that tax is allowed under G.S. 105-449.107."

Section 4. G.S. 105-449.107, as amended by Section 14 of Chapter 33 of the 1997 Session Laws, reads as rewritten:

"§ 105-449.107. Annual refunds for off-highway use and use by certain vehicles with power attachments.

(a) Off-Highway. -- A person who purchases and uses motor fuel for a purpose other than to operate a licensed highway vehicle may receive an annual refund for the excise tax the person paid on fuel used during the preceding calendar ~~year at a rate equal to year.~~ The amount of refund allowed is the amount of the flat cents-per-gallon rate in effect during the year for which the refund is claimed plus the average of the two variable cents-per-gallon rates in effect during that year, less one cent (1¢) per gallon. the amount of sales and use tax due on the fuel under this Chapter. An application for a refund allowed under this section must be made in accordance with this Part.

(b) Certain Vehicles. -- A person who purchases and uses motor fuel in one of the vehicles listed below may receive an annual refund for the amount of fuel consumed by any of the following vehicles:

- (1) A concrete mixing vehicle.
- (2) A solid waste compacting vehicle.
- (3) A bulk feed vehicle that delivers feed to poultry or livestock and uses a power takeoff to unload the feed.
- (4) A vehicle that delivers lime or fertilizer in bulk to farms and uses a power takeoff to unload the lime or fertilizer.
- (5) A tank wagon that delivers alternative fuel, as defined in G.S. 105-449.130, or motor fuel or another type of liquid fuel into storage tanks and uses a power takeoff to make the delivery.

~~The refund rate shall be computed by subtracting one cent (1¢) from the combined amount of amount of refund allowed is thirty-three and one-third percent (33 1/3%) percent of the following: the sum of the flat cents-per-gallon rate in effect during the year for which the refund is claimed and the average of the two variable cents-per-gallon rates in effect during that year, and multiplying the difference by thirty-three and one-third percent (33 1/3%).~~ less the amount of sales and use tax due on the fuel under this Chapter. An application for a refund allowed under this section ~~shall~~

1 must be made in accordance with this Part. This refund is allowed for the amount of
2 fuel consumed by the vehicle in its mixing, compacting, or unloading operations, as
3 distinguished from propelling the vehicle, which amount is considered to be one-third
4 of the amount of fuel consumed by the vehicle.

5 (c) Sales Tax Amount. -- Article 5 of this Chapter determines the amount of sales
6 and use tax to be deducted under this section from a motor fuel excise tax refund.
7 The sales price and the cost price of motor fuel to be used in determining the amount
8 to deduct is the average of the wholesale prices used under G.S. 105-449.80 to
9 determine the excise tax rates in effect for the two six-month periods of the year for
10 which the refund is claimed."

11 Section 5. Section 1 of this act and this section are effective when they
12 become law. Sections 2 through 4 of this act become effective January 1, 1998, and
13 apply to motor fuel and alternative fuel taxes paid on or after that date.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 35

H35-ARB-7/23

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)
Page 1 of ____

Date _____, 1997

Comm. Sub. [YES]
Amends Title []
Second Edition

Senator _____

1 moves to amend the bill on page 3, lines 11-13, by rewriting the
2 lines to read:
3 "Section 5. Section 1 of this act becomes effective July
4 1, 1998. Sections 2 through 4 of this act become effective January
5 1, 1998, and apply to motor fuel and alternative fuel taxes paid on
6 or after that date. The remainder of this act is effective when it
7 becomes law."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

HOUSE BILL 524*
Committee Substitute Favorable 6/23/97

Rep. Maines
Wannell
J. R.

2

Short Title: UNC Alcohol Ed. Endowment Fund.

(Public)

Sponsors:

Referred to:

March 17, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE CAP ON THE AMOUNT OF DRIVERS LICENSE
3 RESTORATION FEES THAT ARE DEPOSITED IN A FUND FOR ALCOHOL
4 STUDIES ENDOWMENT AT THE UNIVERSITY OF NORTH CAROLINA AT
5 CHAPEL HILL.
6 The General Assembly of North Carolina enacts:
7 Section 1. G.S. 20-7(i1) reads as rewritten:
8 "(i1) Restoration Fee. -- Any person whose drivers license has been revoked
9 pursuant to the provisions of this Chapter, other than G.S. 20-17(2), shall pay a
10 restoration fee of twenty-five dollars (\$25.00). A person whose drivers license has
11 been revoked under G.S. 20-17(2) shall pay a restoration fee of fifty dollars (\$50.00)
12 until the end of the fiscal year in which the cumulative total amount of fees deposited
13 under this subsection in the General Fund exceeds ~~five~~ ten million dollars
14 ~~(\$5,000,000)~~, (\$10,000,000), and shall pay a restoration fee of twenty-five dollars
15 (\$25.00) thereafter. The fee shall be paid to the Division prior to the issuance to such
16 person of a new drivers license or the restoration of the drivers license. The
17 restoration fee shall be paid to the Division in addition to any and all fees which may
18 be provided by law. This restoration fee shall not be required from any licensee
19 whose license was revoked or voluntarily surrendered for medical or health reasons
20 whether or not a medical evaluation was conducted pursuant to this Chapter. The
21 twenty-five dollar (\$25.00) fee, and the first twenty-five dollars (\$25.00) of the fifty-
22 dollar (\$50.00) fee, shall be deposited in the Highway Fund. The remaining twenty-
23 five dollars (\$25.00) of the fifty-dollar (\$50.00) fee shall be deposited in the General

1 Fund of the State. The Office of State Budget and Management shall certify to the
2 Department of Transportation and the General Assembly when the cumulative total
3 amount of fees deposited in the General Fund under this subsection exceeds ~~five~~ ten
4 million dollars (~~\$5,000,000~~), (\$10,000,000), and shall annually report to the General
5 Assembly the amount of fees deposited in the General Fund under this subsection.
6 It is the intent of the General Assembly to annually appropriate the funds
7 deposited in the General Fund under this subsection to the Board of Governors of
8 The University of North Carolina to be used for the Center for Alcohol Studies
9 Endowment at The University of North Carolina at Chapel Hill, but not to exceed
10 this cumulative total of ~~five~~ ten million dollars (~~\$5,000,000~~), (\$10,000,000)."
11 Section 2. This act is effective when it becomes law.

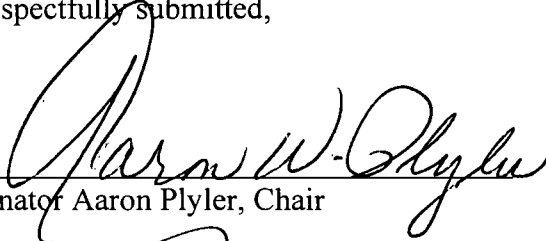
MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
July 29, 1997

The Senate Committee on Appropriations met on July 29, 1997, at the desk of Senator Plyler in the Senate Chamber. Senator Plyler called the meeting to order and explained that **PCS for SB 463 Continuing Budget Authority** was to authorize the Director of the Budget to continue expenditures after June 30.

Senator Warren moved for the report **Unfavorable as to Bill, but Favorable as to C.S. Bill**, and this passed.

The meeting was then adjourned.

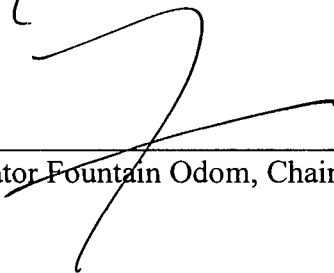
Respectfully submitted,



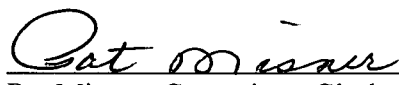
Senator Aaron Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair



Pat Misner, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Tuesday, July 29, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B.	463	Appropriations Blank Bill-1	
		Draft Number:	PCS1873
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comment: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 463
Proposed Committee Substitute S463-PCS1873

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 24, 1997

1 A BILL TO BE ENTITLED .

2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE
4 LEVEL IN EFFECT ON JUNE 30, 1997, AND TO EXTEND EXPIRING
5 PROVISIONS OF LAW.

6 The General Assembly of North Carolina enacts:

7

8 FUNDS SHALL NOT REVERT

9 Section 1. Section 5 of S.L. 1997-256 reads as rewritten:

10 "Section 5. If the provisions of Senate Bill 352, 3rd edition, Senate Bill 352, 5th
11 edition, or both, direct that funds shall not revert, the funds shall not revert on June
12 30, 1997. Unless these funds are encumbered on or before June 30, 1997, these funds
13 shall not be expended after June 30, 1997, except as provided by a statute that
14 becomes effective after June 30, 1997. If no such statute is enacted prior to ~~August 1,~~
15 ~~1997,~~ September 1, 1997, these funds shall revert to the appropriate fund on that
16 date."

17

18 EXTEND SENTENCING COMMISSION

19 Section 2. Section 6 of Chapter 1076 of the 1989 Session Laws, as
20 amended by Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and
21 591 of the 1993 Session Laws, Chapter 236 of the 1995 Session Laws, and Section 6
22 of S.L. 1997-256 reads as rewritten:

"Sec. 6. This act is effective upon ratification, and shall expire ~~July 31, 1997.~~
August 31, 1997."

EXTEND MORATORIUM ON FISHING LICENSES

Section 3. Subsection (a) of Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session 1994, as amended by subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws and Section 7 of S.L. 1997-256, reads as rewritten:

"(a) Except as provided in subsections (b), (c), (c1), or (c2) of this section, the Department shall not issue any new licenses for a period beginning July 1, 1994, and ending ~~July 31, 1997,~~ August 31, 1997, under the following statutes:

- (1) G.S. 113-152. Vessel licenses.
- (2) G.S. 113-153.1. Crab license.
- (3) G.S. 113-154. Shellfish license
- (4) G.S. 113-154.1. Nonvessel endorsements to sell fish."

AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION PLATES ON PUBLICLY OWNED MOTOR VEHICLES

Section 4. Section 23(c) of Chapter 18 of the Session Laws of the 1996 Second Extra Session, as rewritten by Section 8 of S.L. 1997-256, reads as rewritten:

"(c) Subsection (a) of this section expires ~~July 31, 1997.~~ August 31, 1997."

LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS

Section 5. Section 27.8(a) of Chapter 18 of the Session Laws of the 1996 Second Extra Session, as rewritten by Section 9 of S.L. 1997-256, reads as rewritten:

"(a) Of the funds appropriated by this act to the Lower Neuse River Basin Association for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated as grants to local government units in the Neuse River Basin to assist those local government units in fulfilling their obligations under the Neuse River Nutrient Sensitive Waters Management Strategy plan adopted by the Environmental Management Commission. The funds are contingent upon the adoption of the plan by the Environmental Management Commission. If the Environmental Management Commission fails to adopt the plan by ~~July 31, 1997,~~ August 31, 1997, then the funds shall revert to the General Fund."

BEAVER DAMAGE CONTROL FUNDS

Section 6. Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, Section 27.15(c) of Chapter 18 of the Session Laws of the 1996 Second Extra Session, and Section 10 of S.L. 1197-256, reads as rewritten:

"(h) Subsections (a) through (d) of this section expire ~~July 31, 1997.~~ August 31, 1997."

CHANGES IN THE EXECUTION OF THE BUDGET

1 Section 7. Section 11 of S.L. 1997-256 reads as rewritten:

2 "Section 11. The amendments to G.S. 143-27 that were enacted in Section
3 7.4(h)(2) of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall
4 become effective ~~August 1, 1997.~~ September 1, 1997."

5

6 **CORE SOUND/DESCRIPTION OF AREA A FOR SHELLFISH LEASE**
7 **MORATORIUM**

8 Section 8. Section 3 of Chapter 547 of the 1995 Session Laws (1996
9 Regular Session) as amended by Section 1 of Chapter 633 of the 1995 Session Laws
10 (1996 Regular Session) and as rewritten by Section 27.33 of Chapter 18 of the Session
11 Laws of the 1996 Second Extra Session and Section 12 of S.L. 1997-256, reads as
12 rewritten:

13 "Sec. 3. Notwithstanding G.S. 113-202, a moratorium on new shellfish cultivation
14 leases shall be imposed in the remaining area of Core Sound not described in Section
15 1 of this act. During the moratorium, a comprehensive study of the shellfish lease
16 program shall be conducted. The moratorium established under this section covers
17 that part of Core Sound bounded by a line beginning at a point on Cedar Island at
18 35°00'39"N - 76°17'48"W, thence 109°(M) to a point in Core Sound 35°00'00"N -
19 76°12'42"W, thence 229°(M) to Marker No. 37 located 0.9 miles off Bells Point at
20 34°43'30"N - 76°29'00"W, thence 207°(M) to the Cape Lookout Lighthouse at
21 34°37'24"N - 76°31'30"W, thence 12°(M) to a point at Marshallberg at 34°43'07"N -
22 76°31'12"W, thence following the shoreline in a northerly direction to the point of
23 beginning except that the highway bridges at Salters Creek, Thorofare Bay, and the
24 Rumley Bay ditch shall be considered shoreline. The moratorium shall expire
25 ~~August 1, 1997.~~ September 1, 1997."

26

27 **EFFECTIVE DATE**

28 Section 9. (a) Section 13 of S.L. 1997-256 reads as rewritten:

29 "Section 13. This act becomes effective July 1, 1997, except that Sections 5
30 through 10 of this act become effective June 30, 1997. This act expires ~~August 1,~~
31 ~~1997.~~ September 1, 1997."

32 (b) This act becomes effective July 31, 1997.

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
August 6, 1997

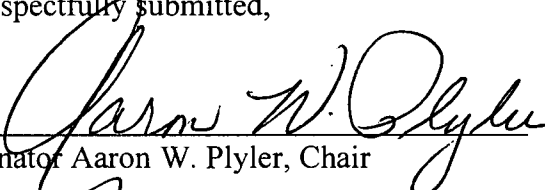
The Senate Committee on Appropriations met on August 6, 1997, at 8:40 a.m. Senator Aaron Plyler, Chair, called the meeting to order. Senator Plyler introduced Mr. Cliff Dodson, Superintendent of Union County Schools who was visiting in the audience.

Representative Cansler explained **HB 1135 State Employee Incentive Bonus**, and Senator Albertson moved for Favorable Report. Mr. Glenn Peterson, General Counsel to the Department of Administration, answered questions. Senator Rand asked that he be given time to prepare an amendment. The bill was displaced and was subsequently reconsidered. The amendment passed, and the bill was reported **Favorable as Amended**. (this bill was not reported to the floor of the Senate until August 12, 1997).

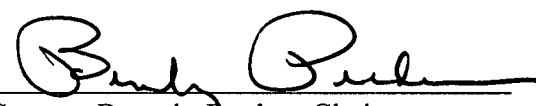
Senator Plyler asked Jeff Hudson, Legislative Research Staff, to explain recent changes made to **Senate Committee Substitute for HB 1097 Fisheries Reform Act - 2**. Senator Perdue offered a technical amendment which passed. Senator Plyler moved for adoption of the proposed Committee Substitute as amended. Senator Horton sent forth an amendment and this failed. It was suggested that Senator Perdue's amendment be incorporated into a new Committee Substitute, and the bill was reported **Unfavorable as to Senate Committee Substitute Bill #2, but Favorable as to Senate Committee Substitute Bill #3**.

Senator Perdue asked that Dick Huffman, representing the fishermen of her district, be allowed to speak on the Clean Water Responsibility Act; and he was heard by the committee. The meeting was then adjourned.

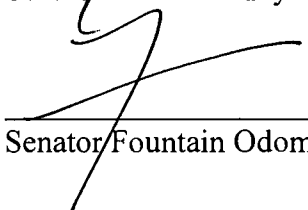
Respectfully submitted,



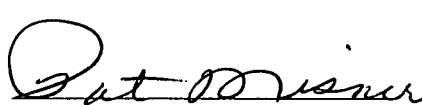
Senator Aaron W. Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom



Pat Misner, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Tuesday, August 12, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

FAVORABLE, AS AMENDED

H.B.(SCS)1135	State Employee Incentive Bonus
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: No

TOTAL REPORTED: 1

Committee Clerk Comment: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

3

HOUSE BILL 1135

Committee Substitute Favorable 4/30/97

Senate State Government, Local Government, and Personnel Committee Substitute
Adopted 6/26/97

Short Title: State Employee Incentive Bonus.

(Public)

Sponsors:

Referred to: Appropriations.

April 21, 1997

1 A BILL TO BE ENTITLED
2 AN ACT AMENDING CHAPTER 143 OF THE GENERAL STATUTES TO
3 PROVIDE FOR AN INCENTIVE BONUS PROGRAM TO RECOGNIZE AND
4 REWARD THE COST-SAVING AND REVENUE-INCREASING INITIATIVES
5 AND INNOVATIONS OF STATE EMPLOYEES.

6 The General Assembly of North Carolina enacts:

7 Section 1. Chapter 143 of the General Statutes is amended by adding a
8 new Article to read:

9 "ARTICLE 36A.

10 "State Employee Incentive Bonus Program.

11 "§ 143-345.10. Definitions.

12 The following definitions apply in this Article:

- 13 (1) Baseline reversion. -- The two-year historical average of reversions
14 by a State department, agency, or institution.
15 (2) Employing unit. -- Any of the following:
16 a. The principal Council of State office or department
17 enumerated in G.S. 143A-11 for which a State employee
18 works.
19 b. The principal State department enumerated in G.S. 143B-6
20 for which a State employee works.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H 1135
3rd
Sli
SK

EDITION No. _____

H. B. No. 1135

DATE _____

S. B. No. _____

Amendment No. _____

(to be filled in by
Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Senator Rand
Sen.) _____1 moves to amend the bill on page 5, line 8

2 () WHICH CHANGES THE TITLE

3 by deleting the quotation marks at the end of the line
4 and by adding after the line the following new
5 section:6 "§143-345.15. Effect of decisions regarding bonuses.
7 All suggestions or innovations submitted by State
8 employees pursuant to this Article are the property
9 of the State. Decisions regarding the award of
10 bonuses by the agency coordinator and the Review
11 Committee are final and are NOT subject to review
12 under the contested case procedures of Chapter 150B
13 of the General Statutes.

SIGNED _____

Ty Rand

ADOPTED _____ FAILED _____ TABLED _____

Get

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Wednesday, August 06, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2,
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 3**

H.B.(SCS #2)	1097	Fisheries Reform Act-2.	
		Draft Number:	PCS4147
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	No

TOTAL REPORTED: 1

Committee Clerk Comment: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 1097

Committee Substitute Favorable 4/23/97

Committee Substitute #2 Favorable 5/15/97

Committee Substitute #3 Favorable 5/28/97

Fifth Edition Engrossed 6/10/97

Senate Agriculture/Environment/Natural Resources Committee Substitute Adopted
7/23/97

Senate Finance Committee Substitute #2 Adopted 8/4/97

Proposed Senate Committee Substitute H1097-PCS4147

Short Title: Fisheries Reform Act-2.

(Public)

Sponsors:

Referred to:

April 21, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE FISHERIES REFORM ACT OF 1997 TO PROTECT,
3 ENHANCE, AND BETTER MANAGE COASTAL FISHERIES IN NORTH
4 CAROLINA.
5 Whereas, the State of North Carolina has one of the most diverse fisheries
6 in the United States; and
7 Whereas, the General Assembly recognizes that commercial fishermen
8 perform an essential function by providing wholesome food for the citizens of the
9 State and thereby properly earn a livelihood; and
10 Whereas, the General Assembly recognizes the economic contribution
11 and important heritage of traditional full-time and part-time commercial fishing; and
12 Whereas, the General Assembly recognizes that for many citizens fishing
13 is an important recreational activity and that recreational fishing is a source of great
14 personal enjoyment and satisfaction; and
15 Whereas, the General Assembly recognizes the importance of providing
16 plentiful fishery resources to maintain and enhance tourism as a major contributor to
17 the economy of the State; and

1 Whereas, the General Assembly recognizes the need to protect our
2 coastal fishery resources and to balance the commercial and recreational interests
3 through better management of these resources; Now, therefore,
4 The General Assembly of North Carolina enacts:

5

6 **PART I. SHORT TITLE; PERFORMANCE AUDIT; STUDIES**

7

8 Section 1.1. This act shall be known as the "Fisheries Reform Act of
9 1997".

10 Section 1.2. The State Auditor shall conduct a performance audit,
11 including a detailed operational review, of the Division of Marine Fisheries of the
12 Department of Environment, Health, and Natural Resources. The performance audit
13 shall include an assessment of the capacity of the Division of Marine Fisheries to
14 effectively implement the provisions of Part V of this act. The performance audit
15 report shall be delivered to the Joint Legislative Commission on Seafood and
16 Aquaculture no later than 1 February 1998. The Joint Legislative Commission on
17 Seafood and Aquaculture shall review the performance audit and make a specific
18 recommendation to the 1998 Session of the 1997 General Assembly as to whether the
19 provisions of Part V of this act should be implemented.

20 Section 1.3. The Joint Legislative Commission on Seafood and
21 Aquaculture shall study issues relating to licensing coastal recreational fishing. The
22 Joint Legislative Commission on Seafood and Aquaculture shall make specific
23 findings as to whether a licensing system should be adopted for coastal recreational
24 fishing and, if so, what that system should be and how it should be implemented. In
25 conducting the study required by this section, the Joint Legislative Commission on
26 Seafood and Aquaculture shall consider the findings and recommendations of the
27 final report of the Fisheries Moratorium Steering Committee and the final report of
28 the State Auditor on the performance audit of the Division of Marine Fisheries
29 required by Section 1.2 of this act. The Joint Legislative Commission on Seafood
30 and Aquaculture shall present its findings and recommendations to the 1998 Regular
31 Session of the General Assembly.

32 Section 1.4. The Joint Legislative Commission on Seafood and
33 Aquaculture shall study issues related to the establishment of a crew license for
34 persons working aboard a vessel engaged in the taking of fish for sale. The Joint
35 Legislative Commission on Seafood and Aquaculture shall make a specific
36 determination as to whether a crew license should be established. The Joint
37 Legislative Commission on Seafood and Aquaculture shall present its findings and
38 recommendations to the 1998 Regular Session of the General Assembly.

39 Section 1.5. The Joint Legislative Commission on Seafood and
40 Aquaculture shall study issues relating to the enhancement and management of
41 shellfish resources and shall develop a set of comprehensive recommendations for the
42 enhancement and management of the shellfish resources of the State. The Joint
43 Legislative Commission on Seafood and Aquaculture shall present its findings and
44 recommendations to the 1998 Regular Session of the General Assembly.

1 Section 1.6. The Joint Legislative Commission on Seafood and
2 Aquaculture shall study issues relating to whether either a limited shellfish license or
3 an exemption from shellfish license requirements should be established to allow
4 students under the age of 18 to take and sell shellfish during the summer months.
5 The Joint Legislative Commission on Seafood and Aquaculture shall report its
6 findings and recommendations to the 1998 Regular Session of the 1997 General
7 Assembly.

8 Section 1.7. The Joint Legislative Commission on Seafood and
9 Aquaculture shall study the establishment of a comprehensive State program to
10 acquire, preserve, and restore habitats critical to marine and estuarine fisheries. The
11 Joint Legislative Commission on Seafood and Aquaculture shall report its findings
12 and recommendations to the 1998 Regular Session of the 1997 General Assembly.

13 Section 1.8. The Joint Legislative Commission on Seafood and
14 Aquaculture shall study procedures and rules used by the Appeals Panel established
15 by subsection (d) of Section 3 of Chapter 576 of the 1993 Session Laws (1994 Regular
16 Session), as amended by Section 1 of Chapter 770 of the 1993 Session Laws (1994
17 Regular Session) in the review of license applications. The Appeals Panel shall
18 prepare and submit a detailed summary of its activities, including all decisions to
19 issue or deny licenses, to the Joint Legislative Commission on Seafood and
20 Aquaculture no later than 1 December 1997. The Joint Legislative Commission on
21 Seafood and Aquaculture shall report its findings and recommendations to the 1998
22 Regular Session of the 1997 General Assembly.

23 24 **PART II. MARINE FISHERIES COMMISSION**

25
26 Section 2.1. Article 7 of Chapter 143B is amended by adding a new Part
27 to read:

28 "Part 5B. Marine Fisheries Commission.

29 "§ 143B-289.20. Definitions.

30 (a) As used in this Part:

31 (1) 'Commission' means the Marine Fisheries Commission.

32 (2) 'Department' means the Department of Environment, Health, and
33 Natural Resources.

34 (3) 'Fisheries Director' means the Director of the Division of Marine
35 Fisheries of the Department of Environment, Health, and Natural
36 Resources.

37 (4) 'Secretary' means the Secretary of Environment, Health, and
38 Natural Resources.

39 (b) The definitions set out in G.S. 113-129 and G.S. 113-130 shall apply
40 throughout this Part.

41 "§ 143B-289.21. Marine Fisheries Commission -- creation; purposes.

42 (a) There is hereby created the Marine Fisheries Commission in the Department
43 of Environment, Health, and Natural Resources.

(b) The functions, purposes, and duties of the Marine Fisheries Commission are to:

- (1) Manage, restore, develop, cultivate, conserve, protect, and regulate the marine and estuarine resources within its jurisdiction, as described in G.S. 113-132.
- (2) Implement the laws relating to coastal fisheries, coastal fishing, shellfish, crustaceans, and other marine and estuarine resources enacted by the General Assembly by the adoption of rules and policies, to provide a sound, constructive, comprehensive, continuing, and economical coastal fisheries program directed by citizens who are knowledgeable in the protection, restoration, proper use, and management of marine and estuarine resources.
- (3) Implement management measures regarding ocean and marine fisheries in the Atlantic Ocean consistent with the authority conferred on the State by the United States.
- (4) Advise the State regarding ocean and marine fisheries within the jurisdiction of the Atlantic States Marine Fisheries Compact, the South Atlantic Fishery Management Council, the Mid-Atlantic Fishery Management Council, and other similar organizations established to manage or regulate fishing in the Atlantic Ocean.

"§ 143B-289.22. Marine Fisheries Commission -- powers and duties.

(a) The Marine Fisheries Commission shall adopt rules to be followed in the management, protection, preservation, and enhancement of the marine and estuarine resources within its jurisdiction, as described in G.S. 113-132, including commercial and sports fisheries resources. The Marine Fisheries Commission shall have the power and duty:

- (1) To authorize, license, regulate, prohibit, prescribe, or restrict all forms of marine and estuarine resources in coastal fishing waters with respect to:
 - a. Time, place, character, or dimensions of any methods or equipment that may be employed in taking fish.
 - b. Seasons for taking fish.
 - c. Size limits on and maximum quantities of fish that may be taken, possessed, bailed to another, transported, bought, sold, or given away.
- (2) To provide fair regulation of commercial and recreational fishing groups in the interest of the public.
- (3) To adopt rules and take all steps necessary to develop and improve mariculture, including the cultivation, harvesting, and marketing of shellfish and other marine resources in the State, involving the use of public grounds and private beds as provided in G.S. 113-201.
- (4) To close areas of public bottoms under coastal fishing waters for such time as may be necessary in any program of propagation of shellfish as provided in G.S. 113-204.

- 1 (5) In the interest of conservation of the marine and estuarine
2 resources of the State, to institute an action in the superior court to
3 contest the claim of title or claimed right of fishery in any
4 navigable waters of the State registered with the Department as
5 provided in G.S. 113-206(d).
6 (6) To make reciprocal agreements with other jurisdictions respecting
7 any of the matters governed in this Subchapter as provided by G.S.
8 113-223.
9 (7) To adopt relevant provisions of federal laws and regulations as
10 State rules pursuant to G.S. 113-228.
11 (8) To delegate to the Fisheries Director the authority by proclamation
12 to suspend or implement, in whole or in part, a particular rule of
13 the Commission that may be affected by variable conditions as
14 provided in G.S. 113-221(e).
15 (9) To comment on and otherwise participate in the determination of
16 permit applications received by State agencies that may have an
17 effect on the marine and estuarine resources of the State.
18 (10) To adopt Fishery Management Plans as provided in G.S. 113-182.1,
19 to establish a Priority List to determine the order in which Fishery
20 Management Plans are developed, to establish a Schedule for the
21 development and adoption of each Fishery Management Plan, and
22 to establish guidance criteria as to the contents of Fishery
23 Management Plans.
24 (11) To approve Coastal Habitat Protection Plans as provided in G.S.
25 143B-279.8.
26 (12) Except as may otherwise be provided, to make the final agency
27 decision in all contested cases involving matters within the
28 jurisdiction of the Commission.
29 (b) The Marine Fisheries Commission shall have the power and duty to establish
30 standards and adopt rules:
31 (1) To implement the provisions of Subchapter IV of Chapter 113 as
32 provided in G.S. 113-134.
33 (2) To manage the disposition of confiscated property as set forth in
34 G.S. 113-137.
35 (3) To govern all license requirements and taxes prescribed in Article
36 14 of Chapter 113 of the General Statutes.
37 (4) To regulate the importation and exportation of fish and equipment
38 that may be used in taking or processing fish as necessary to
39 enhance the conservation of marine and estuarine resources of the
40 State, as provided in G.S. 113-160.
41 (5) To regulate the possession, transportation, and disposition of
42 seafood, as provided in G.S. 113-164.
43 (6) To regulate the disposition of the young of edible fish, as provided
44 by G.S. 113-185.

- 1 (7) To manage the leasing of public grounds for mariculture, including
2 oysters and clam production, as provided in G.S. 113-202.
3 (8) To govern the utilization of private fisheries, as provided in G.S.
4 113-205.
5 (9) To impose further restrictions upon the throwing of fish offal in
6 any coastal fishing waters, as provided in G.S. 113-265.
7 (10) To regulate the location and utilization of artificial reefs in coastal
8 waters.
9 (11) To regulate the placement of nets and other sports or commercial
10 fishing apparatus in coastal fishing waters with regard to
11 navigational or recreational safety as well as from a conservation
12 standpoint.

13 (c) The Commission is authorized to authorize, license, prohibit, prescribe, or
14 restrict:

- 15 (1) The opening and closing of coastal fishing waters, except as to
16 inland game fish, whether entirely or only as to the taking of
17 particular classes of fish, use of particular equipment, or as to other
18 activities.
19 (2) The possession, cultivation, transportation, importation,
20 exportation, sale, purchase, acquisition, and disposition of all
21 marine and estuarine resources and all related equipment,
22 implements, vessels, and conveyances as necessary to carry out its
23 duties.

24 (d) The Commission may adopt rules required by the federal government for
25 grants-in-aid for coastal resource purposes that may be made available to the State by
26 the federal government. This section is to be liberally construed in order that the
27 State and its citizens may benefit from federal grants-in-aid.

28 (e) The Commission may adopt rules to implement or comply with a fisheries
29 management plan adopted by the Atlantic States Marine Fisheries Commission or an
30 interstate fisheries management council. Notwithstanding G.S. 150B-21.1(a), the
31 Commission may adopt temporary rules under this subsection at any time within six
32 months of the adoption of a fisheries management plan by the Atlantic States Marine
33 Fisheries Council or an interstate fisheries management council.

34 (f) The Commission shall adopt rules as provided in this Chapter. All rules
35 adopted by the Commission shall be enforced by the Department of Environment,
36 Health, and Natural Resources.

37 (g) As a quasi-judicial agency, the Commission, in accordance with Article IV,
38 Section 3 of the Constitution of North Carolina, has those judicial powers reasonably
39 necessary to accomplish the purposes for which it was created.

40 **"§ 143B-289.23. Marine Fisheries Commission -- quasi-judicial powers; procedures.**

41 (a) With respect to those matters within its jurisdiction, the Marine Fisheries
42 Commission shall exercise quasi-judicial powers in accordance with the provisions of
43 Chapter 150B of the General Statutes. This section and any rules adopted by the
44 Marine Fisheries Commission shall govern the following proceedings:

- 1 (1) Exceptions to recommended decisions in contested cases shall be
2 filed with the Secretary within 30 days of the receipt by the
3 Secretary of the official record from the Office of Administrative
4 Hearings, unless additional time is allowed by the Chair of the
5 Commission.
- 6 (2) Oral arguments by the parties may be allowed by the Chair of the
7 Commission upon request of the parties.
- 8 (3) Deliberations of the Commission shall be conducted in its public
9 meeting unless the Commission determines that consultation with
10 its counsel should be held in a closed session pursuant to G.S.
11 143-318.11.
- 12 (b) The final agency decision in contested cases that arise from civil penalty
13 assessments shall be made by the Commission. In the evaluation of each violation, the
14 Commission shall recognize that harm to the marine and estuarine resources within
15 its jurisdiction, as described in G.S. 113-132, arising from the violation of a statute or
16 rule enacted or adopted to protect those resources may be immediately observed
17 through damaged resources or may be incremental or cumulative with no damage
18 that can be immediately observed or documented. Penalties up to the maximum
19 authorized may be based on any one or combination of the following factors:
- 20 (1) The degree and extent of harm to the marine and estuarine
21 resources within the jurisdiction of the Commission, as described
22 in G.S. 113-132; to the public health; or to private property
23 resulting from the violation.
- 24 (2) The frequency and gravity of the violation.
- 25 (3) The cost of rectifying the damage.
- 26 (4) Whether the violation was committed willfully or intentionally.
- 27 (5) The prior record of the violator in complying or failing to comply
28 with programs over which the Marine Fisheries Commission has
29 regulatory authority.
- 30 (6) The cost to the State of the enforcement procedures.
- 31 (c) The Chair shall appoint a Committee on Civil Penalty Remissions from the
32 members of the Commission. No member of the Committee on Civil Penalty
33 Remissions may hear or vote on any matter in which the member has an economic
34 interest. The Committee on Civil Penalty Remissions shall make the final agency
35 decision on remission requests. In determining whether a remission request will be
36 approved, the Committee shall consider the recommendation of the Secretary and the
37 following factors:
- 38 (1) Whether one or more of the civil penalty assessment factors in
39 subsection (b) of this section were wrongly applied to the
40 detriment of the petitioner.
- 41 (2) Whether the violator promptly abated continuing environmental
42 damage resulting from the violation.
- 43 (3) Whether the violation was inadvertent.

(4) Whether the violator had been assessed civil penalties for any previous violations.

(5) Whether payment of the civil penalty will prevent payment for the remaining necessary remedial actions.

(d) The Committee on Civil Penalty Remissions may remit the entire amount of the penalty only when the violator has not been assessed civil penalties for previous violations and when payment of the civil penalty will prevent payment for the remaining necessary remedial actions.

(e) If any civil penalty has not been paid within 30 days after the final agency decision or court order has been served on the violator, the Secretary of Environment, Health, and Natural Resources shall request the Attorney General to institute a civil action in the superior court of any county in which the violator resides or has his or its principal place of business to recover the amount of the assessment.

(f) The Secretary may delegate his powers and duties under this section to the Fisheries Director.

"§ 143B-289.24. Marine Fisheries Commission -- members; appointment; term; oath; ethical standards; removal; compensation; staff.

(a) Members, Selection. -- The Marine Fisheries Commission shall consist of nine members appointed by the Governor as follows:

(1) One person actively engaged in, or recently retired from, commercial fishing as demonstrated by currently or recently deriving at least fifty percent (50%) of annual earned income from taking and selling fishery resources in coastal fishing waters of the State. The spouse of a commercial fisherman who meets the criteria of this subdivision may be appointed under this subdivision.

(2) One person actively engaged in, or recently retired from, commercial fishing as demonstrated by currently or recently deriving at least fifty percent (50%) of annual earned income from taking and selling fishery resources in coastal fishing waters of the State. The spouse of a commercial fisherman who meets the criteria of this subdivision may be appointed under this subdivision.

(3) One person actively connected with, and experienced as, a licensed fish dealer or in seafood processing or distribution as demonstrated by deriving at least fifty percent (50%) of annual earned income from activities involving the buying, selling, processing, or distribution of seafood landed in this State. The spouse of a person qualified under this subdivision may be appointed provided that the spouse is actively involved in the qualifying business.

(4) One person actively engaged in recreational sports fishing in coastal waters in this State. An appointee under this subdivision

- 1 may not derive more than ten percent (10%) of annual earned
2 income from sports fishing activities.
- 3 (5) One person actively engaged in recreational sports fishing in
4 coastal waters in this State. An appointee under this subdivision
5 may not derive more than ten percent (10%) of annual earned
6 income from sports fishing activities.
- 7 (6) One person actively engaged in the sports fishing industry as
8 demonstrated by deriving at least fifty percent (50%) of annual
9 earned income from selling goods or services in this State. The
10 spouse of a person qualified under this subdivision may be
11 appointed provided that the spouse is actively involved in the
12 qualifying business.
- 13 (7) One person having general knowledge of and experience related to
14 subjects and persons regulated by the Commission.
- 15 (8) One person having general knowledge of and experience related to
16 subjects and persons regulated by the Commission.
- 17 (9) One person who is a fisheries scientist having special training and
18 expertise in marine and estuarine fisheries biology, ecology,
19 population dynamics, water quality, habitat protection, or similar
20 knowledge. A person appointed under this subdivision may not
21 receive more than ten percent (10%) of annual earned income
22 from either the commercial or sports fishing industries, including
23 the processing and distribution of seafood.
- 24 (b) Residential Qualifications. -- For purposes of providing regional representation
25 on the Commission, the following three coastal regions of the State are designated: (i)
26 Northeast Coastal Region comprised of Bertie, Camden, Chowan, Currituck, Dare,
27 Gates, Halifax, Hertford, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and
28 Washington Counties, (ii) Central Coastal Region comprised of Beaufort, Carteret,
29 Craven, Hyde, Jones, and Pamlico Counties; and (iii) Southeast Coastal Region
30 comprised of Bladen, Brunswick, Columbus, New Hanover, Onslow, and Pender
31 Counties. Persons appointed under subdivisions (1), (2), (3), (4), and (8) of
32 subsection (a) of this section shall be residents of one of the coastal regions of the
33 State. The membership of the Commission shall include at least one person who is a
34 resident of each of the three coastal regions of the State.
- 35 (c) Additional Considerations. -- In making appointments to the Commission, the
36 Governor shall provide for appropriate representation of women and minorities on
37 the Commission.
- 38 (d) Terms. -- The term of office of members of the Commission is three years. A
39 member may be reappointed to any number of successive three-year terms. Upon the
40 expiration of a three-year term, a member shall continue to serve until a successor is
41 appointed and duly qualified as provided by G.S. 128-7. The term of members
42 appointed under subdivisions (1), (2), and (3) of subsection (a) of this section shall
43 expire on 30 June of years evenly divisible by three. The term of members appointed
44 under subdivisions (4), (5), and (6) of subsection (a) of this section shall expire on 30

June of years that precede by one year those years that are evenly divisible by three. The term of members appointed under subdivisions (7), (8), and (9) of subsection (a) of this section shall expire on 30 June of years that follow by one year those years that are evenly divisible by three.

(e) Vacancies. -- An appointment to fill a vacancy shall be for the unexpired balance of the term.

(f) Oath of Office. -- Each member of the Commission, before assuming the duties of office, shall take an oath of office as provided in Chapter 11 of the General Statutes.

(g) Ethical Standards. --

(1) Disclosure statements. -- Any person under consideration for appointment to the Commission shall provide both a financial disclosure statement and a potential bias disclosure statement to the Governor. A financial disclosure statement shall include statements of the nominee's financial interests in and related to State fishery resources use, licenses issued by the Division of Marine Fisheries held by the nominee or any business in which the nominee has a financial interest, and uses made by the nominee or by any business in which the nominee has a financial interest of the regulated resources. A potential bias disclosure statement shall include a statement of the nominee's membership or other affiliation with, including offices held, in societies, organizations, or advocacy groups pertaining to the management and use of the State's coastal fishery resources. Disclosure statements shall be treated as public records under Chapter 132 of the General Statutes and shall be updated on an annual basis.

(2) Voting/conflict of interest. -- A member of the Commission shall not vote on any issue before the Commission that would have a 'significant and predictable effect' on the member's financial interest. For purposes of this subdivision, 'significant and predictable effect' means there is or may be a close causal link between the decision of the Commission and an expected disproportionate financial benefit to the member that is shared only by a minority of persons within the same industry sector or gear group. A member of the Commission shall also abstain from voting on any petition submitted by an advocacy group of which the member is an officer or sits as a member of the advocacy group's board of directors. A member of the Commission shall not use the member's official position as a member of the Commission to secure any special privilege or exemption of substantial value for any person. No member of the Commission shall, by the member's conduct, create an appearance that any person could improperly influence the member in the performance of the member's official duties.

1 (3) Regular attendance. -- It shall be the duty of each member of the
2 Commission to regularly attend meetings of the Commission.

3 (h) Removal. -- The Governor may remove, as provided in G.S. 143-13, any
4 member of the Commission for misfeasance, malfeasance, or nonfeasance.

5 (i) Office May Be Held Concurrently With Others. -- The office of member of the
6 Marine Fisheries Commission may be held concurrently with any other elected or
7 appointed office, as authorized by Article VI, Section 9, of the Constitution of North
8 Carolina.

9 (j) Compensation. -- Members of the Commission who are State officers or
10 employees shall receive no per diem compensation for serving on the Commission,
11 but shall be reimbursed for their expenses in accordance with G.S. 138-6. Members
12 of the Commission who are full-time salaried public officers or employees other than
13 State officers or employees shall receive no per diem compensation for serving on the
14 Commission, but shall be reimbursed for their expenses in accordance with G.S.
15 138-6 in the same manner as State officers or employees. All other Commission
16 members shall receive per diem compensation and reimbursement in accordance with
17 the compensation rate established in G.S. 93B-5.

18 (k) Staff. -- All clerical and other services required by the Commission shall be
19 supplied by the Fisheries Director and the Department.

20 (l) Legal Services. -- The Attorney General shall: (i) act as attorney for the
21 Commission; (ii) at the request of the Commission, initiate actions in the name of the
22 Commission; and (iii) represent the Commission in any appeal or other review of any
23 order of the Commission.

24 **"§ 143B-289.25. Marine Fisheries Commission -- officers; organization; seal.**

25 (a) The Governor shall appoint a member of the Commission to serve as Chair.
26 The Chair shall serve at the pleasure of the Governor. The Commission shall elect
27 one of its members to serve as Vice-Chair. The Vice-Chair shall serve a one-year
28 term beginning 1 July and ending 30 June of the following year. The Vice-Chair may
29 serve any number of consecutive terms.

30 (b) The Chair shall guide and coordinate the activities of the Commission in
31 fulfilling its duties as set out in this Article. The Chair shall report to and advise the
32 Governor and the Secretary on the activities of the Commission, on marine and
33 estuarine conservation matters, and on all marine fisheries matters.

34 (c) The Commission shall determine its organization and procedure in accordance
35 with the provisions of this Article. The provisions of the most recent edition of
36 Robert's Rules of Order shall govern any procedural matter for which no other
37 provision has been made.

38 (d) The Commission may adopt a common seal and may alter it as necessary.

39 **"§ 143B-289.26. Marine Fisheries Commission -- meetings; quorum.**

40 (a) The Commission shall meet at least once each calendar quarter and may hold
41 additional meetings at any time and place within the State at the call of the Chair or
42 upon the written request of at least four members. At least three of the four
43 quarterly meetings of the Commission shall be held in one of the coastal regions
44 designated in G.S. 143B-289.24.

1 (b) Five members of the Commission shall constitute a quorum for the transaction
2 of business.

3 "§ 143B-289.27. Marine Fisheries Commission Advisory Committees established;
4 members; selection; duties.

5 (a) The Commission shall be assisted in the performance of its duties by four
6 standing advisory committees and four regional advisory committees. Each standing
7 and regional advisory committee shall consist of no more than 11 members. The
8 Chair of the Commission shall designate one member of each advisory committee to
9 serve as Chair of the committee. Members shall serve staggered three-year terms as
10 determined by the Commission. The Commission shall establish other policies and
11 procedures for standing and regional advisory committees that are consistent with
12 those governing the Commission as set out in this Part.

13 (b) The Chair of the Commission shall appoint the following standing advisory
14 committees:

15 (1) The Finfish Committee, which shall consider matters concerning
16 finfish.

17 (2) The Crustacean Committee, which shall consider matters
18 concerning shrimp and crabs.

19 (3) The Shellfish Committee, which shall consider matters concerning
20 oysters, clams, scallops, and other molluscan shellfish.

21 (4) The Habitat and Water Quality Committee, which shall consider
22 matters concerning habitat and water quality that may affect
23 coastal fisheries resources.

24 (c) Each standing advisory committee shall be composed of commercial and
25 recreational fishermen, scientists, and other persons who have expertise in the matters
26 to be considered by the advisory committee to which they are appointed. In making
27 appointments to advisory committees, the Chair of the Commission shall ensure that
28 both commercial and recreational fishing interests are fairly represented and shall
29 consider for appointment persons who are recommended by groups representing
30 commercial fishing interests, recreational fishing interests, environmental protection
31 and conservation interests, and other groups interested in coastal fisheries
32 management.

33 (d) Each standing advisory committee shall review all matters referred to the
34 committee by the Commission and shall make findings and recommendations on
35 these matters. A standing advisory committee may, on its own motion, make findings
36 and recommendations as to any matter related to its subject area. The Commission,
37 in the performance of its duties, shall consider all findings and recommendations
38 submitted by standing advisory committees.

39 (e) The Chair of the Commission shall appoint a regional advisory committee for
40 each of the three coastal regions designated in G.S. 143B-289.24(b) and shall appoint
41 a regional advisory committee for that part of the State that is not included in the
42 three coastal regions. In making appointments to regional advisory committees, the
43 Chair of the Commission shall ensure that both commercial and recreational fishing
44 interests are fairly represented.

1 "§ 143B-289.28. Marine Fisheries Endowment Fund.

2 (a) Recognizing the inestimable importance to the State and its people of
3 conserving the marine and estuarine resources of the State, and for the purpose of
4 providing the opportunity for citizens and residents of the State to invest in the future
5 of its marine and estuarine resources, there is created the North Carolina Marine
6 Fisheries Endowment Fund, the income and principal of which shall be used only for
7 the purpose of supporting marine and estuarine resource conservation programs of
8 the State in accordance with this section.

9 (b) There is created the Board of Trustees of the Marine Fisheries Endowment
10 Fund of the Marine Fisheries Commission, with full authority over the administration
11 of the Marine Fisheries Endowment Fund, whose ex officio Chair, Vice-Chair, and
12 members shall be the Chair, Vice-Chair, and members of the Marine Fisheries
13 Commission. The State Treasurer shall be the custodian of the Marine Fisheries
14 Endowment Fund and shall invest its assets in accordance with the provisions of G.S.
15 147-69.2 and G.S. 147-69.3.

16 (c) The assets of the Marine Fisheries Endowment Fund shall be derived from the
17 following:

18 (1) The proceeds of any gifts, grants, and contributions to the State
19 that are specifically designated for inclusion in the Fund.

20 (2) Any other sources specified by law.

21 (d) The Marine Fisheries Endowment Fund is declared to constitute a special
22 trust derived from a contractual relationship between the State and the members of
23 the public whose investments contribute to the Fund. In recognition of this special
24 trust, the following limitations and restrictions are placed on expenditures from the
25 Fund:

26 (1) Any limitations or restrictions specified by the donors on the uses
27 of the income derived from the gifts, grants, and voluntary
28 contributions shall be respected but shall not be binding.

29 (2) No expenditure or disbursement shall be made from the principal
30 of the Marine Fisheries Endowment Fund except as otherwise
31 provided by law.

32 (3) The income received and accruing from the investments of the
33 Marine Fisheries Endowment Fund must be spent only to further
34 the conservation of marine and estuarine resources.

35 (e) The Board of Trustees of the Marine Fisheries Endowment Fund may
36 accumulate the investment income of the Fund until the income, in the sole judgment
37 of the trustees, can provide a significant supplement to the budget for the
38 conservation and management of marine and estuarine resources. After that time the
39 trustees, in their sole discretion and authority, may direct expenditures from the
40 income of the Fund for the purposes set out in subdivision (3) of subsection (d)
41 above.

42 (f) Expenditure of the income derived from the Marine Fisheries Endowment
43 Fund shall be made through the State budget accounts of the Marine Fisheries
44 Commission in accordance with the provisions of the Executive Budget Act. The

1 Marine Fisheries Endowment Fund is subject to the oversight of the State Auditor
2 pursuant to Article 5A of Chapter 147 of the General Statutes.

3 (g) The Marine Fisheries Endowment Fund and the income therefrom shall not
4 take the place of State appropriations, but any portion of the income of the Marine
5 Fisheries Endowment Fund available for the purpose set out in subdivision (3) of
6 subsection (d) above shall be used to supplement other income of and appropriations
7 for the conservation and management of marine and estuarine resources to the end
8 that the Commission may improve and increase its services and become more useful
9 to a greater number of people.

10 **"§ 143B-289.29. Conservation Fund; Commission may accept gifts.**

11 (a) The Marine Fisheries Commission may accept gifts, donations, or
12 contributions from any sources. These funds shall be held in a separate account and
13 used solely for the purposes of marine and estuarine conservation and management.
14 These funds shall be administered by the Marine Fisheries Commission and shall be
15 used for marine and estuarine resources management, including education about the
16 importance of conservation, in a manner consistent with marine and estuarine
17 conservation management principles.

18 (b) The Marine Fisheries Commission is hereby authorized to issue and sell
19 appropriate emblems by which to identify recipients thereof as contributors to a
20 special marine and estuarine resources Conservation Fund that shall be made
21 available to the Marine Fisheries Commission for conservation, protection,
22 enhancement, preservation, and perpetuation of marine and estuarine species that
23 may be endangered or threatened with extinction and for education about these
24 issues. The special Conservation Fund is subject to oversight of the State Auditor
25 pursuant to Article 5A of Chapter 147 of the General Statutes. Emblems of different
26 sizes, shapes, types, or designs may be used to recognize contributions in different
27 amounts, but no emblem shall be issued for a contribution amounting in value to less
28 than five dollars (\$5.00).

29 **"§ 143B-289.30. Article subject to Chapter 113.**

30 Nothing in this Article shall be construed to affect the jurisdictional division
31 between the Marine Fisheries Commission and the Wildlife Resources Commission
32 contained in Subchapter IV of Chapter 113 of the General Statutes or in any way to
33 alter or abridge the powers and duties of the two agencies conferred in that
34 Subchapter.

35 **"§ 143B-289.31. Jurisdictional questions.**

36 In the event of any question arising between the Wildlife Resources Commission
37 and the Marine Fisheries Commission or between the Department of Environment,
38 Health, and Natural Resources and the Marine Fisheries Commission as to any duty,
39 responsibility, or authority imposed upon any of these bodies by law or with respect
40 to conflict involving rules or administrative practices, the question or conflict shall be
41 resolved by the Governor, whose decision shall be binding."

42 Section 2.2. G.S. 143B-289.22(b), as enacted by Section 2.1 of this act,
43 reads as rewritten:

"(b) The Marine Fisheries Commission shall have the power and duty to establish standards and adopt rules:

- (1) To implement the provisions of Subchapter IV of Chapter 113 as provided in G.S. 113-134.
- (2) To manage the disposition of confiscated property as set forth in G.S. 113-137.
- (3) To govern all license requirements and taxes prescribed in Article ~~14~~ 14A of Chapter 113 of the General Statutes.
- (4) To regulate the importation and exportation of fish, and equipment that may be used in taking or processing fish, as necessary to enhance the conservation of marine and estuarine resources of the State as provided in G.S. ~~113-160~~ 113-170.
- (5) To regulate the possession, transportation, and disposition of seafood, as provided in G.S. ~~113-164~~ 113-170.4.
- (6) To regulate the disposition of the young of edible fish, as provided by G.S. 113-185.
- (7) To manage the leasing of public grounds for mariculture, including oysters and clam production, as provided in G.S. 113-202.
- (8) To govern the utilization of private fisheries, as provided in G.S. 113-205.
- (9) To impose further restrictions upon the throwing of fish offal in any coastal fishing waters, as provided in G.S. 113-265.
- (10) To regulate the location and utilization of artificial reefs in coastal waters.
- (11) To regulate the placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational or recreational safety as well as from a conservation standpoint.

PART III. COASTAL HABITAT PROTECTION PLANS; FISHERY MANAGEMENT PLANS

Section 3.1. Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-279.8. Coastal Habitat Protection Plans.

(a) The Department shall coordinate the preparation of draft Coastal Habitat Protection Plans for critical fisheries habitats. The goal of the Plans shall be the long-term enhancement of coastal fisheries associated with each coastal habitat identified in subdivision (1) of this subsection. The Department shall use the staff of those divisions within the Department that have jurisdiction over marine fisheries, water quality, and coastal area management in the preparation of the Coastal Habitat Protection Plans and shall request assistance from other federal and State agencies as necessary. The plans shall:

- (1) Describe and classify biological systems in the habitats, including wetlands, fish spawning grounds, estuarine or aquatic endangered or threatened species, primary or secondary nursery areas, shellfish beds, submerged aquatic vegetation (SAV) beds, and habitats in outstanding resource waters.
- (2) Evaluate the function, value to coastal fisheries, status, and trends of the habitats.
- (3) Identify existing and potential threats to the habitats and the impact on coastal fishing.
- (4) Recommend actions to protect and restore the habitats.

(b) Once a draft Coastal Habitat Protection Plan has been prepared, the chairs of the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall each appoint two members of the commission he or she chairs to a six-member review committee. The six-member review committee, in consultation with the Department, shall review the draft Plan and may revise the draft Plan on a consensus basis. The draft Plan, as revised by the six-member review committee, shall then be submitted to the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission, each of which shall independently consider the Plan for adoption. If any of the three commissions is unable to agree to any aspect of a Plan, the chair of each commission shall refer that aspect of the Plan to a six-member conference committee to facilitate the resolution of any differences. The six-member conference committee shall be appointed in the same manner as a six-member review committee and may include members of the six-member review committee that reviewed the Plan. Each final Coastal Habitat Protection Plan shall consist of those provisions adopted by all three commissions. The three commissions shall review and revise each Coastal Habitat Protection Plan at least once every five years.

(c) In carrying out their powers and duties, the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall ensure, to the maximum extent practicable, that their actions are consistent with the Coastal Habitat Protection Plans as adopted by the three commissions. The obligation to act in a manner consistent with a Coastal Habitat Protection Plan is prospective only and does not oblige any commission to modify any rule adopted, permit decision made, or other action taken prior to the adoption or revision of the Coastal Habitat Protection Plan by the three commissions. The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall adopt rules to implement Coastal Habitat Protection Plans in accordance with Chapter 150B of the General Statutes.

(d) If any of the three commissions concludes that another commission has taken an action that is inconsistent with a Coastal Habitat Protection Plan, that commission may request a written explanation of the action from the other commission. A commission shall provide a written explanation: (i) upon the written request of one of the other two commissions, or (ii) upon its own motion if the commission

1 determines that it must take an action that is inconsistent with a Coastal Habitat
2 Protection Plan.

3 (e) The Coastal Resources Commission, the Environmental Management
4 Commission, and the Marine Fisheries Commission shall report to the Joint
5 Legislative Commission on Seafood and Aquaculture and the Environmental Review
6 Commission on progress in developing and implementing the Coastal Habitat
7 Protection Plans, including the extent to which the actions of the three commissions
8 are consistent with the Plans, on or before 1 September of each year.

9 (f) The Secretary of Environment, Health, and Natural Resources shall report to
10 the Environmental Review Commission and the Joint Legislative Commission on
11 Seafood and Aquaculture within 30 days of the completion or substantial revision of
12 each draft Coastal Habitat Protection Plan. The Environmental Review Commission
13 and the Joint Legislative Commission on Seafood and Aquaculture shall concurrently
14 review each draft Coastal Habitat Protection Plan within 30 days of the date the draft
15 Plan is submitted by the Secretary. The Environmental Review Commission and the
16 Joint Legislative Commission on Seafood and Aquaculture may submit comments
17 and recommendations on the draft Plan to the Secretary within 30 days of the date
18 the draft Plan is submitted by the Secretary."

19 Section 3.2. G.S. 143B-282(a)(1) is amended by adding a new
20 sub-subdivision to read:

21 "v. To approve Coastal Habitat Protection Plans as provided in
22 G.S. 143B-279.8."

23 Section 3.3. Part 1 of Article 7 of Chapter 113A of the General Statutes
24 is amended by adding a new section to read:

25 "**§ 113A-106.1. Adoption of Coastal Habitat Protection Plans.**

26 The Commission shall approve Coastal Habitat Protection Plans as provided in
27 G.S. 143B-279.8."

28 Section 3.4. Article 15 of Chapter 113 of the General Statutes is
29 amended by adding a new section to read:

30 "**§ 113-182.1. Fishery Management Plans.**

31 (a) The Department shall prepare proposed Fishery Management Plans for
32 adoption by the Marine Fisheries Commission for all commercially or recreationally
33 significant species or fisheries that comprise State marine or estuarine resources.
34 Proposed Fishery Management Plans shall be developed in accordance with the
35 Priority List, Schedule, and guidance criteria established by the Marine Fisheries
36 Commission under G.S. 143B-289.22.

37 (b) The goal of the plans shall be to ensure the long-term viability of the State's
38 commercially and recreationally significant species or fisheries. Each plan shall be
39 designed to reflect fishing practices so that one plan may apply to a specific fishery,
40 while other plans may be based on gear or geographic areas. Each plan shall:

41 (1) Contain necessary information pertaining to the fishery or fisheries,
42 including management goals and objectives, status of relevant fish
43 stocks, stock assessments for multiyear species, fishery habitat and
44 water quality considerations consistent with Coastal Habitat

Protection Plans adopted pursuant to G.S. 143B-279.8, social and economic impact of the fishery to the State, and user conflicts.

(2) Recommend management actions pertaining to the fishery or fisheries.

(3) Include conservation and management measures that prevent overfishing, while achieving, on a continuing basis, the optimal yield from each fishery.

(c) To assist in the development of each Fishery Management Plan, the Chair of the Marine Fisheries Commission shall appoint an Advisory Council. Each Advisory Council shall be composed of commercial fishermen, recreational fishermen, and scientists, all with expertise in the fishery for which the Fishery Management Plan is being developed.

(d) Each Fishery Management Plan shall be revised at least once every three years. The Marine Fisheries Commission may revise the Priority List and guidance criteria whenever it determines that a revision of the Priority List or guidance criteria will facilitate or improve the development of Fishery Management Plans or is necessary to restore, conserve, or protect the marine and estuarine resources of the State. The Marine Fisheries Commission may not revise the Schedule for the development of a Fisheries Management Plan, once adopted, without the approval of the Secretary of Environment, Health, and Natural Resources.

(e) The Secretary of Environment, Health, and Natural Resources shall monitor progress in the development and adoption of Fishery Management Plans in relation to the Schedule for development and adoption of the plans established by the Marine Fisheries Commission. The Secretary of Environment, Health, and Natural Resources shall report to the Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission on progress in developing and implementing the Fishery Management Plans on or before 1 September of each year. The Secretary of Environment, Health, and Natural Resources shall report to the Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission within 30 days of the completion or substantial revision of each proposed Fishery Management Plan. The Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission shall concurrently review each proposed Fishery Management Plan within 30 days of the date the proposed Plan is submitted by the Secretary. The Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission may submit comments and recommendations on the proposed Plan to the Secretary within 30 days of the date the proposed Plan is submitted by the Secretary.

(f) The Marine Fisheries Commission shall adopt rules to implement Fishery Management Plans in accordance with Chapter 150B of the General Statutes."

Section 3.5. G.S. 113-129 is amended by adding two new subdivisions to read:

"(12a) Optimal yield. -- The amount of fish that:

- 1 a. Will provide the greatest overall benefit to the State,
2 particularly with respect to food production and recreational
3 opportunities, and taking into account the protection of
4 marine ecosystems;
5 b. Is prescribed on the basis of the maximum sustainable yield
6 from the fishery, as reduced by any relevant economic,
7 social, or ecological factor; and
8 c. In the case of an overfished fishery, provides for rebuilding
9 to a level consistent with producing the maximum
10 sustainable yield in the fishery.
11 (12b) Overfishing or overfished. -- A rate or level of fishing mortality
12 that jeopardizes the capacity of a fishery to produce the maximum
13 sustainable yield on a continuing basis."
14

15 PART IV. MARINE FISHERIES LAW ENFORCEMENT

16
17 Section 4.1. G.S. 113-187 reads as rewritten:

18 **"§ 113-187. Penalties for violations of Subchapter and rules.**

19 (a) Any person who participates in a commercial fishing operation conducted in
20 violation of any provision of this Subchapter and its implementing rules or in an
21 operation in connection with which any vessel is used in violation of any provision of
22 this Subchapter and its implementing rules is guilty of a ~~Class 1~~ Class A1
23 misdemeanor.

24 (b) Any owner of a vessel who knowingly permits it to be used in violation of any
25 provision of this Subchapter and its implementing rules is guilty of a ~~Class 1~~ Class A1
26 misdemeanor.

27 (c) Any person in charge of a commercial fishing operation conducted in violation
28 of any provision of this Subchapter and its implementing rules or in charge of any
29 vessel used in violation of any provision of this Subchapter and its implementing
30 rules is guilty of a ~~Class 1~~ Class A1 misdemeanor.

31 (d) Any person in charge of a commercial fishing operation conducted in
32 violation of the following provisions of this Subchapter or the following rules of the
33 Marine Fisheries Commission; and any person in charge of any vessel used in
34 violation of the following provisions of the Subchapter or the following rules, shall be
35 guilty of a ~~Class 2~~ Class A1 misdemeanor. The violations of the statute or the rules
36 for which the penalty is mandatory are:

37 (1) Taking or attempting to take, possess, sell, or offer for sale any
38 oysters, mussels, or clams taken from areas closed by statute, rule,
39 or proclamation because of suspected pollution.

40 (2) Taking or attempting to take or have in possession aboard a vessel,
41 shrimp taken by the use of a trawl net, in areas not opened to
42 shrimping, pulled by a vessel not showing lights required by G.S.
43 75A-6 after sunset and before sunrise.

- 1 (3) Using a trawl net in any coastal fishing waters closed by
2 proclamation or rule to trawl nets.
3 (4) Violating the provisions of a special permit or gear license issued
4 by the Department.
5 (5) Using or attempting to use any trawl net, long haul seine, swipe
6 net, mechanical methods for oyster or clam harvest or dredge in
7 designated primary nursery areas."

8 Section 4.2. Article 15 of Chapter 113 of the General Statutes is
9 amended by adding a new section to read:

10 **"§ 113-190. Unlawful sale or purchase of fish; criminal and civil penalties.**

11 (a) Any person who sells fish in violation of G.S. 113-154.1 or a rule of the
12 Marine Fisheries Commission to implement that section is guilty of a Class A1
13 misdemeanor.

14 (b) Any person who purchases fish in violation of G.S. 113-156 or a rule of the
15 Marine Fisheries Commission to implement that section is guilty of a Class A1
16 misdemeanor.

17 (c) A civil penalty of not more than ten thousand dollars (\$10,000) may be
18 assessed by the Secretary against any person who sells fish in violation of G.S.
19 113-154.1 or purchases fish in violation of G.S. 113-156.

20 (d) In determining the amount of the penalty, the Secretary shall consider the
21 factors set out in G.S. 143B-289.23(b). The procedures set out in G.S. 143B-289.23
22 shall apply to civil penalty assessments that are presented to the Commission for final
23 agency decision.

24 (e) The Secretary shall notify any person assessed a civil penalty of the assessment
25 and the specific reasons therefor by registered or certified mail or by any means
26 authorized by G.S. 1A-1, Rule 4. Contested case petitions shall be filed pursuant to
27 G.S. 150B-23 within 30 days of receipt of the notice of assessment.

28 (f) Requests for remission of civil penalties shall be filed with the Secretary.
29 Remission requests shall not be considered unless filed within 30 days of receipt of
30 the notice of assessment. Remission requests must be accompanied by a waiver of the
31 right to a contested case hearing pursuant to Chapter 150B of the General Statutes
32 and a stipulation of the facts on which the assessment was based. Consistent with the
33 limitations in G.S. 143B-289.23(c), remission requests may be resolved by the
34 Secretary and the violator. If the Secretary and the violator are unable to resolve the
35 request, the Secretary shall deliver remission requests and his recommended action to
36 the Committee on Civil Penalty Remissions of the Marine Fisheries Commission
37 appointed pursuant to G.S. 143B-289.23(c).

38 (g) If any civil penalty has not been paid within 30 days after notice of assessment
39 has been served on the violator, the Secretary shall request the Attorney General to
40 institute a civil action in the superior court of any county in which the violator
41 resides or has his or its principal place of business to recover the amount of the
42 assessment, unless the violator contests the assessment as provided in subsection (e) of
43 this section, or requests remission of the assessment in whole or in part as provided in
44 subsection (f) of this section. If any civil penalty has not been paid within 30 days

1 after the final agency decision or court order has been served on the violator, the
2 Secretary shall request the Attorney General to institute a civil action in the superior
3 court of any county in which the violator resides or has his or its principal place of
4 business to recover the amount of the assessment. Civil actions must be filed within
5 three years of the date the final agency decision or court order was served on the
6 violator."

7 Section 4.3. G.S. 113-221(e) reads as rewritten:

8 "(e) The Marine Fisheries Commission may delegate to the Fisheries Director the
9 authority to issue proclamations suspending or implementing, in whole or in part,
10 particular rules of the Commission which may be affected by variable conditions.
11 Such proclamations are to be issued by the Fisheries Director or by a person
12 designated by the Fisheries Director. All proclamations must state the hour and date
13 upon which they become effective and must be issued at least 48 hours in advance of
14 the effective date and time. In those situations in which the proclamation prohibits
15 the taking of certain fisheries resources for reasons of public health, the proclamation
16 can be made effective immediately upon issuance. Notwithstanding any other
17 provisions of this subsection, a proclamation can be issued at least 12 hours in
18 advance of the effective date and time to reopen the taking of certain fisheries
19 resources closed for reason of public health through a prior proclamation made
20 effective immediately upon issuance. Persons violating any proclamation which is
21 made effective immediately shall not be charged with a criminal offense during the
22 time between the issuance and 48 hours after such issuance unless such person had
23 actual notice of the issuance of such proclamation. Fisheries resources taken or
24 possessed by any person in violation of any proclamation may be seized regardless of
25 whether such person had actual notice of the proclamation. A permanent file of the
26 text of all proclamations shall be maintained in the office of the Fisheries Director.
27 Certified copies of proclamations are entitled to judicial notice in any civil or
28 criminal proceeding.

29 The Fisheries Director must make every reasonable effort to give actual notice of
30 the terms of any proclamation to the persons who may be affected thereby. ~~Such~~
31 Reasonable effort includes press releases to communications media, posting of notices
32 at docks and other places where persons affected may gather, personal
33 communication by inspectors and other agents of the Fisheries Director, and such
34 other measures designed to reach the persons who may be affected. The Fisheries
35 Director may determine, on a case-by-case basis and at the Fisheries Director's sole
36 discretion, that a proclamation did not apply to an individual licensee when an act of
37 God occurred that prevented the licensee from receiving notice of the proclamation."

38 Section 4.4. The Marine Fisheries Commission shall develop a Violation
39 Points System applicable to the fishing licenses of all persons who violate marine
40 fisheries statutes or rules. In developing this system, the Marine Fisheries
41 Commission shall consider the recommendations made in the Final Report of the
42 Moratorium Steering Committee and the suspension, revocation, and reissuance
43 procedures under G.S. 113-166. The Marine Fisheries Commission shall also develop
44 an implementation schedule for the Violation Points System. The Marine Fisheries

1 Commission shall report to the Joint Legislative Commission on Seafood and
2 Aquaculture no later than 1 July 1999, on the development of the Violation Points
3 System and the implementation schedule.

4 Section 4.5. G.S. 113-190, as enacted by Section 4.2 of this act, reads as
5 rewritten:

6 **"§ 113-190. Unlawful sale or purchase of fish; criminal and civil penalties.**

7 (a) Any person who sells fish in violation of G.S. ~~113-154.1~~ 113-168.4 or a rule of
8 the Marine Fisheries Commission to implement that section is guilty of a Class A1
9 misdemeanor.

10 (b) Any person who purchases fish in violation of G.S. ~~113-156~~ 113-169.3 or a rule
11 of the Marine Fisheries Commission to implement that section is guilty of a Class A1
12 misdemeanor.

13 (c) A civil penalty of not more than ten thousand dollars (\$10,000) may be
14 assessed by the Secretary against any person who sells fish in violation of G.S.
15 ~~113-154.1~~ 113-168.4 or purchases fish in violation of G.S. ~~113-156~~ 113-169.3.

16 (d) In determining the amount of the penalty, the Secretary shall consider the
17 factors set out in G.S. 143B-289.23(b). The procedures set out in G.S. 143B-289.23
18 shall apply to civil penalty assessments that are presented to the Commission for final
19 agency decision.

20 (e) The Secretary shall notify any person assessed a civil penalty of the assessment
21 and the specific reasons therefor by registered or certified mail or by any means
22 authorized by G.S. 1A-1, Rule 4. Contested case petitions shall be filed pursuant to
23 G.S. 150B-23 within 30 days of receipt of the notice of assessment.

24 (f) Requests for remission of civil penalties shall be filed with the Secretary.
25 Remission requests shall not be considered unless filed within 30 days of receipt of
26 the notice of assessment. Remission requests must be accompanied by a waiver of the
27 right to a contested case hearing pursuant to Chapter 150B of the General Statutes
28 and a stipulation of the facts on which the assessment was based. Consistent with the
29 limitations in G.S. 143B-289.23(c), remission requests may be resolved by the
30 Secretary and the violator. If the Secretary and the violator are unable to resolve the
31 request, the Secretary shall deliver remission requests and his recommended action to
32 the Committee on Civil Penalty Remissions of the Marine Fisheries Commission
33 appointed pursuant to G.S. 143B-289.23(c).

34 (g) If any civil penalty has not been paid within 30 days after notice of assessment
35 has been served on the violator, the Secretary shall request the Attorney General to
36 institute a civil action in the superior court of any county in which the violator
37 resides or has his or its principal place of business to recover the amount of the
38 assessment, unless the violator contests the assessment as provided in subsection (e) of
39 this section, or requests remission of the assessment in whole or in part as provided in
40 subsection (f) of this section. If any civil penalty has not been paid within 30 days
41 after the final agency decision or court order has been served on the violator, the
42 Secretary shall request the Attorney General to institute a civil action in the superior
43 court of any county in which the violator resides or has his or its principal place of
44 business to recover the amount of the assessment. Civil actions must be filed within

1 three years of the date the final agency decision or court order was served on the
2 violator."

3
4 **PART V. COMMERCIAL FISHING LICENSES; TRANSITIONAL PROVISIONS**

5
6 Section 5.1. Chapter 113 of the General Statutes is amended by adding a
7 new Article to read:

8 **"ARTICLE 14A.**

9 **"Coastal and Estuarine Commercial Fishing Licenses.**

10 **"§ 113-168. Definitions.**

11 **As used in this Article:**

- 12 (1) 'Commercial fishing operation' means any activity preparatory to,
13 during, or subsequent to the taking of any fish, the taking of which
14 is subject to regulation by the Commission, either with the use of
15 commercial fishing equipment or gear, or by any means if the
16 purpose of the taking is to obtain fish for sale. Commercial fishing
17 operation includes taking people fishing for hire.
18 (2) 'Commission' means the Marine Fisheries Commission.
19 (3) 'Division' means the Division of Marine Fisheries in the
20 Department of Environment, Health, and Natural Resources.
21 (4) 'License year' means the period beginning 1 July of a year and
22 ending on 30 June of the following year.
23 (5) 'North Carolina resident' means a person is a resident within the
24 meaning of G.S. 113-130(4) and who filed a State income tax
25 return as a resident of the State for the previous calendar or tax
26 year.
27 (6) 'RCGL' means Recreational Commercial Gear License.
28 (7) 'RSCFL' means Retired Standard Commercial Fishing License.
29 (8) 'SCFL' means Standard Commercial Fishing License.

30 **"§ 113-168.1. General provisions for commercial licenses and endorsements.**

31 (a) Duration, Fees. -- All licenses and endorsements issued under this Article
32 expire on the last day of the license year. An applicant for any license shall pay the
33 full annual license fee at the time the applicant applies for the license regardless of
34 when application is made.

35 (b) Licenses Required to Engage in Commercial Fishing. -- It is unlawful for any
36 person to engage in a commercial fishing operation without being licensed as
37 required by this Article. It is unlawful for anyone to command a vessel engaged in a
38 commercial fishing operation without complying with the provisions of this Article
39 and rules adopted by the Commission under this Article.

40 (c) Licenses and Endorsements Available for Inspection. -- It is unlawful for any
41 person to engage in a commercial fishing operation in the State without having ready
42 at hand for inspection all valid licenses and endorsements required under this Article.
43 To comply with this subsection, a person must have either a currently valid (i) license
44 issued in the person's true name and bearing the person's current address or (ii) an

1 assignment of a SCFL authorized under this Article. A licensee or assignee shall not
2 refuse to exhibit the licenses and endorsements upon the request of an inspector or
3 any other law enforcement officer authorized to enforce federal or State laws,
4 regulations, or rules relating to marine fisheries.

5 (d) No Dual Residency. -- It is unlawful for any person to hold any currently valid
6 license issued under this Article to the person as a North Carolina resident if that
7 person holds any currently valid commercial or recreational fishing license issued by
8 another state to the person as a resident of that state.

9 (e) License Format. -- Licenses issued under this Article shall be issued in the
10 name of the applicant. Each license shall show the type of license and any
11 endorsements; the name, address, and date of birth of the licensee; the date on which
12 the license is issued; the date on which the license expires; and any other information
13 that the Commission or the Division determines to be necessary to accomplish the
14 purposes of this Subchapter.

15 **"§ 113-168.2. Standard Commercial Fishing License.**

16 (a) Requirement. -- No person shall engage in a commercial fishing operation in
17 the coastal fishing waters without holding a Standard Commercial Fishing License
18 issued by the Division. A person who works as a member of the crew of a vessel
19 engaged in a commercial fishing operation under the direction of a person who holds
20 a valid SCFL or RSCFL is not required to hold a SCFL or RSCFL.

21 (b) Purchase; Renewal. -- A person may purchase a SCFL at any office of the
22 Division. The SCFL and endorsements may be renewed by mail by forwarding a
23 completed application, including applicable fees, to the Division's Morehead City
24 office. Any person who is issued a SCFL or a RSCFL is eligible to renew the SCFL
25 or RSCFL and any endorsements if the SCFL or RSCFL has not been suspended or
26 revoked.

27 (c) Replacement License. -- A licensee may obtain a replacement license for a lost
28 or destroyed license, including all endorsements, upon receipt of a proper application
29 in the offices of the Division together with a ten-dollar (\$10.00) fee. The Division
30 shall not accept an application for a replacement license unless the Division
31 determines that the applicant's current license has not been suspended or revoked. A
32 copy of an application duly filed with the Division shall serve as the license until the
33 replacement license has been received. The Commission may provide by rule for the
34 replacement of lost, obliterated, destroyed, or otherwise illegible license plates or
35 decals upon tender of the original license receipt or upon other evidence that the
36 Commission deems sufficient.

37 (d) Nonresident Certification Required. -- Persons obtaining licenses who are not
38 North Carolina residents shall certify that their conviction record in their state of
39 residence is such that they would not be denied a license under the standards in G.S.
40 113-171. When a license application is denied for violations of fisheries laws,
41 whether the violations occurred in North Carolina or another jurisdiction, the license
42 fees shall not be refunded and shall be applied to the costs of processing the
43 application.

1 (e) Fees. -- The annual SCFL fee for a North Carolina resident shall be two
2 hundred dollars (\$200.00). The annual SCFL fee for a person who is not a resident
3 of North Carolina shall be eight hundred dollars (\$800.00) or the amount charged to
4 a North Carolina resident in the nonresident's state, whichever is less. In no event,
5 however, may the fee be less than two hundred dollars (\$200.00).

6 (f) Assignment. -- The holder of a SCFL may assign the SCFL to any individual,
7 provided that a SCFL or RSCFL issued to the individual is not suspended or
8 revoked. If the SCFL is endorsed for one or more vessels, each vessel endorsement
9 may be assigned, independently of the SCFL, to another holder of a SCFL. An
10 assignment of a SCFL vessel endorsement shall be valid only for use by a holder or
11 assignee of a SCFL in the operation of the vessel for which the SCFL is endorsed.
12 The assignment shall be in writing on a form provided by the Division and shall
13 include the name of the licensee, the license number, any endorsements, the
14 assignee's name and mailing address, and the duration of the assignment. A
15 notarized copy of the assignment shall be filed with the Division. The assignee shall
16 carry the assignment on the assignee's person and have the assignment available for
17 inspection at all times while using the vessel. The assignment may be revoked by: (i)
18 written notification by the assignor that the assignment has been terminated; or (ii) a
19 determination by the Division that the assignee is operating in violation of the terms
20 and conditions applicable to the assignment.

21 (g) Transfer. -- A SCFL may be transferred:

- 22 (1) By the license holder to a member of the license holder's
23 immediate family.
- 24 (2) By the State to the estate of the license holder upon the death of
25 the license holder.
- 26 (3) By a surviving family member to whom a license was transferred
27 pursuant to subdivision (2) of this subsection to a third-party
28 purchaser of the license holder's fishing vessel upon the death of
29 the license holder.
- 30 (4) By the license holder to a third-party purchaser of the license
31 holder's fishing vessel upon retirement of the license holder from
32 commercial fishing.
- 33 (5) Under any other circumstance authorized by rule of the
34 Commission.

35 (h) Identification as Commercial Fisherman. -- The receipt of a current and valid
36 SCFL, RSCFL, or shellfish license issued by the Division shall serve as proper
37 identification of the licensee as a commercial fisherman.

38 (i) Record-Keeping Requirements. -- The fish dealer shall record each transaction
39 at the time and place of landing on a form provided by the Division. The transaction
40 form shall include the information on the SCFL, RSCFL, or shellfish license, the
41 quantity of the fish, the identity of the fish dealer, and other information as the
42 Division deems necessary to accomplish the purposes of this Subchapter. The person
43 who records the transaction shall provide a completed copy of the transaction form to
44 the Division and to the other party of the transaction. The Division's copy of each

1 transaction form shall be transmitted to the Division by the fish dealer on or before
2 the tenth day of the month following the transaction.

3 **"§ 113-168.3. Retired Standard Commercial Fishing License.**

4 (a) SCFL Provisions Applicable. -- Except as provided in this section, the
5 provisions set forth in G.S. 113-168.2 concerning the SCFL shall apply to the RSCFL.

6 (b) Eligibility; Fees. -- Any person who is 65 years of age or older and who is
7 otherwise eligible for a SCFL under G.S. 113-168.2 may purchase a RSCFL. Proof of
8 age shall be supplied at the time the application is made. The annual fee for a
9 RSCFL for a North Carolina resident shall be one hundred dollars (\$100.00). The
10 annual fee for a RSCFL for a person who is not a resident of North Carolina shall be
11 eight hundred dollars (\$800.00) or the amount charged to a North Carolina resident
12 in the nonresident's state, whichever is less. In no event, however, shall the fee be
13 less than one hundred dollars (\$100.00).

14 (c) Transfer. -- The holder of a RSCFL may transfer the RSCFL as provided in
15 G.S. 113-168.2 or, upon retirement from commercial fishing, to a third-party
16 purchaser of the RSCFL holder's fishing vessel. If the third-party purchaser is less
17 than 65 years of age, that purchaser shall pay the fee for the SCFL set forth in G.S.
18 113-168.2.

19 (d) Assignment. -- The RSCFL shall not be assignable.

20 **"§ 113-168.4. Regulations concerning the sale of fish.**

21 (a) Except as otherwise provided in this section, it is unlawful for any person who
22 takes or lands any species of fish under the authority of the Commission from coastal
23 fishing waters by any means whatever, including mariculture operations, to sell, offer
24 for sale, barter or exchange for merchandise these fish, without holding a current and
25 valid SCFL or RSCFL issued under G.S. 113-168.2 or G.S. 113-168.3, or a valid
26 shellfish license issued under G.S. 113-169.2. It is unlawful for fish dealers to buy fish
27 unless the seller presents a current and valid SCFL, RSCFL, or shellfish license at the
28 time of the transaction. Any subsequent sale of fish shall be subject to the licensing
29 requirements of fish dealers under G.S. 113-169.3.

30 (b) It is unlawful for any person licensed under this section to sell fish taken
31 outside the territorial waters of the State or to sell fish taken from coastal fishing
32 waters except to:

33 (1) Fish dealers licensed under G.S. 113-169.3; or

34 (2) The public, if the seller is also licensed as a fish dealer under G.S.
35 113-169.3.

36 (c) A person who organizes a nonprofit recreational fishing tournament may sell
37 fish taken in connection with the tournament pursuant to a recreational fishing
38 tournament license to sell fish. A person who organizes a nonprofit recreational
39 fishing tournament may obtain a recreational fishing tournament license to sell fish
40 upon application to the Division and payment of a fee of one hundred dollars
41 (\$100.00). A recreational fishing tournament is an organized fishing competition
42 occurring within a specified time period not to exceed one week and that is not a
43 commercial fishing operation. Proceeds derived from the sale of fish may be used
44 only for charitable purposes.

1 "§ 113-168.5. License endorsements for Standard Commercial Fishing License and
2 Retired Standard Commercial Fishing License.

3 (a) A SCFL or RSCFL may be endorsed to authorize the use of a vessel in a
4 commercial fishing operation.

5 (b) Vessel Endorsements. --

6 (1) As used in this subsection, a North Carolina vessel is a vessel that
7 has its primary situs in the State. A vessel has its primary situs in
8 the State if:

9 a. A certificate of number has been issued for the vessel under
10 Article 1 of Chapter 75A of the General Statutes;

11 b. A certificate of title has been issued for the vessel under
12 Article 4 of Chapter 75A of the General Statutes; or

13 c. A certification of documentation has been issued for the
14 vessel that lists a home port in the State under 42 U.S.C. §
15 12101, et seq., as amended.

16 (2) It is unlawful to use a vessel in a commercial fishing operation in
17 the coastal fishing waters of the State without a vessel endorsement
18 of the license required under this Article for that commercial
19 fishing operation. It is unlawful to use a North Carolina vessel to
20 land or sell fish in the State that are taken during a commercial
21 fishing operation outside the coastal fishing waters of the State
22 without a vessel endorsement of the license required under this
23 Article for that commercial fishing operation. No endorsement is
24 required, however, for a vessel of any length that does not have a
25 motor if the vessel is used only in connection with another vessel
26 for which the required license has been properly endorsed.

27 (3) The fee for a vessel endorsement shall be determined by the length
28 of the vessel and shall be in addition to the fee for a SCFL,
29 RSCFL, or shellfish license. The length of a vessel shall be
30 determined by measuring the distance between the ends of the
31 vessel along the deck and through the cabin, excluding the sheer.
32 The fee for a vessel endorsement is:

33 a. One dollar (\$1.00) per foot for a vessel not over 18 feet in
34 length.

35 b. One dollar and fifty cents (\$1.50) per foot for a vessel over
36 18 feet but not over 38 feet in length.

37 c. Three dollars (\$3.00) per foot for a vessel over 38 feet but
38 not over 50 feet in length.

39 d. Six dollars (\$6.00) per foot for a vessel over 50 feet in
40 length.

41 (4) A vessel endorsement may be assigned as provided in G.S.
42 113-168.2(f).

43 (5) When the owner of a vessel for which a SCFL, RSCFL, or shellfish
44 license has been endorsed transfers ownership of the vessel to a

holder of a SCFL, RSCFL, or shellfish license, the vessel endorsement may be transferred from the former owner's SCFL, RSCFL, or shellfish license to the new owner's SCFL, RSCFL, or shellfish license upon the request of the new owner. The new owner of the vessel shall notify the Division of the change in ownership and request that the vessel endorsement be transferred within 30 days of the date on which the transfer of ownership occurred. The notification of a change in the ownership of a vessel and request that the vessel endorsement be transferred shall be made on a form provided by the Division and shall be accompanied by satisfactory proof of the transfer of vessel ownership. Transfer of vessel ownership may be proven by a notarized copy of: (i) the bill of sale; (ii) a temporary vessel registration; or (iii) a vessel documentation transfer.

(c) Menhaden Endorsements. -- Except as provided in G.S. 113-169, it is unlawful to use a vessel to take menhaden by purse seine in the coastal fishing waters of the State, to land menhaden in the State, or to sell menhaden from a vessel in the State without obtaining a menhaden endorsement of a SCFL or RSCFL. The fee for a menhaden endorsement shall be two dollars (\$2.00) per ton, based on gross tonnage as determined by the custom house measurement for the mother ship. The menhaden endorsement shall be required for the mother ship but no separate endorsement shall be required for a purse boat carrying a purse seine. The application for a menhaden endorsement must state the name of the person in command of the vessel. Upon a change in command of a menhaden vessel, the owner must notify the Division in writing within 30 days.

(d) Shellfish Endorsement for North Carolina Residents. -- The Division shall issue a shellfish endorsement of a SCFL or RSCFL to a North Carolina resident at no charge.

"§ 113-169. Menhaden license for nonresidents not eligible for a SCFL.

A person who is not a resident of North Carolina, who is not eligible for a SCFL under this Article, and who only seeks to engage in menhaden fishing is eligible to purchase a menhaden license for nonresidents. The fee for the menhaden license for nonresidents shall be two dollars (\$2.00) per ton, gross tonnage, customhouse measurements for the mother ship. The menhaden license for nonresidents shall be required for the mother ship to take, land, or sell menhaden in North Carolina taken by purse seine. No separate endorsement shall be required for a purse boat carrying a purse seine. The application for a menhaden license for nonresidents must state the name of the person in command of the vessel. Upon change in command of a menhaden vessel, the owner must notify the Division within 30 days.

"§ 113-169.1. Permits for gear, equipment, and other specialized activities authorized.

The Commission may adopt rules to establish permits for gear, equipment, and specialized activities, including commercial fishing operations that do not involve the use of a vessel and transplanting oysters or clams. The Commission shall establish a fee for each permit in an amount that compensates the Division for the actual

1 administrative costs associated with the permit but that does not exceed fifty dollars
2 (\$50.00) per permit.

3 **"§ 113-169.2. Shellfish license for North Carolina residents without a SCFL.**

4 (a) License or Endorsement Necessary to Take or Sell Shellfish. -- It is unlawful
5 for an individual to take shellfish from the public grounds of the State by mechanical
6 means or for commercial use by any means without holding either a shellfish license
7 or a shellfish endorsement of a SCFL or RSCFL. A North Carolina resident who
8 seeks only to take and sell shellfish shall be eligible to purchase a shellfish license
9 without holding a SCFL or RSCFL. The license includes the privilege to sell shellfish
10 to a licensed fish dealer.

11 (b) Purchase; Renewal. -- A person may purchase a shellfish license at any office
12 of the Division. The shellfish license and endorsements may be renewed by mail by
13 forwarding a completed application, including applicable fees, to the Division's
14 Morehead City Office. Any person who is issued a shellfish license is eligible to
15 renew the shellfish license and any endorsements if the shellfish license has not been
16 suspended or revoked.

17 (c) Fees. -- Shellfish licenses shall be issued annually upon payment of a fee of
18 twenty-five dollars (\$25.00) upon proof that the license applicant is a resident of
19 North Carolina.

20 (d) License Available for Inspection. -- It is unlawful for any individual to take
21 shellfish for commercial use from the public grounds of the State without having
22 ready at hand for inspection a current and valid shellfish license issued to the licensee
23 personally and bearing the licensee's correct name and address. It is unlawful for any
24 individual taking or possessing freshly taken shellfish to refuse to exhibit the
25 individual's license upon the request of an officer authorized to enforce the fishing
26 laws.

27 (e) Vessel Endorsement Required. -- A license holder under this section shall be
28 required to purchase a vessel endorsement under G.S. 113-168.5 if a vessel is used in
29 the take or sale of shellfish. A vessel endorsement of a shellfish license does not
30 authorize the use of the vessel for any commercial fishing operation other than the
31 taking or selling of shellfish.

32 (f) Name or Address Change. -- In the event of a change in name or address or
33 upon receipt of an erroneous shellfish license, the licensee shall, within 30 days, apply
34 for a replacement shellfish license bearing the correct name and address. Upon a
35 showing by the individual that the name or address change occurred within the past
36 30 days, the trial court or prosecutor shall dismiss any charges brought pursuant to
37 this subsection.

38 (g) Transfer Prohibited. -- It is unlawful for an individual issued a shellfish license
39 to transfer or offer to transfer the license, either temporarily or permanently, to
40 another. It is unlawful for an individual to secure or attempt to secure a shellfish
41 license from a source not authorized by the Commission.

42 (h) Exemption. -- Persons under 16 years of age are exempt from the license
43 requirements of this section if accompanied by a parent, grandparent, or guardian

1 who is in compliance with the requirements of this section or if in possession of a
2 parent's, grandparent's or guardian's shellfish license.

3 (i) Taking Shellfish Without a License for Personal Use. --

4 (1) A person may take shellfish for personal use without obtaining a
5 license under this section in quantities up to:

6 a. One bushel of oysters per day.

7 b. One-half bushel of scallops per day.

8 c. One hundred clams per day.

9 (2) Two or more persons who are using a vessel to take shellfish may
10 take shellfish for personal use without obtaining a license under
11 this section in quantities up to:

12 a. Two bushels of oysters per day.

13 b. One bushel of scallops per day.

14 c. Two hundred clams per day.

15 "§ 113-169.3. Licenses for fish dealers.

16 (a) Eligibility. -- A fish dealer license shall be issued to a North Carolina resident
17 upon receipt of a proper application in the Morehead City Office of the Division
18 together with all license fees including the total number of dealer categories set forth
19 in this section. The license shall be issued in the name of the applicant and shall
20 include all dealer categories on the license.

21 (b) Application for License. -- Applications shall not be accepted from persons
22 ineligible to hold a license issued by the Division, including any applicant whose
23 license is suspended or revoked on the date of the application. The applicant shall be
24 provided with a copy of the application marked received. The copy shall serve as the
25 fish dealer's license until the license issued by the Division is received, or the
26 Division determines that the applicant is ineligible to hold a license. Where an
27 applicant does not have an established location for transacting the fisheries business
28 within the State, the license application shall be denied unless the applicant satisfies
29 the Secretary that his residence, or some other office or address within the State, is a
30 suitable substitute for an established location and that records kept in connection
31 with licensing, sale, and purchase requirements will be available for inspection when
32 necessary. Fish dealers' licenses are issued on a fiscal year basis upon payment of a
33 fee as set forth herein upon proof, satisfactory to the Secretary, that the license
34 applicant is a North Carolina resident.

35 (c) License Requirement. -- Except as otherwise provided in this section, it is
36 unlawful for any person not licensed pursuant to this article:

37 (1) To buy fish for resale from any person involved in a commercial
38 fishing operation that takes any species of fish from coastal fishing
39 waters. For purposes of this subdivision, a retailer who purchases
40 fish from a fish dealer shall not be liable if the fish dealer has not
41 complied with the licensing requirements of this section;

42 (2) To sell fish to the public; or

43 (3) To sell to the public any species of fish under the authority of the
44 Commission taken from coastal fishing waters.

1 Any person subject to the licensing requirements of this section is a fish dealer.
2 Any person subject to the licensing requirements of this section shall obtain a
3 separate license for each physical location conducting activities required to be
4 licensed under this section.

5 (d) Exceptions to License Requirements. -- The Commission may adopt rules to
6 implement this subsection including rules to clarify the status of the listed classes of
7 exempted persons, require submission of statistical data, and require that records be
8 kept in order to establish compliance with this section. Any person not licensed
9 pursuant to this section is exempt from the licensing requirements of this section if all
10 fish handled within any particular licensing category meet one or more of the
11 following requirements:

12 (1) The fish are sold by persons whose dealings in fish are primarily
13 educational, scientific, or official, and who have been issued a
14 permit by the Division that authorizes the educational, scientific, or
15 official agency to sell fish taken or processed in connection with
16 research or demonstration projects;

17 (2) The fish are sold by individual employees of fish dealers when
18 transacting the business of their duly licensed employer;

19 (3) The fish are shipped to a person by a dealer from without the
20 State;

21 (4) The fish are of a kind the sale of which is regulated exclusively by
22 the Wildlife Resources Commission; or

23 (5) The fish are purchased from a licensed dealer.

24 (e) Application Fee for New Fish Dealers. -- An applicant for a new fish dealer
25 license shall pay a nonrefundable application fee of fifty dollars (\$50.00) in addition
26 to the license category fees set forth in this section.

27 (f) License Category Fees. -- Every fish dealer subject to licensing requirements
28 shall secure an annual license at each established location for each of the following
29 activities transacted there, upon payment of the fee set out:

30 (1) Dealing in oysters: \$50.00;

31 (2) Dealing in scallops: \$50.00;

32 (3) Dealing in clams: \$50.00;

33 (4) Dealing in hard or soft crabs: \$50.00;

34 (5) Dealing in shrimp, including bait: \$50.00;

35 (6) Dealing in finfish, including bait: \$50.00;

36 (7) Operating menhaden or other fish-dehydrating or oil-extracting
37 processing plants: \$50.00; or

38 (8) Consolidated license (all categories): \$300.00.

39 Any person subject to fish dealer licensing requirements who deals in fish not
40 included in the above categories shall secure a finfish dealer license. The Commission
41 may adopt rules implementing and clarifying the dealer categories of this subsection.
42 Bait operations shall be licensed under either the finfish or shrimp dealer license
43 categories.

1 (g) License Format. -- The format of the license shall include the name of the
2 licensee, date of birth, name and physical address of each business location,
3 expiration date of the license, and any other information the Division deems
4 necessary to accomplish the purposes of this Subchapter.

5 (h) Application for Replacement License. -- A replacement license shall only be
6 obtained from an office of the Division. The Division shall not accept an application
7 for a replacement license unless the Division determines that the applicant's current
8 license has not been suspended or revoked. A copy of an application duly filed with
9 the Division shall serve as the license until the replacement license has been received.

10 (i) Purchase and Sale of Fish. -- It is unlawful for a fish dealer to buy fish unless
11 the seller possesses a current and valid SCFL, RSCFL, shellfish license, menhaden
12 license for nonresidents, or a special fisheries sale permit issued under G.S.
13 113-168.4(c), and the dealer records the transaction consistent with the
14 record-keeping requirements of G.S. 113-168.2(i). It is unlawful for any person to
15 purchase, possess, or sell fish taken from coastal fishing waters in violation of this
16 Subchapter or the rules adopted by the Commission implementing this Subchapter.

17 (j) Transfer Prohibited. -- Any fish dealer license issued under this section is
18 nontransferable. It is unlawful to use a fish dealer license issued to another person in
19 the sale or attempted sale of fish or for a licensee to lend or transfer a fish dealer
20 license for the purpose of circumventing the requirements of this section.

21 **"§ 113-169.4. Licensing of ocean fishing piers; fees.**

22 (a) The owner or operator of an ocean fishing pier within the coastal fishing
23 waters who charges the public a fee to fish in any manner from the pier shall secure a
24 current and valid pier license from the Division. An application for a pier license
25 shall disclose the names of all parties involved in the pier operations, including the
26 owner of the property, owner of the pier if different, and all leasehold or other
27 corporate arrangements, and all persons with a substantial financial interest in the
28 pier.

29 (b) Within 30 days following a change of ownership of a pier, or a change as to
30 the manager, the manager or new manager shall secure a replacement pier license
31 from the Division. The replacement license is issued without charge.

32 (c) Pier licenses are issued upon payment of fifty cents (50¢) per linear foot, to
33 the nearest foot, that the pier extends into coastal fishing waters beyond the mean
34 high waterline. The length of the pier shall be measured to include all extensions of
35 the pier.

36 (d) The manager who secures the pier license shall be the individual with the duty
37 of executive-level supervision of pier operations.

38 **"§ 113-169.5. Land or sell license; vessels fishing beyond territorial waters.**

39 (a) Persons aboard vessels not having their primary situs in the State that are
40 carrying a cargo of fish taken outside the waters of the State may land or sell their
41 catch in the State by purchasing a land or sell license as set forth in this section with
42 respect to the vessel in question. The Commission may by rule modify the land or sell
43 licensing procedure in order to devise an efficient and convenient procedure for
44 licensing out-of-state vessels to only land, or after landing to permit sale of cargo.

1 (b) The fee for a land or sell license for a vessel not having its primary situs in
2 North Carolina is two hundred dollars (\$200.00), or an amount equal to the
3 nonresident fee charged by the nonresident's state, whichever is greater. Persons
4 aboard vessels having a primary situs in a jurisdiction that would allow North
5 Carolina vessels without restriction to land or sell their catch, taken outside the
6 jurisdiction, may land or sell their catch in the State without complying with this
7 section if the persons are in possession of a valid license from their state of residence.

8 **"§ 113-170. Exportation and importation of fish and equipment.**

9 The Commission may adopt rules governing the importation and exportation of
10 fish, and equipment that may be used in taking or processing fish, as necessary to
11 enhance the conservation of marine and estuarine resources of the State. These rules
12 may regulate, license, prohibit, or restrict importation into the State and exportation
13 from the State of any and all species of fish that are native to coastal fishing waters or
14 may thrive if introduced into these waters.

15 **"§ 113-170.1. Nonresidents reciprocal agreements.**

16 Persons who are not North Carolina residents are not entitled to obtain licenses
17 under the provisions of this Article except as provided in this section. Residents of
18 jurisdictions that sell commercial fishing licenses to North Carolina residents are
19 entitled to North Carolina commercial fishing licenses under the provisions of G.S.
20 113-168.2. Licenses may be restricted in terms of area, gear, and fishery by the
21 Commission so that the nonresidents are licensed to engage in North Carolina
22 fisheries on the same or similar terms that North Carolina residents can be licensed to
23 engage in the fisheries of other jurisdictions. The Secretary may enter into reciprocal
24 agreements with other jurisdictions as necessary to allow nonresidents to obtain
25 commercial fishing licenses in the State subject to the foregoing provisions.

26 **"§ 113-170.2. Fraud or deception as to licenses, permits, or records.**

27 (a) It is unlawful for any person to give any false information or willfully to omit
28 giving required information to the Division or any license agent when the information
29 is material to the securing of any license or permit under this Article. It is unlawful
30 to falsify, fraudulently alter, or counterfeit any license, permit, identification, or
31 record to which this Article applies or otherwise practice any fraud or deception
32 designed to evade the provisions of this Article or reasonable administrative
33 directives made under the authority of this Article.

34 (b) A violation of this section is punishable by a fine of not less than one hundred
35 dollars (\$100.00) nor more than five hundred dollars (\$500.00).

36 **"§ 113-170.3. Record-keeping requirements.**

37 (a) The Commission may require all licensees under this Article to keep and to
38 exhibit upon the request of an authorized agent of the Department records and
39 accounts as may be necessary to the equitable and efficient administration and
40 enforcement of this Article. In addition, licensees may be required to keep additional
41 information of a statistical nature or relating to location of catch as may be needed to
42 determine conservation policy. Records and accounts required to be kept must be
43 preserved for inspection for not less than three years.

1 (b) It is unlawful for any licensee to refuse or to neglect without justifiable excuse
2 to keep records and accounts as may be reasonably required. The Department may
3 distribute forms to licensees to aid in securing compliance with its requirements, or it
4 may inform licensees of requirements in other effective ways such as distributing
5 memoranda and sending agents of the Department to consult with licensees who have
6 been remiss. Detailed forms or descriptions of records, accounts, collection and
7 inspection procedures, and the like that reasonably implement the objectives of this
8 Article need not be embodied in rules of the Commission in order to be validly
9 required.

10 (c) The following records collected and compiled by the Department shall not be
11 considered public records within the meaning of Chapter 132 of the General Statutes,
12 but shall be confidential and shall be used only for the equitable and efficient
13 administration and enforcement of this Article or for determining conservation
14 policy, and shall not be disclosed except when required by the order of a court of
15 competent jurisdiction: all records, accounts, and reports that licensees are required
16 by the Commission to make, keep, and exhibit pursuant to the provisions of this
17 section, and all records, accounts, and memoranda compiled by the Department from
18 records, accounts, and reports of licensees and from investigations and inspections,
19 containing data and information concerning the business and operations of licensees
20 reflecting their assets, liabilities, inventories, revenues, and profits; the number,
21 capacity, capability, and type of fishing vessels owned and operated; the type and
22 quantity of fishing gear used; the catch of fish or other seafood by species in numbers,
23 size, weight, quality, and value; the areas in which fishing was engaged in; the
24 location of catch; the time of fishing, number of hauls, and the disposition of the fish
25 and other seafood. The Department may compile statistical information in any
26 aggregate or summary form that does not directly or indirectly disclose the identity of
27 any licensee who is a source of the information, and any compilation of statistical
28 information by the Department shall be a public record open to inspection and
29 examination by any person, and may be disseminated to the public by the
30 Department.

31 "§ 113-170.4. Rules as to possession, transportation, and disposition of fisheries
32 resources.

33 The Commission may adopt rules governing possession, transportation, and
34 disposition of fisheries resources by all persons, including those not subject to fish
35 dealer licensing requirements, in order that inspectors may adequately distinguish
36 regulated coastal fisheries resources from those not so regulated and enforce the
37 provisions of this Article equitably and efficiently. These rules may include
38 requirements as to giving notice, filing declarations, securing permits, marking
39 packages, and the like.

40 "§ 113-170.5. Violations with respect to coastal fisheries resources.

41 It is unlawful to take, possess, transport, process, sell, buy, or in any way deal in
42 coastal fisheries resources without conforming with the provisions of this Article or of
43 rules adopted under the authority of this Article.

44 "§ 113-171. Suspension, revocation, and reissuance of licenses.

1 (a) Upon receipt of reliable notice that a person licensed under this Article has
2 had imposed against the person a conviction of a criminal offense within the
3 jurisdiction of the Department under the provisions of this Subchapter or of rules of
4 the Commission adopted under the authority of this Subchapter, the Secretary must
5 suspend or revoke all licenses held by the person in accordance with the terms of this
6 section. Reliable notice includes information furnished the Secretary in prosecution
7 or other reports from inspectors. As used in this section, a conviction includes a plea
8 of guilty or nolo contendere, any other termination of a criminal prosecution
9 unfavorably to the defendant after jeopardy has attached, or any substitute for
10 criminal prosecution whereby the defendant expressly or impliedly confesses the
11 defendant's guilt. In particular, procedures whereby bond forfeitures are accepted in
12 lieu of proceeding to trial and cases indefinitely continued upon arrest of judgment or
13 prayer for judgment continued are deemed convictions. The Secretary may act to
14 suspend or revoke licenses upon the basis of any conviction in which:

- 15 (1) No notice of appeal has been given;
16 (2) The time for appeal has expired without an appeal having been
17 perfected; or
18 (3) The conviction is sustained on appeal. Where there is a new trial,
19 finality of any subsequent conviction will be determined in the
20 manner set out above.

21 (b) The Secretary must initiate an administrative procedure designed to give the
22 Secretary systematic notice of all convictions of criminal offenses by licensees
23 covered by subsection (a) of this section above and keep a file of all convictions
24 reported. Upon receipt of notice of conviction, the Secretary must determine whether
25 it is a first, a second, a third, or a fourth or subsequent conviction of some offense
26 covered by subsection (a). In the case of second convictions, the Secretary must
27 suspend all licenses issued to the licensee for a period of 10 days. In the case of third
28 convictions, the Secretary must suspend all licenses issued to the licensee for a period
29 of 30 days. In the case of fourth or subsequent convictions, the Secretary must
30 revoke all licenses issued to the licensee. Where several convictions result from a
31 single transaction or occurrence, they are to be treated as a single conviction so far as
32 suspension or revocation of the licenses of any licensee is concerned. Anyone
33 convicted of taking or of knowingly possessing, transporting, buying, selling, or
34 offering to buy or sell oysters or clams from areas closed because of suspected
35 pollution will be deemed by the Secretary to have been convicted of two separate
36 offenses on different occasions for license suspension or revocation purposes.

37 (c) Where a license has been suspended or revoked, the former licensee is not
38 eligible to apply for reissuance of license or for any additional license authorized in
39 this Article during the suspension or revocation period. Licenses must be returned to
40 the licensee by the Secretary or the Secretary's agents at the end of a period of
41 suspension. Where there has been a revocation, application for reissuance of license
42 or for an additional license may not be made until six months following the date of
43 revocation. In such case of revocation, the eligible former licensee must satisfy the
44 Secretary that the licensee will strive in the future to conduct the operations for

1 which the license is sought in accord with all applicable laws and rules. Upon the
2 application of an eligible former licensee after revocation, the Secretary, in the
3 Secretary's discretion, may issue one license sought but not another, as deemed
4 necessary to prevent the hazard of recurring violations of the law.

5 (d) Upon receiving reliable information of a licensee's conviction of a second or
6 subsequent criminal offense covered by subsection (a) of this section, the Secretary
7 shall promptly cause the licensee to be personally served with written notice of
8 suspension or revocation, as the case may be. The written notice may be served upon
9 any responsible individual affiliated with the corporation, partnership, or association
10 where the licensee is not an individual. The notice of suspension or revocation may
11 be served by an inspector or other agent of the Department, must state the ground
12 upon which it is based, and takes effect immediately upon personal service. The
13 agent of the Secretary making service shall then or subsequently, as may be feasible
14 under the circumstances, collect all license certificates and plates and other forms or
15 records relating to the license as directed by the Secretary. It is unlawful for any
16 licensee willfully to evade the personal service prescribed in this subsection.

17 (e) A licensee served with a notice of suspension or revocation may obtain an
18 administrative review of the suspension or revocation by filing a petition for a
19 contested case under G.S. 150B-23 within 20 days after receiving the notice. The
20 only issue in the hearing shall be whether the licensee was convicted of a criminal
21 offense for which a license must be suspended or revoked. A license remains
22 suspended or revoked pending the final decision by the Secretary.

23 (f) If the Secretary refuses to reissue the license of or issue an additional license to
24 an applicant whose license was revoked, the applicant may contest the decision by
25 filing a petition for a contested case under G.S. 150B-23 within 20 days after the
26 Secretary makes the decision. The Commission shall make the final agency decision
27 in a contested case under this subsection. An applicant whose license is denied
28 under this subsection may not reapply for the same license for at least six months.

29 (g) The Commission may adopt rules to provide for the disclosure of the identity
30 of any individual or individuals in responsible positions of control respecting
31 operations of any licensee that is not an individual. For the purposes of this section,
32 individuals in responsible positions of control are deemed to be individual licensees
33 and subject to suspension and revocation requirements in regard to any applications
34 for license they may make -- either as individuals or as persons in responsible
35 positions of control in any corporation, partnership, or association. In the case of
36 individual licensees, the individual applying for a license or licensed under this
37 Article must be the real party in interest.

38 (h) In determining whether a conviction is a second or subsequent offense under
39 the provisions of this section, the Secretary may not consider convictions for:

40 (1) Offenses that occurred three years prior to the effective date of this
41 Article; or

42 (2) Offenses that occurred more than three years prior to the time of
43 the latest offense the conviction for which is in issue as a
44 subsequent conviction.

1 "§ 113-171.1. Use of spotter planes in commercial fishing operations regulated.

2 (a) Spotter Plane Defined. -- A 'spotter plane' is an aircraft used for aerial
3 identification of the location of fish in coastal fishing waters so that a vessel may be
4 directed to the fish.

5 (b) License. -- Before an aircraft is used as a spotter plane in a commercial fishing
6 operation, the owner or operator of the aircraft must obtain a license for the aircraft
7 from the Division. The fee for a license for a spotter plane is one hundred dollars
8 (\$100.00). An applicant for a license for a spotter plane shall include in the
9 application the identity, either by boat or by company, of the specific commercial
10 fishing operations in which the spotter plane will be used during the license year. If,
11 during the course of the license year, the aircraft is used as a spotter plane in a
12 commercial fishing operation that is not identified in the original license application,
13 the owner or operator of the aircraft shall amend the license application to add the
14 identity of the additional commercial fishing operation.

15 (c) Unlawful Activity. -- It shall be unlawful to:

16 (1) Use a spotter plane directed at food fish, except in connection with
17 a purse seine operation authorized by a rule of the Commission.

18 (2) Use or permit the use of an unlicensed spotter plane or a licensed
19 spotter plane whose license application does not identify the
20 specific commercial fishing operation involved.

21 (3) Participate knowingly in a commercial fishing operation that uses
22 an unlicensed spotter plane or a licensed spotter plane whose
23 license application does not identify the specific commercial fishing
24 operation involved.

25 (d) Violation a Misdemeanor. -- A violation of subsection (c) of this section is a
26 Class 1 misdemeanor.

27 "§ 113-172. License agents.

28 (a) The Secretary shall designate license agents for the Department. At least one
29 license agent shall be designated for each county that contains or borders on coastal
30 fishing waters. The Secretary may designate additional license agents in any county if
31 the Secretary determines that additional agents are needed to provide efficient service
32 to the public. The Division and license agents designated by the Secretary under this
33 section shall issue licenses authorized under this Article in accordance with this
34 Article and the rules of the Commission. The Secretary shall require license agents
35 to enter into a contract that provides for their duties and compensation, post a bond,
36 and submit to reasonable inspections and audits. If a license agent violates any
37 provision of this Article, the rules of the Commission, or the terms of the contract,
38 the Secretary may initiate proceedings for the forfeiture of the license agent's bond
39 and may summarily suspend, revoke, or refuse to renew a designation as a license
40 agent and may impound or require the return of all licenses, moneys, record books,
41 reports, license forms and other documents, ledgers, and materials pertinent or
42 apparently pertinent to the license agency. The Secretary shall report evidence or
43 misuse of State property, including license fees, by a license agent to the State Bureau
44 of Investigation as provided by G.S. 114-15.1.

(b) License agents shall be compensated by adding a surcharge of one dollar (\$1.00) to each license sold and retaining the surcharge. If more than one license is listed on a consolidated license form, the license agent shall be compensated as if a single license were sold. It is unlawful for a license agent to add more than the surcharge authorized by this section to the fee for each license sold.

"§ 113-173. Recreational Commercial Gear License.

(a) License Required. -- Except as provided in subsection (j) of this section, it is unlawful for any person to take or attempt to take fish for recreational purposes by means of commercial fishing equipment or gear in coastal fishing waters without holding a RCGL. As used in this section, fish are taken for recreational purposes if the fish are not taken for the purpose of sale. The RCGL entitles the licensee to use authorized commercial gear to take fish for personal use subject to recreational quotas or limits.

(b) Sale of Fish Prohibited. -- It is unlawful for the holder of a RCGL or for a person who is exempt under subsection (k) of this section to sell fish taken under the RCGL or pursuant to the exemption.

(c) Authorized Commercial Gear. -- The Commission shall adopt rules authorizing the use of a limited amount of commercial fishing equipment or gear for recreational fishing under a RCGL. The Commission may authorize the limited use of commercial gear on a uniform basis in all coastal fishing waters or may vary the limited use of commercial gear within specified areas of the coastal fishing waters. The Commission shall periodically evaluate and revise the authorized use of commercial gear for recreational fishing. Authorized commercial gear shall be identified by visible colored tags or other means specified by the Commission in order to distinguish between commercial gear used in a commercial operation and commercial gear used for recreational purposes.

(d) Purchase; Renewal. -- A RCGL may be purchased at designated offices of the Division and from a license agent authorized under G.S. 113-172. A RCGL may be renewed by mail.

(e) Replacement RCGL. -- Upon receipt of a proper application and a two-dollar (\$2.00) replacement fee, the Division may issue a duplicate RCGL to replace an unexpired RCGL that has been lost or destroyed.

(f) Duration; Fees. -- The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be thirty-five dollars (\$35.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be two hundred fifty dollars (\$250.00).

(g) RCGL Available for Inspection. -- It is unlawful for any person to engage in recreational fishing by means of restricted commercial gear in the State without having ready at hand for inspection a valid RCGL. A holder of a RCGL shall not refuse to exhibit the RCGL upon the request of an inspector or any other law enforcement officer authorized to enforce federal or State laws, regulations, or rules relating to marine fisheries.

(h) Assignment and Transfer Prohibited. -- A RCGL is not transferable. Except as provided in subsection (j) of this section, it is unlawful to buy, sell, lend, borrow,

1 assign, or otherwise transfer a RCGL, or to attempt to buy, sell, lend, borrow, assign,
2 or otherwise transfer a RCGL.

3 (i) Reporting Requirements. -- The holder of a RCGL shall comply with the
4 biological data sampling and survey programs of the Commission and the Division.

5 (j) Exemptions. --

6 (1) A person who is under 16 years of age may take fish for
7 recreational purposes by means of authorized commercial gear
8 without holding a RCGL if the person is accompanied by a parent,
9 grandparent, or guardian who holds a valid RCGL or if the person
10 has in the person's possession a valid RCGL issued to the person's
11 parent, grandparent, or guardian.

12 (2) A person may take crabs for recreational purposes by means of one
13 or more crab pots attached to the shore along privately owned land
14 or to a privately owned pier without holding a RCGL provided
15 that the crab pots are attached with the permission of the owner of
16 the land or pier.

17 (3) A person who is on a vessel may take fish for recreational purposes
18 by means of authorized commercial gear without holding a RCGL
19 if there is another person on the vessel who holds a valid RCGL.
20 This exemption does not authorize the use of commercial gear in
21 excess of that authorized for use by the person who holds the valid
22 RCGL or, if more than one person on the vessel holds a RCGL, in
23 excess of that authorized for use by those persons."

24 Section 5.2. (a) Definitions; Citations. The definitions set out in G.S.
25 113-168 apply to this section. A citation to a provision of the General Statutes in this
26 section means that provision of the General Statutes as enacted by this act.

27 (b) Transitional Provisions. In order to effect an orderly implementation
28 of this Part and the transition from the moratorium imposed by subsection (a) of
29 Section 3 of Chapter 576 of the 1993 Session Laws, Regular Session 1994, as
30 amended by Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session
31 1994; subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws; Section
32 7 of S.L. 1997-256; Section 3 of S.L. 1997-347; and Section 6.1 of this act, to the
33 licensing provision of Article 14A of Chapter 113 of the General Statutes, the
34 provisions of this section shall apply to the issuance of licenses under Article 14A of
35 Chapter 113 of the General Statutes until all Fishery Management Plans have been
36 adopted as required by G.S. 113-182.1 and G.S. 143B-289.22.

37 (c) Temporary Cap. There is hereby imposed a temporary cap on the
38 total number of SCFLs that the Division may issue. The temporary cap equals the
39 total number of endorsements to sell fish that establish eligibility for a SCFL under
40 subsection (g) of this section plus 500 additional SCFLs, authorized by subsection (d)
41 of this section.

42 (d) 1999-2000 License Year. For the 1999-2000 license year, the
43 Commission is authorized to issue SCFLs as provided in subsection (g) of this section

1 plus an additional 500 SCFLs using the procedure set out in subsection (h) of this
2 section.

3 (e) Subsequent License Years. For license years beginning with the
4 2000-01 license year, the Commission is authorized to issue SCFLs from the pool of
5 available SCFLs as provided in subsection (f) of this section using the procedure set
6 out in subsection (h) of this section.

7 (f) Adjustment of Number of SCFLs. The number of SCFLs in the pool
8 of available SCFLs in license years beginning with the 2000-01 license year is the
9 temporary cap less the number of SCFLs that are renewed. The Commission may
10 increase or decrease the number of SCFLs that are issued from the pool of available
11 SCFLs. The Commission may increase the number of SCFLs that are issued from
12 the pool of available SCFLs up to the temporary cap. The Commission may decrease
13 the number of SCFLs that are issued from the pool of available SCFLs but may not
14 refuse to renew a SCFL that is issued during the previous license year and that has
15 not been suspended or revoked. The Commission shall increase or decrease the
16 number of SCFLs that are issued to reflect its determination as to the effort that the
17 fishery can support, based on the best available scientific evidence.

18 (g) Eligibility for SCFL. Any person who holds a valid endorsement to
19 sell fish of a vessel license on 1 July 1999 is eligible to receive a SCFL. The Division
20 shall issue a SCFL to any person who is eligible under this subsection upon receipt of
21 an application and required fees. If the person held more than one endorsement to
22 sell fish, the person is eligible to receive a SCFL for each endorsement to sell
23 previously held. Eligibility to receive a SCFL under this subsection shall expire 1
24 July 2000.

25 (h) Procedure for Issuing Additional SCFLs. The Commission shall
26 determine a procedure for issuing the 500 additional SCFLs authorized by subsection
27 (d) of this section for the 1999-2000 license year and for issuing SCFLs from the pool
28 of available SCFLs authorized by subsection (e) of this section. The procedure shall
29 set a date on which the Division will begin receiving applications and a date on
30 which the determination by lot of which applicants will receive a SCFL will be made.
31 The Commission shall develop criteria for determining eligibility for a SCFL under
32 this subsection. Criteria shall include the past involvement of the applicant and the
33 applicant's family in commercial fishing; the extent to which the applicant has relied
34 on commercial fishing for the applicant's livelihood; the extent to which the applicant
35 has complied with federal and State laws, regulations, and rules relating to coastal
36 fishing and protection of the environment; and any other factors the Commission
37 determines to be relevant. The Division shall review each application for a SCFL
38 that it receives during the application period to determine whether the applicant is
39 eligible under the eligibility criteria established by the Commission. The Division
40 shall issue SCFLs under this subsection by lot. All applicants who are determined to
41 be eligible shall have an equal chance of being issued a SCFL.

42 Section 5.3. The Marine Fisheries Commission shall adopt rules
43 authorizing the use of a limited amount commercial gear for recreational fishing

1 under a Recreational Commercial Gear License, as required by G.S. 113-173, as
2 enacted by Section 5.1 of this act, on or before 1 July 1999.

3 Section 5.4. Article 14 of Chapter 113 of the General Statutes is
4 repealed.

5 Section 5.5. The Marine Fisheries Commission shall adopt a Fishery
6 Management Plan for the blue crab fishery in accordance with G.S. 143B-289.22, as
7 enacted by Section 2.1 of this act, and G.S. 113-182.1, as enacted by Section 3.4 of
8 this act, no later than 1 January 1999.

9 Section 5.6. The Revisor of Statutes shall set out Section 5.2 of this act as
10 a note to G.S. 113-168.2, as enacted by Section 5.1 of this act.

11 Section 5.7. G.S. 113-203(a)(2) reads as rewritten:

12 "(2) When the transplanting is done by a dealer in accordance with the
13 provisions of G.S. ~~113-158~~ 113-169.1(2) and implementing rules;
14 or".

15 Section 5.8. G.S. 113-154.1 reads as rewritten:

16 "**§ 113-154.1. Endorsement to sell fish.**

17 (a) Requirements. -- Except as otherwise provided in this section, it is unlawful for
18 any person who takes or lands any species of fish under the authority of the Marine
19 Fisheries Commission from coastal fishing waters by any means whatever, including
20 aquaculture operations, to sell, offer for sale, barter or exchange for merchandise
21 such fish, without having first procured a current and valid endorsement to sell fish.
22 It is unlawful for fish dealers to buy fish unless the seller presents a current and valid
23 vessel license with an endorsement to sell, or a separate endorsement to sell if no
24 vessel is involved, at the time of the transaction. Any subsequent sale of fish shall be
25 subject to the licensing requirements of fish dealers under G.S. 113-156.

26 (b) Fees. -- The annual fee for an endorsement to sell fish on a vessel license for a
27 resident of this State is set forth in G.S. 113-152(h). The annual fee for an
28 endorsement to sell fish when no vessel is involved for a resident of this State is
29 fifteen dollars (\$15.00) and for a nonresident of this State is one hundred dollars
30 (\$100.00) or an amount equal to the nonresident fee charged by the nonresident's
31 state, whichever is greater. The license shall be valid for the period July 1 through
32 June 30 of a given year.

33 (c) Non-Vessel Endorsement Format. -- The format of an endorsement when the
34 applicant is not seeking a vessel license shall include the name of the applicant, date
35 of birth, expiration date of the endorsement, and any other information the Division
36 deems necessary to accomplish the purposes of this Subchapter. The endorsement
37 shall be issued on a card made of hard plastic or metal capable of being used to make
38 imprints of the sale or transaction. An applicant who is applying for an endorsement
39 on a vessel license shall comply with G.S. 113-152.

40 (d) Application for Non-Vessel Endorsement. -- An application for issuance or
41 renewal of an endorsement to sell shall be filed with the Morehead City offices of the
42 Division of Marine Fisheries or license agents authorized to sell licenses under this
43 Article. An application shall be accompanied by the fee established in subsection (b)
44 of this section. Applications shall not be accepted from persons ineligible to hold a

1 license issued by the Marine Fisheries Commission, including any applicant whose
2 endorsement is suspended or revoked on the date of the application. The applicant
3 shall be provided with a copy of the application marked received. The copy shall
4 serve as the endorsement to sell, until the endorsement issued by the Division is
5 received or the Division determines that the applicant is ineligible to hold an
6 endorsement. In addition to the information required in subsection (c) of this section,
7 the applicant shall disclose on the application a valid address, and such other
8 information as the Division may require.

9 (e) Application for Replacement Non-Vessel Endorsement to Sell. -- A
10 replacement endorsement shall only be obtained from the Morehead City offices of
11 the Division of Marine Fisheries. The Division shall not accept an application for a
12 replacement endorsement unless the Division determines that the applicant's current
13 license has not been suspended or revoked. A copy of an application duly filed with
14 the Division shall serve as the endorsement until the replacement license has been
15 received.

16 (f) Sale of Fish. -- It is unlawful for any person licensed under this section to sell
17 fish taken outside the territorial waters of North Carolina or to sell fish taken from
18 coastal fishing waters except to:

- 19 (1) Fish dealers licensed under G.S. 113-156; or
20 (2) The public, if the seller is also licensed as a fish dealer under G.S.
21 113-156.

22 (g) Recordkeeping Requirements. -- The fish dealer shall record each transaction
23 on a form provided by the Department. The transaction form shall include the
24 information on the endorsement to sell of the seller, the quantity of the fish, the
25 identity of the fish dealer, and such other information as the Division deems
26 necessary to accomplish the purposes of this Subchapter. The person who records the
27 transaction shall provide a completed copy of the transaction form to the
28 Department, and to the other party of the transaction. The Department copy of each
29 transaction from the preceding month shall be transmitted to the Department by the
30 fish dealer on or before the tenth day of the following month.

31 (h) Non-Vessel Endorsement to Sell Nontransferable. -- ~~At~~ A non-vessel
32 endorsement to sell fish issued under this section is nontransferable. It is unlawful to
33 use ~~an~~ a non-vessel endorsement to sell issued to another person in the sale or
34 attempted sale of fish or for a licensee to lend or transfer a license to sell with the
35 following two exceptions: (i) an individual under the age of 16 may sell fish under the
36 license of a relative or guardian; or (ii) a license may be transferred within a single
37 fishing operation if the person to whom it is transferred is a U.S. citizen. It is
38 unlawful for a licensee to lend or transfer a license to sell for the purpose of
39 circumventing the requirements of this section.

40 (h1) Transfer of Endorsement to Sell Fish on a Vessel License; Limitation on Use
41 of Endorsement to Sell Fish on a Vessel License by Other Persons. -- A valid
42 endorsement to sell fish on a vessel license may be transferred with the vessel license
43 when the vessel license is transferred by the vessel licensee to (i) another vessel
44 purchased by the vessel licensee or (ii) a vessel that is purchased by another person

1 who is otherwise qualified to hold the vessel license and endorsement under this
2 Article. Upon application to the Morehead City office of the Division of Marine
3 Fisheries by a vessel licensee who is eligible to transfer an endorsement to sell fish on
4 a vessel license under this subsection, the Division shall transfer the endorsement to
5 sell fish on the vessel license. It is unlawful to use an endorsement to sell fish on a
6 vessel license issued to another person in the sale or attempted sale of fish or for the
7 holder of an endorsement to sell fish on a vessel license to allow fish to be sold under
8 the endorsement by any other person except that a person:

9 (1) Under the age of 16 may sell fish under the endorsement to sell
10 fish on a vessel license of a relative or guardian.

11 (2) May sell fish that are taken in a fishing operation in which that
12 person and the holder of the endorsement both participated.

13 (i) (See note) Penalties. -- Any person who violates any provision of this section or
14 any rule by the Marine Fisheries Commission to implement this section is guilty of a
15 misdemeanor.

16 (1) A violation of subsections (a), (f), or (h) or a rule of the Marine
17 Fisheries Commission implementing any of those subsections is
18 punishable as follows:

19 a. For a first conviction or a subsequent conviction not
20 described in subdivision (1)b. or c., a violation is a Class 3
21 misdemeanor. A fine shall be imposed of not less than fifty
22 dollars (\$50.00) or double the value of the fish which are
23 the subject of the transaction, whichever is greater, not to
24 exceed two hundred fifty dollars (\$250.00).

25 b. For a second conviction within three years, a violation is a
26 Class 2 misdemeanor. A fine shall be imposed of not less
27 than two hundred fifty dollars (\$250.00) or double the value
28 of the fish which are the subject of the transaction,
29 whichever is greater, not to exceed five hundred dollars
30 (\$500.00).

31 c. For a third or subsequent conviction within three years, a
32 violation is a Class 2 misdemeanor. A fine shall be imposed
33 of not less than five hundred dollars (\$500.00) or double the
34 value of the fish which are the subject of the transaction,
35 whichever is greater.

36 (2) A violation of any other provision of this section other than
37 subsections (a), (f), or (h), or of any rule of the Marine Fisheries
38 Commission other than a rule implementing subsections (a), (f), or
39 (h) of this section, is punishable under G.S. 113-135(a).

40 (j) Use of Fees. -- Fees paid under G.S. 113-152(h) or G.S. 113-154.1 for an
41 endorsement to sell fish shall be applied to the cost of a fisheries data information
42 system that compiles fisheries data obtained from the endorsement program
43 established by G.S. 113-152 and this section or to marine fisheries programs or

1 research projects that enhance knowledge and use of marine and estuarine
2 resources."

3

4 **PART VI. MORATORIUM EXTENSION; MISCELLANEOUS PROVISIONS;**
5 **EFFECTIVE DATES**

6

7 Section 6.1. Subsection (a) of Section 3 of Chapter 576 of the 1993
8 Session Laws, Regular Session 1994, as amended by Section 3 of Chapter 675 of the
9 1993 Session Laws, Regular Session 1994; subsection (a) of Section 26.5 of Chapter
10 507 of the 1995 Session Laws; Section 7 of S.L. 1997-256; and Section 3 of S.L.
11 1997-347, reads as rewritten:

12 "(a) Except as provided in subsections (b), (c), (c1), or (c2) of this section, the
13 Department shall not issue any new licenses for a period beginning 1 July 1, 1994,
14 1994 and ending August 15, 1997 1 July 1999 under the following statutes:

- 15 (1) G.S. 113-152. ~~Vessel licenses.~~ Consolidated license for vessels,
16 equipment, and operations; fees.
17 (2) G.S. 113-153.1. ~~Crab license.~~ License.
18 (3) G.S. 113-154. ~~Shellfish license license.~~
19 (4) G.S. 113-154.1. ~~Nonvessel endorsements to sell fish.~~ Endorsement
20 to sell fish."

21 Section 6.2. The moratorium imposed by subdivision (4) of subsection
22 (a) of Section 3 of Chapter 576 of the 1993 Session Laws, Regular Session 1994, as
23 amended by Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session
24 1994; subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws; Section
25 7 of S.L. 1997-256; Section 3 of S.L. 1997-347; and Section 6.1 of this act on
26 nonvessel endorsements to sell fish applies also to endorsements to sell fish on vessel
27 licenses.

28 Section 6.3. (a) Part 5A of Article 7 of Chapter 143B of the General
29 Statutes is repealed, except that G.S. 143B-289.19, as amended by Section 2 of S.L.
30 1997-286, is not repealed but is recodified as G.S. 143B-289.40 within Part 5C of
31 Article 7 of Chapter 143B of the General Statutes.

32 (b) Part 5B of Article 7 of Chapter 143B of the General Statutes (G.S.
33 143B-289.20 through G.S. 143B-289.23), as amended by Sections 3, 4, and 5 of S.L.
34 1997-286, is recodified as Part 5C of Article 7 of Chapter 143B of the General
35 Statutes (G.S. 143B-289.41 through G.S. 143B-289.44). Part 5C of Article 7 of
36 Chapter 143B of the General Statutes shall be captioned "Division of North Carolina
37 Aquariums."

38 (c) G.S. 143B-289.41(a)(1b)g., as recodified by subsection (b) of this
39 section, reads as rewritten:

40 "g. Create local advisory committees in accordance with the
41 provisions of G.S. ~~143B-289.22.~~ 143B-289.43."

42 (d) G.S. 143B-289.43, as recodified by subsection (b) of this section and
43 as amended, prior to being recodified, by Section 4 of S.L. 1997-286, reads as
44 rewritten:

1 **"§ 143B-289.43. Local advisory committees; duties; membership.**

2 Local advisory committees created pursuant to G.S. ~~143B-289.20(a)(1b)~~
3 ~~143B-289.41(a)(1b)~~ shall assist each North Carolina Aquarium in its efforts to
4 establish projects and programs and to assure adequate citizen-consumer input into
5 those efforts. Members of these committees shall be appointed by the Secretary of
6 Environment, Health, and Natural Resources for three-year terms from nominations
7 made by the Director of the Office of Marine Affairs. Each committee shall select
8 one of its members to serve as chairperson. Members of the committees shall serve
9 without compensation for services or expenses."

10 Section 6.4. The records, personnel, property, unexpended balances of
11 appropriations, allocations, and other funds, including the functions of budgeting and
12 purchasing, heretofore vested in the Marine Fisheries Commission created under Part
13 5A of Article 7 of Chapter 143B of the General Statutes, repealed by Section 6.3 of
14 this act, are transferred to the Marine Fisheries Commission created under Part 5B of
15 Article 7 of Chapter 143B of the General Statutes, as enacted by Section 2.1 of this
16 act. All rules, decisions, and actions, heretofore adopted, made, or taken by the
17 Marine Fisheries Commission created under Part 5 of Article 7 of Chapter 143B of
18 the General Statutes, repealed by Section 1 of Chapter 641 of the 1987 Session Laws,
19 and all rules, decisions, and actions, heretofore adopted, made, or taken by the
20 Marine Fisheries Commission created under Part 5A of Article 7 of Chapter 143B of
21 the General Statutes, repealed by Section 6.3 of this act, that have not been
22 heretofore repealed or rescinded shall continue in effect until repealed or rescinded
23 by the Marine Fisheries Commission created under Part 5B of Article 7 of Chapter
24 143B of the General Statutes, as enacted by Section 2.1 of this act.

25 Section 6.5. In order to establish a schedule of staggered terms of three
26 years for the Marine Fisheries Commission, the terms of members of the Commission
27 initially filling positions established by subdivisions (1), (2), and (3) of subsection (a)
28 of G.S. 143B-289.24, as enacted by Section 2.1 of this act, shall begin on the date the
29 member is appointed and duly qualified and shall expire on 30 June 2001; the terms
30 of members of the Commission initially filling positions established by subdivisions
31 (4), (5), and (6) of subsection (a) of G.S. 143B-289.24, as enacted by Section 2.1 of
32 this act, shall begin on the date the member is appointed and duly qualified and shall
33 expire on 30 June 2000; the terms of members of the Commission initially filling
34 positions established by subdivisions (7), (8), and (9) of subsection (a) of G.S.
35 143B-289.24, as enacted by Section 2.1 of this act, shall begin on the date the member
36 is appointed and duly qualified and shall expire on 30 June 1999.

37 Section 6.6. G.S. 113-182(b) reads as rewritten:

38 "(b) The Marine Fisheries Commission is authorized to authorize, regulate,
39 prohibit, prescribe, or restrict and the Department is authorized to license:

40 (1) The opening and closing of coastal fishing waters, except as to
41 inland game fish, whether entirely or only as to the taking of
42 particular classes of fish, use of particular equipment, or as to other
43 activities within the jurisdiction of the Department; and

(2) The possession, cultivation, transportation, importation, exportation, sale, purchase, acquisition, and disposition of all marine and estuarine resources and all related equipment, implements, vessels, and conveyances as necessary to implement the work of the Department in carrying out its duties.

(3) The possession, transportation, importation, exportation, sale, purchase, acquisition, and disposition of all fish taken in the Atlantic Ocean out to a distance of 200 miles from the State's mean low watermark, consistent with the Magnuson Fishery Conservation and Management Act, 16 U.S.C. § 1801, et seq., as amended. ~~when the harvest or landing of the fish is controlled by a quota imposed on the State by a federal fisheries management plan."~~

Section 6.7. G.S. 113-190, as enacted by Section 2 of Chapter 633 of the 1995 Session Laws (1996 Regular Session), is recodified as G.S. 113-200.

Section 6.8. The Revisor of Statutes shall set out Section 6.4 of this act as a note to G.S. 143B-289.21, as enacted by Section 2.1 of this act.

Section 6.9. All of the Coastal Habitat Protection Plans required by G.S. 143B-279.8, as enacted by Section 3.1 of this act, shall be adopted no later than 1 July 2003. The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall make the first report on progress in developing and implementing Coastal Habitat Protection Plans, as required by G.S. 143B-279.8(e), as enacted by Section 3.1 of this act, on or before 1 September 1999. The Secretary of Environment, Health, and Natural Resources shall make the first report on progress in developing and implementing Fishery Management Plans, as required by G.S. 113-182.1(f), as enacted by Section 3.4 of this act, on or before 1 September 1999.

Section 6.10. Unless otherwise expressly provided, every agency to which this act applies shall adopt rules to implement the provisions of this act only in accordance with the provisions of Chapter 150B of the General Statutes. This act constitutes a recent act of the General Assembly within the meaning of G.S. 150B-21.1. Every agency to which this act applies that is authorized to adopt rules to implement the provisions of this act may adopt temporary rules to implement the provisions of this act. The Marine Fisheries Commission is authorized to adopt rules, including temporary rules, to implement the provisions of Section 5.1 of this act. These implementing rules may be made effective no earlier than 1 April 1999. Beginning 1 April 1999, the Division of Marine Fisheries may prepare forms and sell licenses based on these implementing rules so as to effect an orderly implementation of Part V of this act. This section shall continue in effect until all rules necessary to implement the provisions of this act have become effective as either temporary rules or permanent rules.

Section 6.11. The Cochairs of the Joint Legislative Commission on Seafood and Aquaculture shall appoint an Advisory Committee to the Commission. The Advisory Committee shall be composed of persons who represent the broad

1 range of interests involved in marine fisheries issues as determined by the Cochair.
2 The Cochair of the Joint Legislative Commission on Seafood and Aquaculture shall
3 designate a member or members of the Commission to serve as Chair or Cochair of
4 the Advisory Committee. The Advisory Committee shall meet as determined by the
5 Cochair of the Commission and, under the direction of the Cochair of the
6 Commission, shall assist the Commission in the development of recommendations on
7 issues related to marine fisheries, including the issues to be studied by the
8 Commission pursuant to Part I of this act.

9 Section 6.12. The headings to the Parts of this act are a convenience to
10 the reader and are for reference only. The headings do not expand, limit, or define
11 the text of this act.

12 Section 6.13. If any section or provision of this act is declared
13 unconstitutional or invalid by the courts, the unconstitutional or invalid section or
14 provision does not affect the validity of this act as a whole or any part of this act
15 other than the part declared to be unconstitutional or invalid.

16 Section 6.14. Section 3 of Chapter 547 of the 1995 Session Laws, Regular
17 Session 1996, as amended by subsection (b) of Section 1 of Chapter 633 of the 1995
18 Session Laws, Regular Session 1996, and Section 27.33 of Chapter 18 of the 1996
19 Session Laws, Second Extra Session, Section 12 of S.L. 1997-256, and Section 8 of
20 S.L. 1997-347, reads as rewritten:

21 "Sec. 3. Notwithstanding G.S. 113-202, a moratorium on new shellfish cultivation
22 leases shall be imposed in the remaining area of Core Sound not described in Section
23 1 of this act. During the moratorium, a comprehensive study of the shellfish lease
24 program shall be conducted. The moratorium established under this section covers
25 that part of Core Sound bounded by a line beginning at a point on Cedar Island at
26 35°00'39"N - 76°17'48"W, thence 109°(M) to a point in Core Sound 35°00'00"N -
27 76°12'42"W, thence 229°(M) to Marker No. 37 located 0.9 miles off Bells Point at
28 34°43'30"N - 76°29'00"W, thence 207°(M) to the Cape Lookout Lighthouse at
29 34°37'24"N - 76°31'30"W, thence 12°(M) to a point at Marshallberg at 34°43'07"N -
30 76°31'12"W, thence following the shoreline in a northerly direction to the point of
31 beginning except that the highway bridges at Salters Creek, Thorofare Bay, and the
32 Rumley Bay ditch shall be considered shoreline. The moratorium shall expire
33 ~~August 15, 1997.~~ 1 July 1998."

34 Section 6.15. Sections 1.1, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 5.5, 5.6, 5.8, 6.2, 6.7,
35 6.10, 6.11, 6.12, 6.13, and 6.15 of this act are effective when this act becomes law.
36 Sections 2.1, 4.4, 5.3, 6.3, 6.4, 6.5, 6.6, and 6.8 of this act become effective 1
37 September 1997. Sections 4.1, 4.2, and 4.3 of this act become effective 1 September
38 1997 and apply to violations and offenses on or after 1 September 1997. Section 1.2
39 of this act is effective retroactively as of 1 March 1997. Sections 6.1 and 6.14 of this
40 act become effective 15 August 1997. Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 6.9 of this
41 act become effective 1 July 1998. Sections 2.2, 5.1, 5.2, 5.4, and 5.7 of this act
42 become effective 1 July 1999. Section 4.5 of this act becomes effective 1 July 1999
43 and applies to violations and offenses on or after 1 July 1999. Sections 5.1 and 5.2 of
44 this act expire 1 September 2003.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

Jeff Henderson
E. S. /
Henderson & Graham

H

D

HOUSE BILL 1097

Committee Substitute Favorable 4/23/97

Committee Substitute #2 Favorable 5/15/97

Committee Substitute #3 Favorable 5/28/97

Fifth Edition Engrossed 6/10/97

Senate Agriculture/Environment/Natural Resources Committee Substitute Adopted
7/23/97

Senate Finance Committee Substitute #2 Adopted 8/4/97

Proposed Senate Committee Substitute H1097-PCSA412

Short Title: Fisheries Reform Act-2.

(Public)

Sponsors:

Referred to:

April 21, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE FISHERIES REFORM ACT OF 1997 TO PROTECT,
3 ENHANCE, AND BETTER MANAGE COASTAL FISHERIES IN NORTH
4 CAROLINA.

5 Whereas, the State of North Carolina has one of the most diverse fisheries
6 in the United States; and

7 Whereas, the General Assembly recognizes that commercial fishermen
8 perform an essential function by providing wholesome food for the citizens of the
9 State and thereby properly earn a livelihood; and

10 Whereas, the General Assembly recognizes the economic contribution
11 and important heritage of traditional full-time and part-time commercial fishing; and

12 Whereas, the General Assembly recognizes that for many citizens fishing
13 is an important recreational activity and that recreational fishing is a source of great
14 personal enjoyment and satisfaction; and

15 Whereas, the General Assembly recognizes the importance of providing
16 plentiful fishery resources to maintain and enhance tourism as a major contributor to
17 the economy of the State; and

1 Whereas, the General Assembly recognizes the need to protect our
2 coastal fishery resources and to balance the commercial and recreational interests
3 through better management of these resources; Now, therefore,
4 The General Assembly of North Carolina enacts:

5

6 **PART I. SHORT TITLE; PERFORMANCE AUDIT; STUDIES**

7

8 Section 1.1. This act shall be known as the "Fisheries Reform Act of
9 1997".

10 Section 1.2. The State Auditor shall conduct a performance audit,
11 including a detailed operational review, of the Division of Marine Fisheries of the
12 Department of Environment, Health, and Natural Resources. The performance audit
13 shall include an assessment of the capacity of the Division of Marine Fisheries to
14 effectively implement the provisions of Part V of this act. The performance audit
15 report shall be delivered to the Joint Legislative Commission on Seafood and
16 Aquaculture no later than 1 February 1998. The Joint Legislative Commission on
17 Seafood and Aquaculture shall review the performance audit and make a specific
18 recommendation to the 1998 Session of the 1997 General Assembly as to whether the
19 provisions of Part V of this act should be implemented.

20 Section 1.3. The Joint Legislative Commission on Seafood and
21 Aquaculture shall study issues relating to licensing coastal recreational fishing. The
22 Joint Legislative Commission on Seafood and Aquaculture shall make specific
23 findings as to whether a licensing system should be adopted for coastal recreational
24 fishing and, if so, what that system should be and how it should be implemented. In
25 conducting the study required by this section, the Joint Legislative Commission on
26 Seafood and Aquaculture shall consider the findings and recommendations of the
27 final report of the Fisheries Moratorium Steering Committee and the final report of
28 the State Auditor on the performance audit of the Division of Marine Fisheries
29 required by Section 1.2 of this act. The Joint Legislative Commission on Seafood
30 and Aquaculture shall present its findings and recommendations to the 1998 Regular
31 Session of the General Assembly.

32 Section 1.4. The Joint Legislative Commission on Seafood and
33 Aquaculture shall study issues related to the establishment of a crew license for
34 persons working aboard a vessel engaged in the taking of fish for sale. The Joint
35 Legislative Commission on Seafood and Aquaculture shall make a specific
36 determination as to whether a crew license should be established. The Joint
37 Legislative Commission on Seafood and Aquaculture shall present its findings and
38 recommendations to the 1998 Regular Session of the General Assembly.

39 Section 1.5. The Joint Legislative Commission on Seafood and
40 Aquaculture shall study issues relating to the enhancement and management of
41 shellfish resources and shall develop a set of comprehensive recommendations for the
42 enhancement and management of the shellfish resources of the State. The Joint
43 Legislative Commission on Seafood and Aquaculture shall present its findings and
44 recommendations to the 1998 Regular Session of the General Assembly.

1 Section 1.6. The Joint Legislative Commission on Seafood and
2 Aquaculture shall study issues relating to whether either a limited shellfish license or
3 an exemption from shellfish license requirements should be established to allow
4 students under the age of 18 to take and sell shellfish during the summer months.
5 The Joint Legislative Commission on Seafood and Aquaculture shall report its
6 findings and recommendations to the 1998 Regular Session of the 1997 General
7 Assembly.

8 Section 1.7. The Joint Legislative Commission on Seafood and
9 Aquaculture shall study the establishment of a comprehensive State program to
10 acquire, preserve, and restore habitats critical to marine and estuarine fisheries. The
11 Joint Legislative Commission on Seafood and Aquaculture shall report its findings
12 and recommendations to the 1998 Regular Session of the 1997 General Assembly.

13 Section 1.8. The Joint Legislative Commission on Seafood and
14 Aquaculture shall study procedures and rules used by the Appeals Panel established
15 by subsection (d) of Section 3 of Chapter 576 of the 1993 Session Laws (1994 Regular
16 Session), as amended by Section 1 of Chapter 770 of the 1993 Session Laws (1994
17 Regular Session) in the review of license applications. The Appeals Panel shall
18 prepare and submit a detailed summary of its activities, including all decisions to
19 issue or deny licenses, to the Joint Legislative Commission on Seafood and
20 Aquaculture no later than 1 December 1997. The Joint Legislative Commission on
21 Seafood and Aquaculture shall report its findings and recommendations to the 1998
22 Regular Session of the 1997 General Assembly.

23 24 **PART II. MARINE FISHERIES COMMISSION**

25
26 Section 2.1. Article 7 of Chapter 143B is amended by adding a new Part
27 to read:

28 "Part 5B. Marine Fisheries Commission.

29 "§ 143B-289.20. Definitions.

30 (a) As used in this Part:

31 (1) 'Commission' means the Marine Fisheries Commission.

32 (2) 'Department' means the Department of Environment, Health, and
33 Natural Resources.

34 (3) 'Fisheries Director' means the Director of the Division of Marine
35 Fisheries of the Department of Environment, Health, and Natural
36 Resources.

37 (4) 'Secretary' means the Secretary of Environment, Health, and
38 Natural Resources.

39 (b) The definitions set out in G.S. 113-129 and G.S. 113-130 shall apply
40 throughout this Part.

41 "§ 143B-289.21. Marine Fisheries Commission -- creation; purposes.

42 (a) There is hereby created the Marine Fisheries Commission in the Department
43 of Environment, Health, and Natural Resources.

(b) The functions, purposes, and duties of the Marine Fisheries Commission are to:

- (1) Manage, restore, develop, cultivate, conserve, protect, and regulate the marine and estuarine resources within its jurisdiction, as described in G.S. 113-132.
- (2) Implement the laws relating to coastal fisheries, coastal fishing, shellfish, crustaceans, and other marine and estuarine resources enacted by the General Assembly by the adoption of rules and policies, to provide a sound, constructive, comprehensive, continuing, and economical coastal fisheries program directed by citizens who are knowledgeable in the protection, restoration, proper use, and management of marine and estuarine resources.
- (3) Implement management measures regarding ocean and marine fisheries in the Atlantic Ocean consistent with the authority conferred on the State by the United States.
- (4) Advise the State regarding ocean and marine fisheries within the jurisdiction of the Atlantic States Marine Fisheries Compact, the South Atlantic Fishery Management Council, the Mid-Atlantic Fishery Management Council, and other similar organizations established to manage or regulate fishing in the Atlantic Ocean.

"§ 143B-289.22. Marine Fisheries Commission -- powers and duties.

(a) The Marine Fisheries Commission shall adopt rules to be followed in the management, protection, preservation, and enhancement of the marine and estuarine resources within its jurisdiction, as described in G.S. 113-132, including commercial and sports fisheries resources. The Marine Fisheries Commission shall have the power and duty:

- (1) To authorize, license, regulate, prohibit, prescribe, or restrict all forms of marine and estuarine resources in coastal fishing waters with respect to:
 - a. Time, place, character, or dimensions of any methods or equipment that may be employed in taking fish.
 - b. Seasons for taking fish.
 - c. Size limits on and maximum quantities of fish that may be taken, possessed, bailed to another, transported, bought, sold, or given away.
- (2) To provide fair regulation of commercial and recreational fishing groups in the interest of the public.
- (3) To adopt rules and take all steps necessary to develop and improve mariculture, including the cultivation, harvesting, and marketing of shellfish and other marine resources in the State, involving the use of public grounds and private beds as provided in G.S. 113-201.
- (4) To close areas of public bottoms under coastal fishing waters for such time as may be necessary in any program of propagation of shellfish as provided in G.S. 113-204.

- 1 (5) In the interest of conservation of the marine and estuarine
- 2 resources of the State, to institute an action in the superior court to
- 3 contest the claim of title or claimed right of fishery in any
- 4 navigable waters of the State registered with the Department as
- 5 provided in G.S. 113-206(d).
- 6 (6) To make reciprocal agreements with other jurisdictions respecting
- 7 any of the matters governed in this Subchapter as provided by G.S.
- 8 113-223.
- 9 (7) To adopt relevant provisions of federal laws and regulations as
- 10 State rules pursuant to G.S. 113-228.
- 11 (8) To delegate to the Fisheries Director the authority by proclamation
- 12 to suspend or implement, in whole or in part, a particular rule of
- 13 the Commission that may be affected by variable conditions as
- 14 provided in G.S. 113-221(e).
- 15 (9) To comment on and otherwise participate in the determination of
- 16 permit applications received by State agencies that may have an
- 17 effect on the marine and estuarine resources of the State.
- 18 (10) To adopt Fishery Management Plans as provided in G.S. 113-182.1,
- 19 to establish a Priority List to determine the order in which Fishery
- 20 Management Plans are developed, to establish a Schedule for the
- 21 development and adoption of each Fishery Management Plan, and
- 22 to establish guidance criteria as to the contents of Fishery
- 23 Management Plans.
- 24 (11) To approve Coastal Habitat Protection Plans as provided in G.S.
- 25 143B-279.8.
- 26 (12) Except as may otherwise be provided, to make the final agency
- 27 decision in all contested cases involving matters within the
- 28 jurisdiction of the Commission.
- 29 (b) The Marine Fisheries Commission shall have the power and duty to establish
- 30 standards and adopt rules:
- 31 (1) To implement the provisions of Subchapter IV of Chapter 113 as
- 32 provided in G.S. 113-134.
- 33 (2) To manage the disposition of confiscated property as set forth in
- 34 G.S. 113-137.
- 35 (3) To govern all license requirements and taxes prescribed in Article
- 36 14 of Chapter 113 of the General Statutes.
- 37 (4) To regulate the importation and exportation of fish and equipment
- 38 that may be used in taking or processing fish as necessary to
- 39 enhance the conservation of marine and estuarine resources of the
- 40 State, as provided in G.S. 113-160.
- 41 (5) To regulate the possession, transportation, and disposition of
- 42 seafood, as provided in G.S. 113-164.
- 43 (6) To regulate the disposition of the young of edible fish, as provided
- 44 by G.S. 113-185.

(7) To manage the leasing of public grounds for mariculture, including oysters and clam production, as provided in G.S. 113-202.

(8) To govern the utilization of private fisheries, as provided in G.S. 113-205.

(9) To impose further restrictions upon the throwing of fish offal in any coastal fishing waters, as provided in G.S. 113-265.

(10) To regulate the location and utilization of artificial reefs in coastal waters.

(11) To regulate the placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational or recreational safety as well as from a conservation standpoint.

(c) The Commission is authorized to authorize, license, prohibit, prescribe, or restrict:

(1) The opening and closing of coastal fishing waters, except as to inland game fish, whether entirely or only as to the taking of particular classes of fish, use of particular equipment, or as to other activities.

(2) The possession, cultivation, transportation, importation, exportation, sale, purchase, acquisition, and disposition of all marine and estuarine resources and all related equipment, implements, vessels, and conveyances as necessary to carry out its duties.

(d) The Commission may adopt rules required by the federal government for grants-in-aid for coastal resource purposes that may be made available to the State by the federal government. This section is to be liberally construed in order that the State and its citizens may benefit from federal grants-in-aid.

(e) The Commission may adopt rules to implement or comply with a fisheries management plan adopted by the Atlantic States Marine Fisheries Commission or an interstate fisheries management council. Notwithstanding G.S. 150B-21.1(a), the Commission may adopt temporary rules under this subsection at any time within six months of the adoption of a fisheries management plan by the Atlantic States Marine Fisheries Council or an interstate fisheries management council.

(f) The Commission shall adopt rules as provided in this Chapter. All rules adopted by the Commission shall be enforced by the Department of Environment, Health, and Natural Resources.

(g) As a quasi-judicial agency, the Commission, in accordance with Article IV, Section 3 of the Constitution of North Carolina, has those judicial powers reasonably necessary to accomplish the purposes for which it was created.

"§ 143B-289.23. Marine Fisheries Commission -- quasi-judicial powers; procedures.

(a) With respect to those matters within its jurisdiction, the Marine Fisheries Commission shall exercise quasi-judicial powers in accordance with the provisions of Chapter 150B of the General Statutes. This section and any rules adopted by the Marine Fisheries Commission shall govern the following proceedings:

(1) Exceptions to recommended decisions in contested cases shall be filed with the Secretary within 30 days of the receipt by the Secretary of the official record from the Office of Administrative Hearings, unless additional time is allowed by the Chair of the Commission.

(2) Oral arguments by the parties may be allowed by the Chair of the Commission upon request of the parties.

(3) Deliberations of the Commission shall be conducted in its public meeting unless the Commission determines that consultation with its counsel should be held in a closed session pursuant to G.S. 143-318.11.

(b) The final agency decision in contested cases that arise from civil penalty assessments shall be made by the Commission. In the evaluation of each violation, the Commission shall recognize that harm to the marine and estuarine resources within its jurisdiction, as described in G.S. 113-132, arising from the violation of a statute or rule enacted or adopted to protect those resources may be immediately observed through damaged resources or may be incremental or cumulative with no damage that can be immediately observed or documented. Penalties up to the maximum authorized may be based on any one or combination of the following factors:

(1) The degree and extent of harm to the marine and estuarine resources within the jurisdiction of the Commission, as described in G.S. 113-132; to the public health; or to private property resulting from the violation.

(2) The frequency and gravity of the violation.

(3) The cost of rectifying the damage.

(4) Whether the violation was committed willfully or intentionally.

(5) The prior record of the violator in complying or failing to comply with programs over which the Marine Fisheries Commission has regulatory authority.

(6) The cost to the State of the enforcement procedures.

(c) The Chair shall appoint a Committee on Civil Penalty Remissions from the members of the Commission. No member of the Committee on Civil Penalty Remissions may hear or vote on any matter in which the member has an economic interest. The Committee on Civil Penalty Remissions shall make the final agency decision on remission requests. In determining whether a remission request will be approved, the Committee shall consider the recommendation of the Secretary and the following factors:

(1) Whether one or more of the civil penalty assessment factors in subsection (b) of this section were wrongly applied to the detriment of the petitioner.

(2) Whether the violator promptly abated continuing environmental damage resulting from the violation.

(3) Whether the violation was inadvertent.

(4) Whether the violator had been assessed civil penalties for any previous violations.

(5) Whether payment of the civil penalty will prevent payment for the remaining necessary remedial actions.

(d) The Committee on Civil Penalty Remissions may remit the entire amount of the penalty only when the violator has not been assessed civil penalties for previous violations and when payment of the civil penalty will prevent payment for the remaining necessary remedial actions.

(e) If any civil penalty has not been paid within 30 days after the final agency decision or court order has been served on the violator, the Secretary of Environment, Health, and Natural Resources shall request the Attorney General to institute a civil action in the superior court of any county in which the violator resides or has his or its principal place of business to recover the amount of the assessment.

(f) The Secretary may delegate his powers and duties under this section to the Fisheries Director.

"§ 143B-289.24. Marine Fisheries Commission -- members; appointment; term; oath; ethical standards; removal; compensation; staff.

(a) Members, Selection. -- The Marine Fisheries Commission shall consist of nine members appointed by the Governor as follows:

(1) One person actively engaged in, or recently retired from, commercial fishing as demonstrated by currently or recently deriving at least fifty percent (50%) of annual earned income from taking and selling fishery resources in coastal fishing waters of the State. The spouse of a commercial fisherman who meets the criteria of this subdivision may be appointed under this subdivision.

(2) One person actively engaged in, or recently retired from, commercial fishing as demonstrated by currently or recently deriving at least fifty percent (50%) of annual earned income from taking and selling fishery resources in coastal fishing waters of the State. The spouse of a commercial fisherman who meets the criteria of this subdivision may be appointed under this subdivision.

(3) One person actively connected with, and experienced as, a licensed fish dealer or in seafood processing or distribution as demonstrated by deriving at least fifty percent (50%) of annual earned income from activities involving the buying, selling, processing, or distribution of seafood landed in this State. The spouse of a person qualified under this subdivision may be appointed provided that the spouse is actively involved in the qualifying business.

(4) One person actively engaged in recreational sports fishing in coastal waters in this State. An appointee under this subdivision

- 1 may not derive more than ten percent (10%) of annual earned
2 income from sports fishing activities.
- 3 (5) One person actively engaged in recreational sports fishing in
4 coastal waters in this State. An appointee under this subdivision
5 may not derive more than ten percent (10%) of annual earned
6 income from sports fishing activities.
- 7 (6) One person actively engaged in the sports fishing industry as
8 demonstrated by deriving at least fifty percent (50%) of annual
9 earned income from selling goods or services in this State. The
10 spouse of a person qualified under this subdivision may be
11 appointed provided that the spouse is actively involved in the
12 qualifying business.
- 13 (7) One person having general knowledge of and experience related to
14 subjects and persons regulated by the Commission.
- 15 (8) One person having general knowledge of and experience related to
16 subjects and persons regulated by the Commission.
- 17 (9) One person who is a fisheries scientist having special training and
18 expertise in marine and estuarine fisheries biology, ecology,
19 population dynamics, water quality, habitat protection, or similar
20 knowledge. A person appointed under this subdivision may not
21 receive more than ten percent (10%) of annual earned income
22 from either the commercial or sports fishing industries, including
23 the processing and distribution of seafood.
- 24 (b) Residential Qualifications. -- For purposes of providing regional representation
25 on the Commission, the following three coastal regions of the State are designated: (i)
26 Northeast Coastal Region comprised of Bertie, Camden, Chowan, Currituck, Dare,
27 Gates, Halifax, Hertford, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and
28 Washington Counties, (ii) Central Coastal Region comprised of Beaufort, Carteret,
29 Craven, Hyde, Jones, and Pamlico Counties; and (iii) Southeast Coastal Region
30 comprised of Bladen, Brunswick, Columbus, New Hanover, Onslow, and Pender
31 Counties. Persons appointed under subdivisions (1), (2), (3), (4), and (8) of
32 subsection (a) of this section shall be residents of one of the coastal regions of the
33 State. The membership of the Commission shall include at least one person who is a
34 resident of each of the three coastal regions of the State.
- 35 (c) Additional Considerations. -- In making appointments to the Commission, the
36 Governor shall provide for appropriate representation of women and minorities on
37 the Commission.
- 38 (d) Terms. -- The term of office of members of the Commission is three years. A
39 member may be reappointed to any number of successive three-year terms. Upon the
40 expiration of a three-year term, a member shall continue to serve until a successor is
41 appointed and duly qualified as provided by G.S. 128-7. The term of members
42 appointed under subdivisions (1), (2), and (3) of subsection (a) of this section shall
43 expire on 30 June of years evenly divisible by three. The term of members appointed
44 under subdivisions (4), (5), and (6) of subsection (a) of this section shall expire on 30

1 June of years that precede by one year those years that are evenly divisible by three.
2 The term of members appointed under subdivisions (7), (8), and (9) of subsection (a)
3 of this section shall expire on 30 June of years that follow by one year those years
4 that are evenly divisible by three.

5 (e) Vacancies. -- An appointment to fill a vacancy shall be for the unexpired
6 balance of the term.

7 (f) Oath of Office. -- Each member of the Commission, before assuming the duties
8 of office, shall take an oath of office as provided in Chapter 11 of the General
9 Statutes.

10 (g) Ethical Standards. --

11 (1) Disclosure statements. -- Any person under consideration for
12 appointment to the Commission shall provide both a financial
13 disclosure statement and a potential bias disclosure statement to
14 the Governor. A financial disclosure statement shall include
15 statements of the nominee's financial interests in and related to
16 State fishery resources use, licenses issued by the Division of
17 Marine Fisheries held by the nominee or any business in which the
18 nominee has a financial interest, and uses made by the nominee or
19 by any business in which the nominee has a financial interest of
20 the regulated resources. A potential bias disclosure statement shall
21 include a statement of the nominee's membership or other
22 affiliation with, including offices held, in societies, organizations, or
23 advocacy groups pertaining to the management and use of the
24 State's coastal fishery resources. Disclosure statements shall be
25 treated as public records under Chapter 132 of the General
26 Statutes and shall be updated on an annual basis.

27 (2) Voting/conflict of interest. -- A member of the Commission shall
28 not vote on any issue before the Commission that would have a
29 'significant and predictable effect' on the member's financial
30 interest. For purposes of this subdivision, 'significant and
31 predictable effect' means there is or may be a close causal link
32 between the decision of the Commission and an expected
33 disproportionate financial benefit to the member that is shared
34 only by a minority of persons within the same industry sector or
35 gear group. A member of the Commission shall also abstain from
36 voting on any petition submitted by an advocacy group of which
37 the member is an officer or sits as a member of the advocacy
38 group's board of directors. A member of the Commission shall not
39 use the member's official position as a member of the Commission
40 to secure any special privilege or exemption of substantial value for
41 any person. No member of the Commission shall, by the member's
42 conduct, create an appearance that any person could improperly
43 influence the member in the performance of the member's official
44 duties.

1 (3) Regular attendance. -- It shall be the duty of each member of the
2 Commission to regularly attend meetings of the Commission.

3 (h) Removal. -- The Governor may remove, as provided in G.S. 143-13, any
4 member of the Commission for misfeasance, malfeasance, or nonfeasance.

5 (i) Office May Be Held Concurrently With Others. -- The office of member of the
6 Marine Fisheries Commission may be held concurrently with any other elected or
7 appointed office, as authorized by Article VI, Section 9, of the Constitution of North
8 Carolina.

9 (j) Compensation. -- Members of the Commission who are State officers or
10 employees shall receive no per diem compensation for serving on the Commission,
11 but shall be reimbursed for their expenses in accordance with G.S. 138-6. Members
12 of the Commission who are full-time salaried public officers or employees other than
13 State officers or employees shall receive no per diem compensation for serving on the
14 Commission, but shall be reimbursed for their expenses in accordance with G.S.
15 138-6 in the same manner as State officers or employees. All other Commission
16 members shall receive per diem compensation and reimbursement in accordance with
17 the compensation rate established in G.S. 93B-5.

18 (k) Staff. -- All clerical and other services required by the Commission shall be
19 supplied by the Fisheries Director and the Department.

20 (l) Legal Services. -- The Attorney General shall: (i) act as attorney for the
21 Commission; (ii) at the request of the Commission, initiate actions in the name of the
22 Commission; and (iii) represent the Commission in any appeal or other review of any
23 order of the Commission.

24 **"§ 143B-289.25. Marine Fisheries Commission -- officers; organization; seal.**

25 (a) The Governor shall appoint a member of the Commission to serve as Chair.
26 The Chair shall serve at the pleasure of the Governor. The Commission shall elect
27 one of its members to serve as Vice-Chair. The Vice-Chair shall serve a one-year
28 term beginning 1 July and ending 30 June of the following year. The Vice-Chair may
29 serve any number of consecutive terms.

30 (b) The Chair shall guide and coordinate the activities of the Commission in
31 fulfilling its duties as set out in this Article. The Chair shall report to and advise the
32 Governor and the Secretary on the activities of the Commission, on marine and
33 estuarine conservation matters, and on all marine fisheries matters.

34 (c) The Commission shall determine its organization and procedure in accordance
35 with the provisions of this Article. The provisions of the most recent edition of
36 Robert's Rules of Order shall govern any procedural matter for which no other
37 provision has been made.

38 (d) The Commission may adopt a common seal and may alter it as necessary.

39 **"§ 143B-289.26. Marine Fisheries Commission -- meetings; quorum.**

40 (a) The Commission shall meet at least once each calendar quarter and may hold
41 additional meetings at any time and place within the State at the call of the Chair or
42 upon the written request of at least four members. At least three of the four
43 quarterly meetings of the Commission shall be held in one of the coastal regions
44 designated in G.S. 143B-289.24.

1 (b) Five members of the Commission shall constitute a quorum for the transaction
2 of business.

3 "§ 143B-289.27. Marine Fisheries Commission Advisory Committees established;
4 members; selection; duties.

5 (a) The Commission shall be assisted in the performance of its duties by four
6 standing advisory committees and four regional advisory committees. Each standing
7 and regional advisory committee shall consist of no more than 11 members. The
8 Chair of the Commission shall designate one member of each advisory committee to
9 serve as Chair of the committee. Members shall serve staggered three-year terms as
10 determined by the Commission. The Commission shall establish other policies and
11 procedures for standing and regional advisory committees that are consistent with
12 those governing the Commission as set out in this Part.

13 (b) The Chair of the Commission shall appoint the following standing advisory
14 committees:

15 (1) The Finfish Committee, which shall consider matters concerning
16 finfish.

17 (2) The Crustacean Committee, which shall consider matters
18 concerning shrimp and crabs.

19 (3) The Shellfish Committee, which shall consider matters concerning
20 oysters, clams, scallops, and other molluscan shellfish.

21 (4) The Habitat and Water Quality Committee, which shall consider
22 matters concerning habitat and water quality that may affect
23 coastal fisheries resources.

24 (c) Each standing advisory committee shall be composed of commercial and
25 recreational fishermen, scientists, and other persons who have expertise in the matters
26 to be considered by the advisory committee to which they are appointed. In making
27 appointments to advisory committees, the Chair of the Commission shall ensure that
28 both commercial and recreational fishing interests are fairly represented and shall
29 consider for appointment persons who are recommended by groups representing
30 commercial fishing interests, recreational fishing interests, environmental protection
31 and conservation interests, and other groups interested in coastal fisheries
32 management.

33 (d) Each standing advisory committee shall review all matters referred to the
34 committee by the Commission and shall make findings and recommendations on
35 these matters. A standing advisory committee may, on its own motion, make findings
36 and recommendations as to any matter related to its subject area. The Commission,
37 in the performance of its duties, shall consider all findings and recommendations
38 submitted by standing advisory committees.

39 (e) The Chair of the Commission shall appoint a regional advisory committee for
40 each of the three coastal regions designated in G.S. 143B-289.24(b) and shall appoint
41 a regional advisory committee for that part of the State that is not included in the
42 three coastal regions. In making appointments to regional advisory committees, the
43 Chair of the Commission shall ensure that both commercial and recreational fishing
44 interests are fairly represented.

1 "§ 143B-289.28. Marine Fisheries Endowment Fund.

2 (a) Recognizing the inestimable importance to the State and its people of
3 conserving the marine and estuarine resources of the State, and for the purpose of
4 providing the opportunity for citizens and residents of the State to invest in the future
5 of its marine and estuarine resources, there is created the North Carolina Marine
6 Fisheries Endowment Fund, the income and principal of which shall be used only for
7 the purpose of supporting marine and estuarine resource conservation programs of
8 the State in accordance with this section.

9 (b) There is created the Board of Trustees of the Marine Fisheries Endowment
10 Fund of the Marine Fisheries Commission, with full authority over the administration
11 of the Marine Fisheries Endowment Fund, whose ex officio Chair, Vice-Chair, and
12 members shall be the Chair, Vice-Chair, and members of the Marine Fisheries
13 Commission. The State Treasurer shall be the custodian of the Marine Fisheries
14 Endowment Fund and shall invest its assets in accordance with the provisions of G.S.
15 147-69.2 and G.S. 147-69.3.

16 (c) The assets of the Marine Fisheries Endowment Fund shall be derived from the
17 following:

18 (1) The proceeds of any gifts, grants, and contributions to the State
19 that are specifically designated for inclusion in the Fund.

20 (2) Any other sources specified by law.

21 (d) The Marine Fisheries Endowment Fund is declared to constitute a special
22 trust derived from a contractual relationship between the State and the members of
23 the public whose investments contribute to the Fund. In recognition of this special
24 trust, the following limitations and restrictions are placed on expenditures from the
25 Fund:

26 (1) Any limitations or restrictions specified by the donors on the uses
27 of the income derived from the gifts, grants, and voluntary
28 contributions shall be respected but shall not be binding.

29 (2) No expenditure or disbursement shall be made from the principal
30 of the Marine Fisheries Endowment Fund except as otherwise
31 provided by law.

32 (3) The income received and accruing from the investments of the
33 Marine Fisheries Endowment Fund must be spent only to further
34 the conservation of marine and estuarine resources.

35 (e) The Board of Trustees of the Marine Fisheries Endowment Fund may
36 accumulate the investment income of the Fund until the income, in the sole judgment
37 of the trustees, can provide a significant supplement to the budget for the
38 conservation and management of marine and estuarine resources. After that time the
39 trustees, in their sole discretion and authority, may direct expenditures from the
40 income of the Fund for the purposes set out in subdivision (3) of subsection (d)
41 above.

42 (f) Expenditure of the income derived from the Marine Fisheries Endowment
43 Fund shall be made through the State budget accounts of the Marine Fisheries
44 Commission in accordance with the provisions of the Executive Budget Act. The

1 Marine Fisheries Endowment Fund is subject to the oversight of the State Auditor
2 pursuant to Article 5A of Chapter 147 of the General Statutes.

3 (g) The Marine Fisheries Endowment Fund and the income therefrom shall not
4 take the place of State appropriations, but any portion of the income of the Marine
5 Fisheries Endowment Fund available for the purpose set out in subdivision (3) of
6 subsection (d) above shall be used to supplement other income of and appropriations
7 for the conservation and management of marine and estuarine resources to the end
8 that the Commission may improve and increase its services and become more useful
9 to a greater number of people.

10 **"§ 143B-289.29. Conservation Fund; Commission may accept gifts.**

11 (a) The Marine Fisheries Commission may accept gifts, donations, or
12 contributions from any sources. These funds shall be held in a separate account and
13 used solely for the purposes of marine and estuarine conservation and management.
14 These funds shall be administered by the Marine Fisheries Commission and shall be
15 used for marine and estuarine resources management, including education about the
16 importance of conservation, in a manner consistent with marine and estuarine
17 conservation management principles.

18 (b) The Marine Fisheries Commission is hereby authorized to issue and sell
19 appropriate emblems by which to identify recipients thereof as contributors to a
20 special marine and estuarine resources Conservation Fund that shall be made
21 available to the Marine Fisheries Commission for conservation, protection,
22 enhancement, preservation, and perpetuation of marine and estuarine species that
23 may be endangered or threatened with extinction and for education about these
24 issues. The special Conservation Fund is subject to oversight of the State Auditor
25 pursuant to Article 5A of Chapter 147 of the General Statutes. Emblems of different
26 sizes, shapes, types, or designs may be used to recognize contributions in different
27 amounts, but no emblem shall be issued for a contribution amounting in value to less
28 than five dollars (\$5.00).

29 **"§ 143B-289.30. Article subject to Chapter 113.**

30 Nothing in this Article shall be construed to affect the jurisdictional division
31 between the Marine Fisheries Commission and the Wildlife Resources Commission
32 contained in Subchapter IV of Chapter 113 of the General Statutes or in any way to
33 alter or abridge the powers and duties of the two agencies conferred in that
34 Subchapter.

35 **"§ 143B-289.31. Jurisdictional questions.**

36 In the event of any question arising between the Wildlife Resources Commission
37 and the Marine Fisheries Commission or between the Department of Environment,
38 Health, and Natural Resources and the Marine Fisheries Commission as to any duty,
39 responsibility, or authority imposed upon any of these bodies by law or with respect
40 to conflict involving rules or administrative practices, the question or conflict shall be
41 resolved by the Governor, whose decision shall be binding."

42 Section 2.2. G.S. 143B-289.22(b), as enacted by Section 2.1 of this act,
43 reads as rewritten:

"(b) The Marine Fisheries Commission shall have the power and duty to establish standards and adopt rules:

- (1) To implement the provisions of Subchapter IV of Chapter 113 as provided in G.S. 113-134.
- (2) To manage the disposition of confiscated property as set forth in G.S. 113-137.
- (3) To govern all license requirements and taxes prescribed in Article ~~14~~ 14A of Chapter 113 of the General Statutes.
- (4) To regulate the importation and exportation of fish, and equipment that may be used in taking or processing fish, as necessary to enhance the conservation of marine and estuarine resources of the State as provided in G.S. ~~113-160~~ 113-170.
- (5) To regulate the possession, transportation, and disposition of seafood, as provided in G.S. ~~113-164~~ 113-170.4.
- (6) To regulate the disposition of the young of edible fish, as provided by G.S. 113-185.
- (7) To manage the leasing of public grounds for mariculture, including oysters and clam production, as provided in G.S. 113-202.
- (8) To govern the utilization of private fisheries, as provided in G.S. 113-205.
- (9) To impose further restrictions upon the throwing of fish offal in any coastal fishing waters, as provided in G.S. 113-265.
- (10) To regulate the location and utilization of artificial reefs in coastal waters.
- (11) To regulate the placement of nets and other sports or commercial fishing apparatus in coastal fishing waters with regard to navigational or recreational safety as well as from a conservation standpoint.

PART III. COASTAL HABITAT PROTECTION PLANS; FISHERY MANAGEMENT PLANS

Section 3.1. Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-279.8. Coastal Habitat Protection Plans.

(a) The Department shall coordinate the preparation of draft Coastal Habitat Protection Plans for critical fisheries habitats. The goal of the Plans shall be the long-term enhancement of coastal fisheries associated with each coastal habitat identified in subdivision (1) of this subsection. The Department shall use the staff of those divisions within the Department that have jurisdiction over marine fisheries, water quality, and coastal area management in the preparation of the Coastal Habitat Protection Plans and shall request assistance from other federal and State agencies as necessary. The plans shall:

(1) Describe and classify biological systems in the habitats, including wetlands, fish spawning grounds, estuarine or aquatic endangered or threatened species, primary or secondary nursery areas, shellfish beds, submerged aquatic vegetation (SAV) beds, and habitats in outstanding resource waters.

(2) Evaluate the function, value to coastal fisheries, status, and trends of the habitats.

(3) Identify existing and potential threats to the habitats and the impact on coastal fishing.

(4) Recommend actions to protect and restore the habitats.

(b) Once a draft Coastal Habitat Protection Plan has been prepared, the chairs of the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall each appoint two members of the commission he or she chairs to a six-member review committee. The six-member review committee, in consultation with the Department, shall review the draft Plan and may revise the draft Plan on a consensus basis. The draft Plan, as revised by the six-member review committee, shall then be submitted to the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission, each of which shall independently consider the Plan for adoption. If any of the three commissions is unable to agree to any aspect of a Plan, the chair of each commission shall refer that aspect of the Plan to a six-member conference committee to facilitate the resolution of any differences. The six-member conference committee shall be appointed in the same manner as a six-member review committee and may include members of the six-member review committee that reviewed the Plan. Each final Coastal Habitat Protection Plan shall consist of those provisions adopted by all three commissions. The three commissions shall review and revise each Coastal Habitat Protection Plan at least once every five years.

(c) In carrying out their powers and duties, the Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall ensure, to the maximum extent practicable, that their actions are consistent with the Coastal Habitat Protection Plans as adopted by the three commissions. The obligation to act in a manner consistent with a Coastal Habitat Protection Plan is prospective only and does not oblige any commission to modify any rule adopted, permit decision made, or other action taken prior to the adoption or revision of the Coastal Habitat Protection Plan by the three commissions. The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall adopt rules to implement Coastal Habitat Protection Plans in accordance with Chapter 150B of the General Statutes.

(d) If any of the three commissions concludes that another commission has taken an action that is inconsistent with a Coastal Habitat Protection Plan, that commission may request a written explanation of the action from the other commission. A commission shall provide a written explanation: (i) upon the written request of one of the other two commissions, or (ii) upon its own motion if the commission

1 determines that it must take an action that is inconsistent with a Coastal Habitat
2 Protection Plan.

3 (e) The Coastal Resources Commission, the Environmental Management
4 Commission, and the Marine Fisheries Commission shall report to the Joint
5 Legislative Commission on Seafood and Aquaculture and the Environmental Review
6 Commission on progress in developing and implementing the Coastal Habitat
7 Protection Plans, including the extent to which the actions of the three commissions
8 are consistent with the Plans, on or before 1 September of each year.

9 (f) The Secretary of Environment, Health, and Natural Resources shall report to
10 the Environmental Review Commission and the Joint Legislative Commission on
11 Seafood and Aquaculture within 30 days of the completion or substantial revision of
12 each draft Coastal Habitat Protection Plan. The Environmental Review Commission
13 and the Joint Legislative Commission on Seafood and Aquaculture shall concurrently
14 review each draft Coastal Habitat Protection Plan within 30 days of the date the draft
15 Plan is submitted by the Secretary. The Environmental Review Commission and the
16 Joint Legislative Commission on Seafood and Aquaculture may submit comments
17 and recommendations on the draft Plan to the Secretary within 30 days of the date
18 the draft Plan is submitted by the Secretary."

19 Section 3.2. G.S. 143B-282(a)(1) is amended by adding a new
20 sub-subdivision to read:

21 "v. To approve Coastal Habitat Protection Plans as provided in
22 G.S. 143B-279.8."

23 Section 3.3. Part 1 of Article 7 of Chapter 113A of the General Statutes
24 is amended by adding a new section to read:

25 "**§ 113A-106.1. Adoption of Coastal Habitat Protection Plans.**

26 The Commission shall approve Coastal Habitat Protection Plans as provided in
27 G.S. 143B-279.8."

28 Section 3.4. Article 15 of Chapter 113 of the General Statutes is
29 amended by adding a new section to read:

30 "**§ 113-182.1. Fishery Management Plans.**

31 (a) The Department shall prepare proposed Fishery Management Plans for
32 adoption by the Marine Fisheries Commission for all commercially or recreationally
33 significant species or fisheries that comprise State marine or estuarine resources.
34 Proposed Fishery Management Plans shall be developed in accordance with the
35 Priority List, Schedule, and guidance criteria established by the Marine Fisheries
36 Commission under G.S. 143B-289.22.

37 (b) The goal of the plans shall be to ensure the long-term viability of the State's
38 commercially and recreationally significant species or fisheries. Each plan shall be
39 designed to reflect fishing practices so that one plan may apply to a specific fishery,
40 while other plans may be based on gear or geographic areas. Each plan shall:

41 (1) Contain necessary information pertaining to the fishery or fisheries,
42 including management goals and objectives, status of relevant fish
43 stocks, stock assessments for multiyear species, fishery habitat and
44 water quality considerations consistent with Coastal Habitat

Protection Plans adopted pursuant to G.S. 143B-279.8, social and economic impact of the fishery to the State, and user conflicts.

(2) Recommend management actions pertaining to the fishery or fisheries.

(3) Include conservation and management measures that prevent overfishing, while achieving, on a continuing basis, the optimal yield from each fishery.

(c) To assist in the development of each Fishery Management Plan, the Chair of the Marine Fisheries Commission shall appoint an Advisory Council. Each Advisory Council shall be composed of commercial fishermen, recreational fishermen, and scientists, all with expertise in the fishery for which the Fishery Management Plan is being developed.

(d) Each Fishery Management Plan shall be revised at least once every three years. The Marine Fisheries Commission may revise the Priority List and guidance criteria whenever it determines that a revision of the Priority List or guidance criteria will facilitate or improve the development of Fishery Management Plans or is necessary to restore, conserve, or protect the marine and estuarine resources of the State. The Marine Fisheries Commission may not revise the Schedule for the development of a Fisheries Management Plan, once adopted, without the approval of the Secretary of Environment, Health, and Natural Resources.

(e) The Secretary of Environment, Health, and Natural Resources shall monitor progress in the development and adoption of Fishery Management Plans in relation to the Schedule for development and adoption of the plans established by the Marine Fisheries Commission. The Secretary of Environment, Health, and Natural Resources shall report to the Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission on progress in developing and implementing the Fishery Management Plans on or before 1 September of each year. The Secretary of Environment, Health, and Natural Resources shall report to the Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission within 30 days of the completion or substantial revision of each proposed Fishery Management Plan. The Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission shall concurrently review each proposed Fishery Management Plan within 30 days of the date the proposed Plan is submitted by the Secretary. The Joint Legislative Commission on Seafood and Aquaculture and the Environmental Review Commission may submit comments and recommendations on the proposed Plan to the Secretary within 30 days of the date the proposed Plan is submitted by the Secretary.

(f) The Marine Fisheries Commission shall adopt rules to implement Fishery Management Plans in accordance with Chapter 150B of the General Statutes."

Section 3.5. G.S. 113-129 is amended by adding two new subdivisions to read:

"(12a) Optimal yield. -- The amount of fish that:

- a. Will provide the greatest overall benefit to the State, particularly with respect to food production and recreational opportunities, and taking into account the protection of marine ecosystems;
- b. Is prescribed on the basis of the maximum sustainable yield from the fishery, as reduced by any relevant economic, social, or ecological factor; and
- c. In the case of an overfished fishery, provides for rebuilding to a level consistent with producing the maximum sustainable yield in the fishery.

(12b) Overfishing or overfished. -- A rate or level of fishing mortality that jeopardizes the capacity of a fishery to produce the maximum sustainable yield on a continuing basis."

PART IV. MARINE FISHERIES LAW ENFORCEMENT

Section 4.1. G.S. 113-187 reads as rewritten:

"§ 113-187. Penalties for violations of Subchapter and rules.

(a) Any person who participates in a commercial fishing operation conducted in violation of any provision of this Subchapter and its implementing rules or in an operation in connection with which any vessel is used in violation of any provision of this Subchapter and its implementing rules is guilty of a ~~Class 4~~ Class A1 misdemeanor.

(b) Any owner of a vessel who knowingly permits it to be used in violation of any provision of this Subchapter and its implementing rules is guilty of a ~~Class 4~~ Class A1 misdemeanor.

(c) Any person in charge of a commercial fishing operation conducted in violation of any provision of this Subchapter and its implementing rules or in charge of any vessel used in violation of any provision of this Subchapter and its implementing rules is guilty of a ~~Class 4~~ Class A1 misdemeanor.

(d) Any person in charge of a commercial fishing operation conducted in violation of the following provisions of this Subchapter or the following rules of the Marine Fisheries Commission; and any person in charge of any vessel used in violation of the following provisions of the Subchapter or the following rules, shall be guilty of a ~~Class 2~~ Class A1 misdemeanor. The violations of the statute or the rules for which the penalty is mandatory are:

- (1) Taking or attempting to take, possess, sell, or offer for sale any oysters, mussels, or clams taken from areas closed by statute, rule, or proclamation because of suspected pollution.
- (2) Taking or attempting to take or have in possession aboard a vessel, shrimp taken by the use of a trawl net, in areas not opened to shrimping, pulled by a vessel not showing lights required by G.S. 75A-6 after sunset and before sunrise.

- (3) Using a trawl net in any coastal fishing waters closed by proclamation or rule to trawl nets.
- (4) Violating the provisions of a special permit or gear license issued by the Department.
- (5) Using or attempting to use any trawl net, long haul seine, swipe net, mechanical methods for oyster or clam harvest or dredge in designated primary nursery areas."

Section 4.2. Article 15 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-190. Unlawful sale or purchase of fish; criminal and civil penalties.

(a) Any person who sells fish in violation of G.S. 113-154.1 or a rule of the Marine Fisheries Commission to implement that section is guilty of a Class A1 misdemeanor.

(b) Any person who purchases fish in violation of G.S. 113-156 or a rule of the Marine Fisheries Commission to implement that section is guilty of a Class A1 misdemeanor.

(c) A civil penalty of not more than ten thousand dollars (\$10,000) may be assessed by the Secretary against any person who sells fish in violation of G.S. 113-154.1 or purchases fish in violation of G.S. 113-156.

(d) In determining the amount of the penalty, the Secretary shall consider the factors set out in G.S. 143B-289.23(b). The procedures set out in G.S. 143B-289.23 shall apply to civil penalty assessments that are presented to the Commission for final agency decision.

(e) The Secretary shall notify any person assessed a civil penalty of the assessment and the specific reasons therefor by registered or certified mail or by any means authorized by G.S. 1A-1, Rule 4. Contested case petitions shall be filed pursuant to G.S. 150B-23 within 30 days of receipt of the notice of assessment.

(f) Requests for remission of civil penalties shall be filed with the Secretary. Remission requests shall not be considered unless filed within 30 days of receipt of the notice of assessment. Remission requests must be accompanied by a waiver of the right to a contested case hearing pursuant to Chapter 150B of the General Statutes and a stipulation of the facts on which the assessment was based. Consistent with the limitations in G.S. 143B-289.23(c), remission requests may be resolved by the Secretary and the violator. If the Secretary and the violator are unable to resolve the request, the Secretary shall deliver remission requests and his recommended action to the Committee on Civil Penalty Remissions of the Marine Fisheries Commission appointed pursuant to G.S. 143B-289.23(c).

(g) If any civil penalty has not been paid within 30 days after notice of assessment has been served on the violator, the Secretary shall request the Attorney General to institute a civil action in the superior court of any county in which the violator resides or has his or its principal place of business to recover the amount of the assessment, unless the violator contests the assessment as provided in subsection (e) of this section, or requests remission of the assessment in whole or in part as provided in subsection (f) of this section. If any civil penalty has not been paid within 30 days

1 after the final agency decision or court order has been served on the violator, the
2 Secretary shall request the Attorney General to institute a civil action in the superior
3 court of any county in which the violator resides or has his or its principal place of
4 business to recover the amount of the assessment. Civil actions must be filed within
5 three years of the date the final agency decision or court order was served on the
6 violator."

7 Section 4.3. G.S. 113-221(e) reads as rewritten:

8 "(e) The Marine Fisheries Commission may delegate to the Fisheries Director the
9 authority to issue proclamations suspending or implementing, in whole or in part,
10 particular rules of the Commission which may be affected by variable conditions.
11 Such proclamations are to be issued by the Fisheries Director or by a person
12 designated by the Fisheries Director. All proclamations must state the hour and date
13 upon which they become effective and must be issued at least 48 hours in advance of
14 the effective date and time. In those situations in which the proclamation prohibits
15 the taking of certain fisheries resources for reasons of public health, the proclamation
16 can be made effective immediately upon issuance. Notwithstanding any other
17 provisions of this subsection, a proclamation can be issued at least 12 hours in
18 advance of the effective date and time to reopen the taking of certain fisheries
19 resources closed for reason of public health through a prior proclamation made
20 effective immediately upon issuance. Persons violating any proclamation which is
21 made effective immediately shall not be charged with a criminal offense during the
22 time between the issuance and 48 hours after such issuance unless such person had
23 actual notice of the issuance of such proclamation. Fisheries resources taken or
24 possessed by any person in violation of any proclamation may be seized regardless of
25 whether such person had actual notice of the proclamation. A permanent file of the
26 text of all proclamations shall be maintained in the office of the Fisheries Director.
27 Certified copies of proclamations are entitled to judicial notice in any civil or
28 criminal proceeding.

29 The Fisheries Director must make every reasonable effort to give actual notice of
30 the terms of any proclamation to the persons who may be affected thereby. ~~Such~~
31 Reasonable effort includes press releases to communications media, posting of notices
32 at docks and other places where persons affected may gather, personal
33 communication by inspectors and other agents of the Fisheries Director, and such
34 other measures designed to reach the persons who may be affected. The Fisheries
35 Director may determine, on a case-by-case basis and at the Fisheries Director's sole
36 discretion, that a proclamation did not apply to an individual licensee when an act of
37 God occurred that prevented the licensee from receiving notice of the proclamation."

38 Section 4.4. The Marine Fisheries Commission shall develop a Violation
39 Points System applicable to the fishing licenses of all persons who violate marine
40 fisheries statutes or rules. In developing this system, the Marine Fisheries
41 Commission shall consider the recommendations made in the Final Report of the
42 Moratorium Steering Committee and the suspension, revocation, and reissuance
43 procedures under G.S. 113-166. The Marine Fisheries Commission shall also develop
44 an implementation schedule for the Violation Points System. The Marine Fisheries

1 Commission shall report to the Joint Legislative Commission on Seafood and
2 Aquaculture no later than 1 July 1999, on the development of the Violation Points
3 System and the implementation schedule.

4 Section 4.5. G.S. 113-190, as enacted by Section 4.2 of this act, reads as
5 rewritten:

6 **"§ 113-190. Unlawful sale or purchase of fish; criminal and civil penalties.**

7 (a) Any person who sells fish in violation of G.S. ~~113-154.1~~ 113-168.4 or a rule of
8 the Marine Fisheries Commission to implement that section is guilty of a Class A1
9 misdemeanor.

10 (b) Any person who purchases fish in violation of G.S. ~~113-156~~ 113-169.3 or a rule
11 of the Marine Fisheries Commission to implement that section is guilty of a Class A1
12 misdemeanor.

13 (c) A civil penalty of not more than ten thousand dollars (\$10,000) may be
14 assessed by the Secretary against any person who sells fish in violation of G.S.
15 ~~113-154.1~~ 113-168.4 or purchases fish in violation of G.S. ~~113-156~~ 113-169.3.

16 (d) In determining the amount of the penalty, the Secretary shall consider the
17 factors set out in G.S. 143B-289.23(b). The procedures set out in G.S. 143B-289.23
18 shall apply to civil penalty assessments that are presented to the Commission for final
19 agency decision.

20 (e) The Secretary shall notify any person assessed a civil penalty of the assessment
21 and the specific reasons therefor by registered or certified mail or by any means
22 authorized by G.S. 1A-1, Rule 4. Contested case petitions shall be filed pursuant to
23 G.S. 150B-23 within 30 days of receipt of the notice of assessment.

24 (f) Requests for remission of civil penalties shall be filed with the Secretary.
25 Remission requests shall not be considered unless filed within 30 days of receipt of
26 the notice of assessment. Remission requests must be accompanied by a waiver of the
27 right to a contested case hearing pursuant to Chapter 150B of the General Statutes
28 and a stipulation of the facts on which the assessment was based. Consistent with the
29 limitations in G.S. 143B-289.23(c), remission requests may be resolved by the
30 Secretary and the violator. If the Secretary and the violator are unable to resolve the
31 request, the Secretary shall deliver remission requests and his recommended action to
32 the Committee on Civil Penalty Remissions of the Marine Fisheries Commission
33 appointed pursuant to G.S. 143B-289.23(c).

34 (g) If any civil penalty has not been paid within 30 days after notice of assessment
35 has been served on the violator, the Secretary shall request the Attorney General to
36 institute a civil action in the superior court of any county in which the violator
37 resides or has his or its principal place of business to recover the amount of the
38 assessment, unless the violator contests the assessment as provided in subsection (e) of
39 this section, or requests remission of the assessment in whole or in part as provided in
40 subsection (f) of this section. If any civil penalty has not been paid within 30 days
41 after the final agency decision or court order has been served on the violator, the
42 Secretary shall request the Attorney General to institute a civil action in the superior
43 court of any county in which the violator resides or has his or its principal place of
44 business to recover the amount of the assessment. Civil actions must be filed within

1 three years of the date the final agency decision or court order was served on the
2 violator."

3
4 **PART V. COMMERCIAL FISHING LICENSES; TRANSITIONAL PROVISIONS**

5
6 Section 5.1. Chapter 113 of the General Statutes is amended by adding a
7 new Article to read:

8 "ARTICLE 14A.

9 "Coastal and Estuarine Commercial Fishing Licenses.

10 "§ 113-168. Definitions.

11 As used in this Article:

- 12 (1) 'Commercial fishing operation' means any activity preparatory to,
13 during, or subsequent to the taking of any fish, the taking of which
14 is subject to regulation by the Commission, either with the use of
15 commercial fishing equipment or gear, or by any means if the
16 purpose of the taking is to obtain fish for sale. Commercial fishing
17 operation includes taking people fishing for hire.
18 (2) 'Commission' means the Marine Fisheries Commission.
19 (3) 'Division' means the Division of Marine Fisheries in the
20 Department of Environment, Health, and Natural Resources.
21 (4) 'License year' means the period beginning 1 July of a year and
22 ending on 30 June of the following year.
23 (5) 'North Carolina resident' means a person is a resident within the
24 meaning of G.S. 113-130(4) and who filed a State income tax
25 return as a resident of the State for the previous calendar or tax
26 year.
27 (6) 'RCGL' means Recreational Commercial Gear License.
28 (7) 'RSCFL' means Retired Standard Commercial Fishing License.
29 (8) 'SCFL' means Standard Commercial Fishing License.

30 "§ 113-168.1. General provisions for commercial licenses and endorsements.

31 (a) Duration, Fees. -- All licenses and endorsements issued under this Article
32 expire on the last day of the license year. An applicant for any license shall pay the
33 full annual license fee at the time the applicant applies for the license regardless of
34 when application is made.

35 (b) Licenses Required to Engage in Commercial Fishing. -- It is unlawful for any
36 person to engage in a commercial fishing operation without being licensed as
37 required by this Article. It is unlawful for anyone to command a vessel engaged in a
38 commercial fishing operation without complying with the provisions of this Article
39 and rules adopted by the Commission under this Article.

40 (c) Licenses and Endorsements Available for Inspection. -- It is unlawful for any
41 person to engage in a commercial fishing operation in the State without having ready
42 at hand for inspection all valid licenses and endorsements required under this Article.
43 To comply with this subsection, a person must have either a currently valid (i) license
44 issued in the person's true name and bearing the person's current address or (ii) an

1 assignment of a SCFL authorized under this Article. A licensee or assignee shall not
2 refuse to exhibit the licenses and endorsements upon the request of an inspector or
3 any other law enforcement officer authorized to enforce federal or State laws,
4 regulations, or rules relating to marine fisheries.

5 (d) No Dual Residency. -- It is unlawful for any person to hold any currently valid
6 license issued under this Article to the person as a North Carolina resident if that
7 person holds any currently valid commercial or recreational fishing license issued by
8 another state to the person as a resident of that state.

9 (e) License Format. -- Licenses issued under this Article shall be issued in the
10 name of the applicant. Each license shall show the type of license and any
11 endorsements; the name, address, and date of birth of the licensee; the date on which
12 the license is issued; the date on which the license expires; and any other information
13 that the Commission or the Division determines to be necessary to accomplish the
14 purposes of this Subchapter.

15 **"§ 113-168.2. Standard Commercial Fishing License.**

16 (a) Requirement. -- No person shall engage in a commercial fishing operation in
17 the coastal fishing waters without holding a Standard Commercial Fishing License
18 issued by the Division. A person who works as a member of the crew of a vessel
19 engaged in a commercial fishing operation under the direction of a person who holds
20 a valid SCFL or RSCFL is not required to hold a SCFL or RSCFL.

21 (b) Purchase; Renewal. -- A person may purchase a SCFL at any office of the
22 Division. The SCFL and endorsements may be renewed by mail by forwarding a
23 completed application, including applicable fees, to the Division's Morehead City
24 office. Any person who is issued a SCFL or a RSCFL is eligible to renew the SCFL
25 or RSCFL and any endorsements if the SCFL or RSCFL has not been suspended or
26 revoked.

27 (c) Replacement License. -- A licensee may obtain a replacement license for a lost
28 or destroyed license, including all endorsements, upon receipt of a proper application
29 in the offices of the Division together with a ten-dollar (\$10.00) fee. The Division
30 shall not accept an application for a replacement license unless the Division
31 determines that the applicant's current license has not been suspended or revoked. A
32 copy of an application duly filed with the Division shall serve as the license until the
33 replacement license has been received. The Commission may provide by rule for the
34 replacement of lost, obliterated, destroyed, or otherwise illegible license plates or
35 decals upon tender of the original license receipt or upon other evidence that the
36 Commission deems sufficient.

37 (d) Nonresident Certification Required. -- Persons obtaining licenses who are not
38 North Carolina residents shall certify that their conviction record in their state of
39 residence is such that they would not be denied a license under the standards in G.S.
40 113-171. When a license application is denied for violations of fisheries laws,
41 whether the violations occurred in North Carolina or another jurisdiction, the license
42 fees shall not be refunded and shall be applied to the costs of processing the
43 application.

1 (e) Fees. -- The annual SCFL fee for a North Carolina resident shall be two
2 hundred dollars (\$200.00). The annual SCFL fee for a person who is not a resident
3 of North Carolina shall be eight hundred dollars (\$800.00) or the amount charged to
4 a North Carolina resident in the nonresident's state, whichever is less. In no event,
5 however, may the fee be less than two hundred dollars (\$200.00).

6 (f) Assignment. -- The holder of a SCFL may assign the SCFL to any individual,
7 provided that a SCFL or RSCFL issued to the individual is not suspended or
8 revoked. If the SCFL is endorsed for one or more vessels, each vessel endorsement
9 may be assigned, independently of the SCFL, to another holder of a SCFL. An
10 assignment of a SCFL vessel endorsement shall be valid only for use by a holder or
11 assignee of a SCFL in the operation of the vessel for which the SCFL is endorsed.
12 The assignment shall be in writing on a form provided by the Division and shall
13 include the name of the licensee, the license number, any endorsements, the
14 assignee's name and mailing address, and the duration of the assignment. A
15 notarized copy of the assignment shall be filed with the Division. The assignee shall
16 carry the assignment on the assignee's person and have the assignment available for
17 inspection at all times while using the vessel. The assignment may be revoked by: (i)
18 written notification by the assignor that the assignment has been terminated; or (ii) a
19 determination by the Division that the assignee is operating in violation of the terms
20 and conditions applicable to the assignment.

21 (g) Transfer. -- A SCFL may be transferred:

- 22 (1) By the license holder to a member of the license holder's
23 immediate family.
- 24 (2) By the State to the estate of the license holder upon the death of
25 the license holder.
- 26 (3) By a surviving family member to whom a license was transferred
27 pursuant to subdivision (2) of this subsection to a third-party
28 purchaser of the license holder's fishing vessel upon the death of
29 the license holder.
- 30 (4) By the license holder to a third-party purchaser of the license
31 holder's fishing vessel upon retirement of the license holder from
32 commercial fishing.
- 33 (5) Under any other circumstance authorized by rule of the
34 Commission.

35 (h) Identification as Commercial Fisherman. -- The receipt of a current and valid
36 SCFL, RSCFL, or shellfish license issued by the Division shall serve as proper
37 identification of the licensee as a commercial fisherman.

38 (i) Record-Keeping Requirements. -- The fish dealer shall record each transaction
39 at the time and place of landing on a form provided by the Division. The transaction
40 form shall include the information on the SCFL, RSCFL, or shellfish license, the
41 quantity of the fish, the identity of the fish dealer, and other information as the
42 Division deems necessary to accomplish the purposes of this Subchapter. The person
43 who records the transaction shall provide a completed copy of the transaction form to
44 the Division and to the other party of the transaction. The Division's copy of each

1 transaction form shall be transmitted to the Division by the fish dealer on or before
2 the tenth day of the month following the transaction.

3 **"§ 113-168.3. Retired Standard Commercial Fishing License.**

4 (a) SCFL Provisions Applicable. -- Except as provided in this section, the
5 provisions set forth in G.S. 113-168.2 concerning the SCFL shall apply to the RSCFL.

6 (b) Eligibility; Fees. -- Any person who is 65 years of age or older and who is
7 otherwise eligible for a SCFL under G.S. 113-168.2 may purchase a RSCFL. Proof of
8 age shall be supplied at the time the application is made. The annual fee for a
9 RSCFL for a North Carolina resident shall be one hundred dollars (\$100.00). The
10 annual fee for a RSCFL for a person who is not a resident of North Carolina shall be
11 eight hundred dollars (\$800.00) or the amount charged to a North Carolina resident
12 in the nonresident's state, whichever is less. In no event, however, shall the fee be
13 less than one hundred dollars (\$100.00).

14 (c) Transfer. -- The holder of a RSCFL may transfer the RSCFL as provided in
15 G.S. 113-168.2 or, upon retirement from commercial fishing, to a third-party
16 purchaser of the RSCFL holder's fishing vessel. If the third-party purchaser is less
17 than 65 years of age, that purchaser shall pay the fee for the SCFL set forth in G.S.
18 113-168.2.

19 (d) Assignment. -- The RSCFL shall not be assignable.

20 **"§ 113-168.4. Regulations concerning the sale of fish.**

21 (a) Except as otherwise provided in this section, it is unlawful for any person who
22 takes or lands any species of fish under the authority of the Commission from coastal
23 fishing waters by any means whatever, including mariculture operations, to sell, offer
24 for sale, barter or exchange for merchandise these fish, without holding a current and
25 valid SCFL or RSCFL issued under G.S. 113-168.2 or G.S. 113-168.3, or a valid
26 shellfish license issued under G.S. 113-169.2. It is unlawful for fish dealers to buy fish
27 unless the seller presents a current and valid SCFL, RSCFL, or shellfish license at the
28 time of the transaction. Any subsequent sale of fish shall be subject to the licensing
29 requirements of fish dealers under G.S. 113-169.3.

30 (b) It is unlawful for any person licensed under this section to sell fish taken
31 outside the territorial waters of the State or to sell fish taken from coastal fishing
32 waters except to:

33 (1) Fish dealers licensed under G.S. 113-169.3; or

34 (2) The public, if the seller is also licensed as a fish dealer under G.S.
35 113-169.3.

36 (c) A person who organizes a nonprofit recreational fishing tournament may sell
37 fish taken in connection with the tournament pursuant to a recreational fishing
38 tournament license to sell fish. A person who organizes a nonprofit recreational
39 fishing tournament may obtain a recreational fishing tournament license to sell fish
40 upon application to the Division and payment of a fee of one hundred dollars
41 (\$100.00). A recreational fishing tournament is an organized fishing competition
42 occurring within a specified time period not to exceed one week and that is not a
43 commercial fishing operation. Proceeds derived from the sale of fish may be used
44 only for charitable purposes.

"§ 113-168.5. License endorsements for Standard Commercial Fishing License and Retired Standard Commercial Fishing License.

(a) A SCFL or RSCFL may be endorsed to authorize the use of a vessel in a commercial fishing operation.

(b) Vessel Endorsements. --

(1) As used in this subsection, a North Carolina vessel is a vessel that has its primary situs in the State. A vessel has its primary situs in the State if:

- a. A certificate of number has been issued for the vessel under Article 1 of Chapter 75A of the General Statutes;
- b. A certificate of title has been issued for the vessel under Article 4 of Chapter 75A of the General Statutes; or
- c. A certification of documentation has been issued for the vessel that lists a home port in the State under 42 U.S.C. § 12101, et seq., as amended.

(2) It is unlawful to use a vessel in a commercial fishing operation in the coastal fishing waters of the State without a vessel endorsement of the license required under this Article for that commercial fishing operation. It is unlawful to use a North Carolina vessel to land or sell fish in the State that are taken during a commercial fishing operation outside the coastal fishing waters of the State without a vessel endorsement of the license required under this Article for that commercial fishing operation. No endorsement is required, however, for a vessel of any length that does not have a motor if the vessel is used only in connection with another vessel for which the required license has been properly endorsed.

(3) The fee for a vessel endorsement shall be determined by the length of the vessel and shall be in addition to the fee for a SCFL, RSCFL, or shellfish license. The length of a vessel shall be determined by measuring the distance between the ends of the vessel along the deck and through the cabin, excluding the sheer. The fee for a vessel endorsement is:

- a. One dollar (\$1.00) per foot for a vessel not over 18 feet in length.
- b. One dollar and fifty cents (\$1.50) per foot for a vessel over 18 feet but not over 38 feet in length.
- c. Three dollars (\$3.00) per foot for a vessel over 38 feet but not over 50 feet in length.
- d. Six dollars (\$6.00) per foot for a vessel over 50 feet in length.

(4) A vessel endorsement may be assigned as provided in G.S. 113-168.2(f).

(5) When the owner of a vessel for which a SCFL, RSCFL, or shellfish license has been endorsed transfers ownership of the vessel to a

holder of a SCFL, RSCFL, or shellfish license, the vessel endorsement may be transferred from the former owner's SCFL, RSCFL, or shellfish license to the new owner's SCFL, RSCFL, or shellfish license upon the request of the new owner. The new owner of the vessel shall notify the Division of the change in ownership and request that the vessel endorsement be transferred within 30 days of the date on which the transfer of ownership occurred. The notification of a change in the ownership of a vessel and request that the vessel endorsement be transferred shall be made on a form provided by the Division and shall be accompanied by satisfactory proof of the transfer of vessel ownership. Transfer of vessel ownership may be proven by a notarized copy of: (i) the bill of sale; (ii) a temporary vessel registration; or (iii) a vessel documentation transfer.

(c) Menhaden Endorsements. -- Except as provided in G.S. 113-169, it is unlawful to use a vessel to take menhaden by purse seine in the coastal fishing waters of the State, to land menhaden in the State, or to sell menhaden from a vessel in the State without obtaining a menhaden endorsement of a SCFL or RSCFL. The fee for a menhaden endorsement shall be two dollars (\$2.00) per ton, based on gross tonnage as determined by the custom house measurement for the mother ship. The menhaden endorsement shall be required for the mother ship but no separate endorsement shall be required for a purse boat carrying a purse seine. The application for a menhaden endorsement must state the name of the person in command of the vessel. Upon a change in command of a menhaden vessel, the owner must notify the Division in writing within 30 days.

(d) Shellfish Endorsement for North Carolina Residents. -- The Division shall issue a shellfish endorsement of a SCFL or RSCFL to a North Carolina resident at no charge.

"§ 113-169. Menhaden license for nonresidents not eligible for a SCFL.

A person who is not a resident of North Carolina, who is not eligible for a SCFL under this Article, and who only seeks to engage in menhaden fishing is eligible to purchase a menhaden license for nonresidents. The fee for the menhaden license for nonresidents shall be two dollars (\$2.00) per ton, gross tonnage, customhouse measurements for the mother ship. The menhaden license for nonresidents shall be required for the mother ship to take, land, or sell menhaden in North Carolina taken by purse seine. No separate endorsement shall be required for a purse boat carrying a purse seine. The application for a menhaden license for nonresidents must state the name of the person in command of the vessel. Upon change in command of a menhaden vessel, the owner must notify the Division within 30 days.

"§ 113-169.1. Permits for gear, equipment, and other specialized activities authorized.

The Commission may adopt rules to establish permits for gear, equipment, and specialized activities, including commercial fishing operations that do not involve the use of a vessel and transplanting oysters or clams. The Commission shall establish a fee for each permit in an amount that compensates the Division for the actual

1 administrative costs associated with the permit but that does not exceed fifty dollars
2 (\$50.00) per permit.

3 "§ 113-169.2. Shellfish license for North Carolina residents without a SCFL.

4 (a) License or Endorsement Necessary to Take or Sell Shellfish. -- It is unlawful
5 for an individual to take shellfish from the public grounds of the State by mechanical
6 means or for commercial use by any means without holding either a shellfish license
7 or a shellfish endorsement of a SCFL or RSCFL. A North Carolina resident who
8 seeks only to take and sell shellfish shall be eligible to purchase a shellfish license
9 without holding a SCFL or RSCFL. The license includes the privilege to sell shellfish
10 to a licensed fish dealer.

11 (b) Purchase; Renewal. -- A person may purchase a shellfish license at any office
12 of the Division. The shellfish license and endorsements may be renewed by mail by
13 forwarding a completed application, including applicable fees, to the Division's
14 Morehead City Office. Any person who is issued a shellfish license is eligible to
15 renew the shellfish license and any endorsements if the shellfish license has not been
16 suspended or revoked.

17 (c) Fees. -- Shellfish licenses shall be issued annually upon payment of a fee of
18 twenty-five dollars (\$25.00) upon proof that the license applicant is a resident of
19 North Carolina.

20 (d) License Available for Inspection. -- It is unlawful for any individual to take
21 shellfish for commercial use from the public grounds of the State without having
22 ready at hand for inspection a current and valid shellfish license issued to the licensee
23 personally and bearing the licensee's correct name and address. It is unlawful for any
24 individual taking or possessing freshly taken shellfish to refuse to exhibit the
25 individual's license upon the request of an officer authorized to enforce the fishing
26 laws.

27 (e) Vessel Endorsement Required. -- A license holder under this section shall be
28 required to purchase a vessel endorsement under G.S. 113-168.5 if a vessel is used in
29 the take or sale of shellfish. A vessel endorsement of a shellfish license does not
30 authorize the use of the vessel for any commercial fishing operation other than the
31 taking or selling of shellfish.

32 (f) Name or Address Change. -- In the event of a change in name or address or
33 upon receipt of an erroneous shellfish license, the licensee shall, within 30 days, apply
34 for a replacement shellfish license bearing the correct name and address. Upon a
35 showing by the individual that the name or address change occurred within the past
36 30 days, the trial court or prosecutor shall dismiss any charges brought pursuant to
37 this subsection.

38 (g) Transfer Prohibited. -- It is unlawful for an individual issued a shellfish license
39 to transfer or offer to transfer the license, either temporarily or permanently, to
40 another. It is unlawful for an individual to secure or attempt to secure a shellfish
41 license from a source not authorized by the Commission.

42 (h) Exemption. -- Persons under 16 years of age are exempt from the license
43 requirements of this section if accompanied by a parent, grandparent, or guardian

1 who is in compliance with the requirements of this section or if in possession of a
2 parent's, grandparent's or guardian's shellfish license.

3 (i) Taking Shellfish Without a License for Personal Use. --

4 (1) A person may take shellfish for personal use without obtaining a
5 license under this section in quantities up to:

6 a. One bushel of oysters per day.

7 b. One-half bushel of scallops per day.

8 c. One hundred clams per day.

9 (2) Two or more persons who are using a vessel to take shellfish may
10 take shellfish for personal use without obtaining a license under
11 this section in quantities up to:

12 a. Two bushels of oysters per day.

13 b. One bushel of scallops per day.

14 c. Two hundred clams per day.

15 "§ 113-169.3. Licenses for fish dealers.

16 (a) Eligibility. -- A fish dealer license shall be issued to a North Carolina resident
17 upon receipt of a proper application in the Morehead City Office of the Division
18 together with all license fees including the total number of dealer categories set forth
19 in this section. The license shall be issued in the name of the applicant and shall
20 include all dealer categories on the license.

21 (b) Application for License. -- Applications shall not be accepted from persons
22 ineligible to hold a license issued by the Division, including any applicant whose
23 license is suspended or revoked on the date of the application. The applicant shall be
24 provided with a copy of the application marked received. The copy shall serve as the
25 fish dealer's license until the license issued by the Division is received, or the
26 Division determines that the applicant is ineligible to hold a license. Where an
27 applicant does not have an established location for transacting the fisheries business
28 within the State, the license application shall be denied unless the applicant satisfies
29 the Secretary that his residence, or some other office or address within the State, is a
30 suitable substitute for an established location and that records kept in connection
31 with licensing, sale, and purchase requirements will be available for inspection when
32 necessary. Fish dealers' licenses are issued on a fiscal year basis upon payment of a
33 fee as set forth herein upon proof, satisfactory to the Secretary, that the license
34 applicant is a North Carolina resident.

35 (c) License Requirement. -- Except as otherwise provided in this section, it is
36 unlawful for any person not licensed pursuant to this article:

37 (1) To buy fish for resale from any person involved in a commercial
38 fishing operation that takes any species of fish from coastal fishing
39 waters. For purposes of this subdivision, a retailer who purchases
40 fish from a fish dealer shall not be liable if the fish dealer has not
41 complied with the licensing requirements of this section;

42 (2) To sell fish to the public; or

43 (3) To sell to the public any species of fish under the authority of the
44 Commission taken from coastal fishing waters.

1 Any person subject to the licensing requirements of this section is a fish dealer.
2 Any person subject to the licensing requirements of this section shall obtain a
3 separate license for each physical location conducting activities required to be
4 licensed under this section.

5 (d) Exceptions to License Requirements. -- The Commission may adopt rules to
6 implement this subsection including rules to clarify the status of the listed classes of
7 exempted persons, require submission of statistical data, and require that records be
8 kept in order to establish compliance with this section. Any person not licensed
9 pursuant to this section is exempt from the licensing requirements of this section if all
10 fish handled within any particular licensing category meet one or more of the
11 following requirements:

12 (1) The fish are sold by persons whose dealings in fish are primarily
13 educational, scientific, or official, and who have been issued a
14 permit by the Division that authorizes the educational, scientific, or
15 official agency to sell fish taken or processed in connection with
16 research or demonstration projects;

17 (2) The fish are sold by individual employees of fish dealers when
18 transacting the business of their duly licensed employer;

19 (3) The fish are shipped to a person by a dealer from without the
20 State;

21 (4) The fish are of a kind the sale of which is regulated exclusively by
22 the Wildlife Resources Commission; or

23 (5) The fish are purchased from a licensed dealer.

24 (e) Application Fee for New Fish Dealers. -- An applicant for a new fish dealer
25 license shall pay a nonrefundable application fee of fifty dollars (\$50.00) in addition
26 to the license category fees set forth in this section.

27 (f) License Category Fees. -- Every fish dealer subject to licensing requirements
28 shall secure an annual license at each established location for each of the following
29 activities transacted there, upon payment of the fee set out:

30 (1) Dealing in oysters: \$50.00;

31 (2) Dealing in scallops: \$50.00;

32 (3) Dealing in clams: \$50.00;

33 (4) Dealing in hard or soft crabs: \$50.00;

34 (5) Dealing in shrimp, including bait: \$50.00;

35 (6) Dealing in finfish, including bait: \$50.00;

36 (7) Operating menhaden or other fish-dehydrating or oil-extracting
37 processing plants: \$50.00; or

38 (8) Consolidated license (all categories): \$300.00.

39 Any person subject to fish dealer licensing requirements who deals in fish not
40 included in the above categories shall secure a finfish dealer license. The Commission
41 may adopt rules implementing and clarifying the dealer categories of this subsection.
42 Bait operations shall be licensed under either the finfish or shrimp dealer license
43 categories.

1 (g) License Format. -- The format of the license shall include the name of the
2 licensee, date of birth, name and physical address of each business location,
3 expiration date of the license, and any other information the Division deems
4 necessary to accomplish the purposes of this Subchapter.

5 (h) Application for Replacement License. -- A replacement license shall only be
6 obtained from an office of the Division. The Division shall not accept an application
7 for a replacement license unless the Division determines that the applicant's current
8 license has not been suspended or revoked. A copy of an application duly filed with
9 the Division shall serve as the license until the replacement license has been received.

10 (i) Purchase and Sale of Fish. -- It is unlawful for a fish dealer to buy fish unless
11 the seller possesses a current and valid SCFL, RSCFL, shellfish license, menhaden
12 license for nonresidents, or a special fisheries sale permit issued under G.S.
13 113-168.4(c), and the dealer records the transaction consistent with the
14 record-keeping requirements of G.S. 113-168.2(i). It is unlawful for any person to
15 purchase, possess, or sell fish taken from coastal fishing waters in violation of this
16 Subchapter or the rules adopted by the Commission implementing this Subchapter.

17 (j) Transfer Prohibited. -- Any fish dealer license issued under this section is
18 nontransferable. It is unlawful to use a fish dealer license issued to another person in
19 the sale or attempted sale of fish or for a licensee to lend or transfer a fish dealer
20 license for the purpose of circumventing the requirements of this section.

21 **"§ 113-169.4. Licensing of ocean fishing piers; fees.**

22 (a) The owner or operator of an ocean fishing pier within the coastal fishing
23 waters who charges the public a fee to fish in any manner from the pier shall secure a
24 current and valid pier license from the Division. An application for a pier license
25 shall disclose the names of all parties involved in the pier operations, including the
26 owner of the property, owner of the pier if different, and all leasehold or other
27 corporate arrangements, and all persons with a substantial financial interest in the
28 pier.

29 (b) Within 30 days following a change of ownership of a pier, or a change as to
30 the manager, the manager or new manager shall secure a replacement pier license
31 from the Division. The replacement license is issued without charge.

32 (c) Pier licenses are issued upon payment of fifty cents (50¢) per linear foot, to
33 the nearest foot, that the pier extends into coastal fishing waters beyond the mean
34 high waterline. The length of the pier shall be measured to include all extensions of
35 the pier.

36 (d) The manager who secures the pier license shall be the individual with the duty
37 of executive-level supervision of pier operations.

38 **"§ 113-169.5. Land or sell license; vessels fishing beyond territorial waters.**

39 (a) Persons aboard vessels not having their primary situs in the State that are
40 carrying a cargo of fish taken outside the waters of the State may land or sell their
41 catch in the State by purchasing a land or sell license as set forth in this section with
42 respect to the vessel in question. The Commission may by rule modify the land or sell
43 licensing procedure in order to devise an efficient and convenient procedure for
44 licensing out-of-state vessels to only land, or after landing to permit sale of cargo.

(b) The fee for a land or sell license for a vessel not having its primary situs in North Carolina is two hundred dollars (\$200.00), or an amount equal to the nonresident fee charged by the nonresident's state, whichever is greater. Persons aboard vessels having a primary situs in a jurisdiction that would allow North Carolina vessels without restriction to land or sell their catch, taken outside the jurisdiction, may land or sell their catch in the State without complying with this section if the persons are in possession of a valid license from their state of residence.
"§ 113-170. Exportation and importation of fish and equipment.

The Commission may adopt rules governing the importation and exportation of fish, and equipment that may be used in taking or processing fish, as necessary to enhance the conservation of marine and estuarine resources of the State. These rules may regulate, license, prohibit, or restrict importation into the State and exportation from the State of any and all species of fish that are native to coastal fishing waters or may thrive if introduced into these waters.

"§ 113-170.1. Nonresidents reciprocal agreements.

Persons who are not North Carolina residents are not entitled to obtain licenses under the provisions of this Article except as provided in this section. Residents of jurisdictions that sell commercial fishing licenses to North Carolina residents are entitled to North Carolina commercial fishing licenses under the provisions of G.S. 113-168.2. Licenses may be restricted in terms of area, gear, and fishery by the Commission so that the nonresidents are licensed to engage in North Carolina fisheries on the same or similar terms that North Carolina residents can be licensed to engage in the fisheries of other jurisdictions. The Secretary may enter into reciprocal agreements with other jurisdictions as necessary to allow nonresidents to obtain commercial fishing licenses in the State subject to the foregoing provisions.

"§ 113-170.2. Fraud or deception as to licenses, permits, or records.

(a) It is unlawful for any person to give any false information or willfully to omit giving required information to the Division or any license agent when the information is material to the securing of any license or permit under this Article. It is unlawful to falsify, fraudulently alter, or counterfeit any license, permit, identification, or record to which this Article applies or otherwise practice any fraud or deception designed to evade the provisions of this Article or reasonable administrative directives made under the authority of this Article.

(b) A violation of this section is punishable by a fine of not less than one hundred dollars (\$100.00) nor more than five hundred dollars (\$500.00).

"§ 113-170.3. Record-keeping requirements.

(a) The Commission may require all licensees under this Article to keep and to exhibit upon the request of an authorized agent of the Department records and accounts as may be necessary to the equitable and efficient administration and enforcement of this Article. In addition, licensees may be required to keep additional information of a statistical nature or relating to location of catch as may be needed to determine conservation policy. Records and accounts required to be kept must be preserved for inspection for not less than three years.

(b) It is unlawful for any licensee to refuse or to neglect without justifiable excuse to keep records and accounts as may be reasonably required. The Department may distribute forms to licensees to aid in securing compliance with its requirements, or it may inform licensees of requirements in other effective ways such as distributing memoranda and sending agents of the Department to consult with licensees who have been remiss. Detailed forms or descriptions of records, accounts, collection and inspection procedures, and the like that reasonably implement the objectives of this Article need not be embodied in rules of the Commission in order to be validly required.

(c) The following records collected and compiled by the Department shall not be considered public records within the meaning of Chapter 132 of the General Statutes, but shall be confidential and shall be used only for the equitable and efficient administration and enforcement of this Article or for determining conservation policy, and shall not be disclosed except when required by the order of a court of competent jurisdiction; all records, accounts, and reports that licensees are required by the Commission to make, keep, and exhibit pursuant to the provisions of this section, and all records, accounts, and memoranda compiled by the Department from records, accounts, and reports of licensees and from investigations and inspections, containing data and information concerning the business and operations of licensees reflecting their assets, liabilities, inventories, revenues, and profits; the number, capacity, capability, and type of fishing vessels owned and operated; the type and quantity of fishing gear used; the catch of fish or other seafood by species in numbers, size, weight, quality, and value; the areas in which fishing was engaged in; the location of catch; the time of fishing, number of hauls, and the disposition of the fish and other seafood. The Department may compile statistical information in any aggregate or summary form that does not directly or indirectly disclose the identity of any licensee who is a source of the information, and any compilation of statistical information by the Department shall be a public record open to inspection and examination by any person, and may be disseminated to the public by the Department.

"§ 113-170.4. Rules as to possession, transportation, and disposition of fisheries resources.

The Commission may adopt rules governing possession, transportation, and disposition of fisheries resources by all persons, including those not subject to fish dealer licensing requirements, in order that inspectors may adequately distinguish regulated coastal fisheries resources from those not so regulated and enforce the provisions of this Article equitably and efficiently. These rules may include requirements as to giving notice, filing declarations, securing permits, marking packages, and the like.

"§ 113-170.5. Violations with respect to coastal fisheries resources.

It is unlawful to take, possess, transport, process, sell, buy, or in any way deal in coastal fisheries resources without conforming with the provisions of this Article or of rules adopted under the authority of this Article.

"§ 113-171. Suspension, revocation, and reissuance of licenses.

1 (a) Upon receipt of reliable notice that a person licensed under this Article has
2 had imposed against the person a conviction of a criminal offense within the
3 jurisdiction of the Department under the provisions of this Subchapter or of rules of
4 the Commission adopted under the authority of this Subchapter, the Secretary must
5 suspend or revoke all licenses held by the person in accordance with the terms of this
6 section. Reliable notice includes information furnished the Secretary in prosecution
7 or other reports from inspectors. As used in this section, a conviction includes a plea
8 of guilty or nolo contendere, any other termination of a criminal prosecution
9 unfavorably to the defendant after jeopardy has attached, or any substitute for
10 criminal prosecution whereby the defendant expressly or impliedly confesses the
11 defendant's guilt. In particular, procedures whereby bond forfeitures are accepted in
12 lieu of proceeding to trial and cases indefinitely continued upon arrest of judgment or
13 prayer for judgment continued are deemed convictions. The Secretary may act to
14 suspend or revoke licenses upon the basis of any conviction in which:

15 (1) No notice of appeal has been given;

16 (2) The time for appeal has expired without an appeal having been
17 perfected; or

18 (3) The conviction is sustained on appeal. Where there is a new trial,
19 finality of any subsequent conviction will be determined in the
20 manner set out above.

21 (b) The Secretary must initiate an administrative procedure designed to give the
22 Secretary systematic notice of all convictions of criminal offenses by licensees
23 covered by subsection (a) of this section above and keep a file of all convictions
24 reported. Upon receipt of notice of conviction, the Secretary must determine whether
25 it is a first, a second, a third, or a fourth or subsequent conviction of some offense
26 covered by subsection (a). In the case of second convictions, the Secretary must
27 suspend all licenses issued to the licensee for a period of 10 days. In the case of third
28 convictions, the Secretary must suspend all licenses issued to the licensee for a period
29 of 30 days. In the case of fourth or subsequent convictions, the Secretary must
30 revoke all licenses issued to the licensee. Where several convictions result from a
31 single transaction or occurrence, they are to be treated as a single conviction so far as
32 suspension or revocation of the licenses of any licensee is concerned. Anyone
33 convicted of taking or of knowingly possessing, transporting, buying, selling, or
34 offering to buy or sell oysters or clams from areas closed because of suspected
35 pollution will be deemed by the Secretary to have been convicted of two separate
36 offenses on different occasions for license suspension or revocation purposes.

37 (c) Where a license has been suspended or revoked, the former licensee is not
38 eligible to apply for reissuance of license or for any additional license authorized in
39 this Article during the suspension or revocation period. Licenses must be returned to
40 the licensee by the Secretary or the Secretary's agents at the end of a period of
41 suspension. Where there has been a revocation, application for reissuance of license
42 or for an additional license may not be made until six months following the date of
43 revocation. In such case of revocation, the eligible former licensee must satisfy the
44 Secretary that the licensee will strive in the future to conduct the operations for

1 which the license is sought in accord with all applicable laws and rules. Upon the
2 application of an eligible former licensee after revocation, the Secretary, in the
3 Secretary's discretion, may issue one license sought but not another, as deemed
4 necessary to prevent the hazard of recurring violations of the law.

5 (d) Upon receiving reliable information of a licensee's conviction of a second or
6 subsequent criminal offense covered by subsection (a) of this section, the Secretary
7 shall promptly cause the licensee to be personally served with written notice of
8 suspension or revocation, as the case may be. The written notice may be served upon
9 any responsible individual affiliated with the corporation, partnership, or association
10 where the licensee is not an individual. The notice of suspension or revocation may
11 be served by an inspector or other agent of the Department, must state the ground
12 upon which it is based, and takes effect immediately upon personal service. The
13 agent of the Secretary making service shall then or subsequently, as may be feasible
14 under the circumstances, collect all license certificates and plates and other forms or
15 records relating to the license as directed by the Secretary. It is unlawful for any
16 licensee willfully to evade the personal service prescribed in this subsection.

17 (e) A licensee served with a notice of suspension or revocation may obtain an
18 administrative review of the suspension or revocation by filing a petition for a
19 contested case under G.S. 150B-23 within 20 days after receiving the notice. The
20 only issue in the hearing shall be whether the licensee was convicted of a criminal
21 offense for which a license must be suspended or revoked. A license remains
22 suspended or revoked pending the final decision by the Secretary.

23 (f) If the Secretary refuses to reissue the license of or issue an additional license to
24 an applicant whose license was revoked, the applicant may contest the decision by
25 filing a petition for a contested case under G.S. 150B-23 within 20 days after the
26 Secretary makes the decision. The Commission shall make the final agency decision
27 in a contested case under this subsection. An applicant whose license is denied
28 under this subsection may not reapply for the same license for at least six months.

29 (g) The Commission may adopt rules to provide for the disclosure of the identity
30 of any individual or individuals in responsible positions of control respecting
31 operations of any licensee that is not an individual. For the purposes of this section,
32 individuals in responsible positions of control are deemed to be individual licensees
33 and subject to suspension and revocation requirements in regard to any applications
34 for license they may make -- either as individuals or as persons in responsible
35 positions of control in any corporation, partnership, or association. In the case of
36 individual licensees, the individual applying for a license or licensed under this
37 Article must be the real party in interest.

38 (h) In determining whether a conviction is a second or subsequent offense under
39 the provisions of this section, the Secretary may not consider convictions for:

- 40 (1) Offenses that occurred three years prior to the effective date of this
41 Article; or
- 42 (2) Offenses that occurred more than three years prior to the time of
43 the latest offense the conviction for which is in issue as a
44 subsequent conviction.

1 "§ 113-171.1. Use of spotter planes in commercial fishing operations regulated.

2 (a) Spotter Plane Defined. -- A 'spotter plane' is an aircraft used for aerial
3 identification of the location of fish in coastal fishing waters so that a vessel may be
4 directed to the fish.

5 (b) License. -- Before an aircraft is used as a spotter plane in a commercial fishing
6 operation, the owner or operator of the aircraft must obtain a license for the aircraft
7 from the Division. The fee for a license for a spotter plane is one hundred dollars
8 (\$100.00). An applicant for a license for a spotter plane shall include in the
9 application the identity, either by boat or by company, of the specific commercial
10 fishing operations in which the spotter plane will be used during the license year. If,
11 during the course of the license year, the aircraft is used as a spotter plane in a
12 commercial fishing operation that is not identified in the original license application,
13 the owner or operator of the aircraft shall amend the license application to add the
14 identity of the additional commercial fishing operation.

15 (c) Unlawful Activity. -- It shall be unlawful to:

- 16 (1) Use a spotter plane directed at food fish, except in connection with
17 a purse seine operation authorized by a rule of the Commission.
18 (2) Use or permit the use of an unlicensed spotter plane or a licensed
19 spotter plane whose license application does not identify the
20 specific commercial fishing operation involved.
21 (3) Participate knowingly in a commercial fishing operation that uses
22 an unlicensed spotter plane or a licensed spotter plane whose
23 license application does not identify the specific commercial fishing
24 operation involved.

25 (d) Violation a Misdemeanor. -- A violation of subsection (c) of this section is a
26 Class 1 misdemeanor.

27 "§ 113-172. License agents.

28 (a) The Secretary shall designate license agents for the Department. At least one
29 license agent shall be designated for each county that contains or borders on coastal
30 fishing waters. The Secretary may designate additional license agents in any county if
31 the Secretary determines that additional agents are needed to provide efficient service
32 to the public. The Division and license agents designated by the Secretary under this
33 section shall issue licenses authorized under this Article in accordance with this
34 Article and the rules of the Commission. The Secretary shall require license agents
35 to enter into a contract that provides for their duties and compensation, post a bond,
36 and submit to reasonable inspections and audits. If a license agent violates any
37 provision of this Article, the rules of the Commission, or the terms of the contract,
38 the Secretary may initiate proceedings for the forfeiture of the license agent's bond
39 and may summarily suspend, revoke, or refuse to renew a designation as a license
40 agent and may impound or require the return of all licenses, moneys, record books,
41 reports, license forms and other documents, ledgers, and materials pertinent or
42 apparently pertinent to the license agency. The Secretary shall report evidence or
43 misuse of State property, including license fees, by a license agent to the State Bureau
44 of Investigation as provided by G.S. 114-15.1.

(b) License agents shall be compensated by adding a surcharge of one dollar (\$1.00) to each license sold and retaining the surcharge. If more than one license is listed on a consolidated license form, the license agent shall be compensated as if a single license were sold. It is unlawful for a license agent to add more than the surcharge authorized by this section to the fee for each license sold.

"§ 113-173. Recreational Commercial Gear License.

(a) License Required. -- Except as provided in subsection (j) of this section, it is unlawful for any person to take or attempt to take fish for recreational purposes by means of commercial fishing equipment or gear in coastal fishing waters without holding a RCGL. As used in this section, fish are taken for recreational purposes if the fish are not taken for the purpose of sale. The RCGL entitles the licensee to use authorized commercial gear to take fish for personal use subject to recreational quotas or limits.

(b) Sale of Fish Prohibited. -- It is unlawful for the holder of a RCGL or for a person who is exempt under subsection (k) of this section to sell fish taken under the RCGL or pursuant to the exemption.

(c) Authorized Commercial Gear. -- The Commission shall adopt rules authorizing the use of a limited amount of commercial fishing equipment or gear for recreational fishing under a RCGL. The Commission may authorize the limited use of commercial gear on a uniform basis in all coastal fishing waters or may vary the limited use of commercial gear within specified areas of the coastal fishing waters. The Commission shall periodically evaluate and revise the authorized use of commercial gear for recreational fishing. Authorized commercial gear shall be identified by visible colored tags or other means specified by the Commission in order to distinguish between commercial gear used in a commercial operation and commercial gear used for recreational purposes.

(d) Purchase; Renewal. -- A RCGL may be purchased at designated offices of the Division and from a license agent authorized under G.S. 113-172. A RCGL may be renewed by mail.

(e) Replacement RCGL. -- Upon receipt of a proper application and a two-dollar (\$2.00) replacement fee, the Division may issue a duplicate RCGL to replace an unexpired RCGL that has been lost or destroyed.

(f) Duration; Fees. -- The RCGL shall be valid for a one-year period from the date of purchase. The fee for a RCGL for a North Carolina resident shall be thirty-five dollars (\$35.00). The fee for a RCGL for an individual who is not a North Carolina resident shall be two hundred fifty dollars (\$250.00).

(g) RCGL Available for Inspection. -- It is unlawful for any person to engage in recreational fishing by means of restricted commercial gear in the State without having ready at hand for inspection a valid RCGL. A holder of a RCGL shall not refuse to exhibit the RCGL upon the request of an inspector or any other law enforcement officer authorized to enforce federal or State laws, regulations, or rules relating to marine fisheries.

(h) Assignment and Transfer Prohibited. -- A RCGL is not transferable. Except as provided in subsection (j) of this section, it is unlawful to buy, sell, lend, borrow,

1 assign, or otherwise transfer a RCGL, or to attempt to buy, sell, lend, borrow, assign,
2 or otherwise transfer a RCGL.

3 (i) Reporting Requirements. -- The holder of a RCGL shall comply with the
4 biological data sampling and survey programs of the Commission and the Division.

5 (j) Exemptions. --

6 (1) A person who is under 16 years of age may take fish for
7 recreational purposes by means of authorized commercial gear
8 without holding a RCGL if the person is accompanied by a parent,
9 grandparent, or guardian who holds a valid RCGL or if the person
10 has in the person's possession a valid RCGL issued to the person's
11 parent, grandparent, or guardian.

12 (2) A person may take crabs for recreational purposes by means of one
13 or more crab pots attached to the shore along privately owned land
14 or to a privately owned pier without holding a RCGL provided
15 that the crab pots are attached with the permission of the owner of
16 the land or pier.

17 (3) A person who is on a vessel may take fish for recreational purposes
18 by means of authorized commercial gear without holding a RCGL
19 if there is another person on the vessel who holds a valid RCGL.
20 This exemption does not authorize the use of commercial gear in
21 excess of that authorized for use by the person who holds the valid
22 RCGL or, if more than one person on the vessel holds a RCGL, in
23 excess of that authorized for use by those persons."

24 Section 5.2. (a) Definitions; Citations. The definitions set out in G.S.
25 113-168 apply to this section. A citation to a provision of the General Statutes in this
26 section means that provision of the General Statutes as enacted by this act.

27 (b) Transitional Provisions. In order to effect an orderly implementation
28 of this Part and the transition from the moratorium imposed by subsection (a) of
29 Section 3 of Chapter 576 of the 1993 Session Laws, Regular Session 1994, as
30 amended by Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session
31 1994; subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws; Section
32 7 of S.L. 1997-256; Section 3 of S.L. 1997-347; and Section 6.1 of this act, to the
33 licensing provision of Article 14A of Chapter 113 of the General Statutes, the
34 provisions of this section shall apply to the issuance of licenses under Article 14A of
35 Chapter 113 of the General Statutes until all Fishery Management Plans have been
36 adopted as required by G.S. 113-182.1 and G.S. 143B-289.22.

37 (c) Temporary Cap. There is hereby imposed a temporary cap on the
38 total number of SCFLs that the Division may issue. The temporary cap equals the
39 total number of endorsements to sell fish that establish eligibility for a SCFL under
40 subsection (g) of this section plus 500 additional SCFLs, authorized by subsection (d)
41 of this section.

42 (d) 1999-2000 License Year. For the 1999-2000 license year, the
43 Commission is authorized to issue SCFLs as provided in subsection (g) of this section

1 plus an additional 500 SCFLs using the procedure set out in subsection (h) of this
2 section.

3 (e) Subsequent License Years. For license years beginning with the
4 2000-01 license year, the Commission is authorized to issue SCFLs from the pool of
5 available SCFLs as provided in subsection (f) of this section using the procedure set
6 out in subsection (h) of this section.

7 (f) Adjustment of Number of SCFLs. The number of SCFLs in the pool
8 of available SCFLs in license years beginning with the 2000-01 license year is the
9 temporary cap less the number of SCFLs that are renewed. The Commission may
10 increase or decrease the number of SCFLs that are issued from the pool of available
11 SCFLs. The Commission may increase the number of SCFLs that are issued from
12 the pool of available SCFLs up to the temporary cap. The Commission may decrease
13 the number of SCFLs that are issued from the pool of available SCFLs but may not
14 refuse to renew a SCFL that is issued during the previous license year and that has
15 not been suspended or revoked. The Commission shall increase or decrease the
16 number of SCFLs that are issued to reflect its determination as to the effort that the
17 fishery can support, based on the best available scientific evidence.

18 (g) Eligibility for SCFL. Any person who holds a valid endorsement to
19 sell fish of a vessel license on 1 July 1999 is eligible to receive a SCFL. The Division
20 shall issue a SCFL to any person who is eligible under this subsection upon receipt of
21 an application and required fees. If the person held more than one endorsement to
22 sell fish, the person is eligible to receive a SCFL for each endorsement to sell
23 previously held. Eligibility to receive a SCFL under this subsection shall expire 1
24 July 2000.

25 (h) Procedure for Issuing Additional SCFLs. The Commission shall
26 determine a procedure for issuing the 500 additional SCFLs authorized by subsection
27 (d) of this section for the 1999-2000 license year and for issuing SCFLs from the pool
28 of available SCFLs authorized by subsection (e) of this section. The procedure shall
29 set a date on which the Division will begin receiving applications and a date on
30 which the determination by lot of which applicants will receive a SCFL will be made.
31 The Commission shall develop criteria for determining eligibility for a SCFL under
32 this subsection. Criteria shall include the past involvement of the applicant and the
33 applicant's family in commercial fishing; the extent to which the applicant has relied
34 on commercial fishing for the applicant's livelihood; the extent to which the applicant
35 has complied with federal and State laws, regulations, and rules relating to coastal
36 fishing and protection of the environment; and any other factors the Commission
37 determines to be relevant. The Division shall review each application for a SCFL
38 that it receives during the application period to determine whether the applicant is
39 eligible under the eligibility criteria established by the Commission. The Division
40 shall issue SCFLs under this subsection by lot. All applicants who are determined to
41 be eligible shall have an equal chance of being issued a SCFL.

42 Section 5.3. The Marine Fisheries Commission shall adopt rules
43 authorizing the use of a limited amount commercial gear for recreational fishing

1 under a Recreational Commercial Gear License, as required by G.S. 113-173, as
2 enacted by Section 5.1 of this act, on or before 1 July 1999.

3 Section 5.4. Article 14 of Chapter 113 of the General Statutes is
4 repealed.

5 Section 5.5. The Marine Fisheries Commission shall adopt a Fishery
6 Management Plan for the blue crab fishery in accordance with G.S. 143B-289.22, as
7 enacted by Section 2.1 of this act, and G.S. 113-182.1, as enacted by Section 3.4 of
8 this act, no later than 1 January 1999.

9 Section 5.6. The Revisor of Statutes shall set out Section 5.2 of this act as
10 a note to G.S. 113-168.2, as enacted by Section 5.1 of this act.

11 Section 5.7. G.S. 113-203(a)(2) reads as rewritten:

12 "(2) When the transplanting is done by a dealer in accordance with the
13 provisions of G.S. ~~113-158~~ 113-169.1(2) and implementing rules;
14 or".

15 Section 5.8. G.S. 113-154.1 reads as rewritten:

16 **"§ 113-154.1. Endorsement to sell fish.**

17 (a) Requirements. -- Except as otherwise provided in this section, it is unlawful for
18 any person who takes or lands any species of fish under the authority of the Marine
19 Fisheries Commission from coastal fishing waters by any means whatever, including
20 aquaculture operations, to sell, offer for sale, barter or exchange for merchandise
21 such fish, without having first procured a current and valid endorsement to sell fish.
22 It is unlawful for fish dealers to buy fish unless the seller presents a current and valid
23 vessel license with an endorsement to sell, or a separate endorsement to sell if no
24 vessel is involved, at the time of the transaction. Any subsequent sale of fish shall be
25 subject to the licensing requirements of fish dealers under G.S. 113-156.

26 (b) Fees. -- The annual fee for an endorsement to sell fish on a vessel license for a
27 resident of this State is set forth in G.S. 113-152(h). The annual fee for an
28 endorsement to sell fish when no vessel is involved for a resident of this State is
29 fifteen dollars (\$15.00) and for a nonresident of this State is one hundred dollars
30 (\$100.00) or an amount equal to the nonresident fee charged by the nonresident's
31 state, whichever is greater. The license shall be valid for the period July 1 through
32 June 30 of a given year.

33 (c) Non-Vessel Endorsement Format. -- The format of an endorsement when the
34 applicant is not seeking a vessel license shall include the name of the applicant, date
35 of birth, expiration date of the endorsement, and any other information the Division
36 deems necessary to accomplish the purposes of this Subchapter. The endorsement
37 shall be issued on a card made of hard plastic or metal capable of being used to make
38 imprints of the sale or transaction. An applicant who is applying for an endorsement
39 on a vessel license shall comply with G.S. 113-152.

40 (d) Application for Non-Vessel Endorsement. -- An application for issuance or
41 renewal of an endorsement to sell shall be filed with the Morehead City offices of the
42 Division of Marine Fisheries or license agents authorized to sell licenses under this
43 Article. An application shall be accompanied by the fee established in subsection (b)
44 of this section. Applications shall not be accepted from persons ineligible to hold a

1 license issued by the Marine Fisheries Commission, including any applicant whose
2 endorsement is suspended or revoked on the date of the application. The applicant
3 shall be provided with a copy of the application marked received. The copy shall
4 serve as the endorsement to sell, until the endorsement issued by the Division is
5 received or the Division determines that the applicant is ineligible to hold an
6 endorsement. In addition to the information required in subsection (c) of this section,
7 the applicant shall disclose on the application a valid address, and such other
8 information as the Division may require.

9 (e) Application for Replacement Non-Vessel Endorsement to Sell. -- A
10 replacement endorsement shall only be obtained from the Morehead City offices of
11 the Division of Marine Fisheries. The Division shall not accept an application for a
12 replacement endorsement unless the Division determines that the applicant's current
13 license has not been suspended or revoked. A copy of an application duly filed with
14 the Division shall serve as the endorsement until the replacement license has been
15 received.

16 (f) Sale of Fish. -- It is unlawful for any person licensed under this section to sell
17 fish taken outside the territorial waters of North Carolina or to sell fish taken from
18 coastal fishing waters except to:

- 19 (1) Fish dealers licensed under G.S. 113-156; or
20 (2) The public, if the seller is also licensed as a fish dealer under G.S.
21 113-156.

22 (g) Recordkeeping Requirements. -- The fish dealer shall record each transaction
23 on a form provided by the Department. The transaction form shall include the
24 information on the endorsement to sell of the seller, the quantity of the fish, the
25 identity of the fish dealer, and such other information as the Division deems
26 necessary to accomplish the purposes of this Subchapter. The person who records the
27 transaction shall provide a completed copy of the transaction form to the
28 Department, and to the other party of the transaction. The Department copy of each
29 transaction from the preceding month shall be transmitted to the Department by the
30 fish dealer on or before the tenth day of the following month.

31 (h) Non-Vessel Endorsement to Sell Nontransferable. -- ~~At~~ A non-vessel
32 endorsement to sell fish issued under this section is nontransferable. It is unlawful to
33 use ~~an a non-vessel~~ endorsement to sell issued to another person in the sale or
34 attempted sale of fish or for a licensee to lend or transfer a license to sell with the
35 following two exceptions: (i) an individual under the age of 16 may sell fish under the
36 license of a relative or guardian; or (ii) a license may be transferred within a single
37 fishing operation if the person to whom it is transferred is a U.S. citizen. It is
38 unlawful for a licensee to lend or transfer a license to sell for the purpose of
39 circumventing the requirements of this section.

40 (h1) Transfer of Endorsement to Sell Fish on a Vessel License; Limitation on Use
41 of Endorsement to Sell Fish on a Vessel License by Other Persons. -- A valid
42 endorsement to sell fish on a vessel license may be transferred with the vessel license
43 when the vessel license is transferred by the vessel licensee to (i) another vessel
44 purchased by the vessel licensee or (ii) a vessel that is purchased by another person

1 who is otherwise qualified to hold the vessel license and endorsement under this
2 Article. Upon application to the Morehead City office of the Division of Marine
3 Fisheries by a vessel licensee who is eligible to transfer an endorsement to sell fish on
4 a vessel license under this subsection, the Division shall transfer the endorsement to
5 sell fish on the vessel license. It is unlawful to use an endorsement to sell fish on a
6 vessel license issued to another person in the sale or attempted sale of fish or for the
7 holder of an endorsement to sell fish on a vessel license to allow fish to be sold under
8 the endorsement by any other person except that a person:

9 (1) Under the age of 16 may sell fish under the endorsement to sell
10 fish on a vessel license of a relative or guardian.

11 (2) May sell fish that are taken in a fishing operation in which that
12 person and the holder of the endorsement both participated.

13 (i) (See note) Penalties. -- Any person who violates any provision of this section or
14 any rule by the Marine Fisheries Commission to implement this section is guilty of a
15 misdemeanor.

16 (1) A violation of subsections (a), (f), or (h) or a rule of the Marine
17 Fisheries Commission implementing any of those subsections is
18 punishable as follows:

19 a. For a first conviction or a subsequent conviction not
20 described in subdivision (1)b. or c., a violation is a Class 3
21 misdemeanor. A fine shall be imposed of not less than fifty
22 dollars (\$50.00) or double the value of the fish which are
23 the subject of the transaction, whichever is greater, not to
24 exceed two hundred fifty dollars (\$250.00).

25 b. For a second conviction within three years, a violation is a
26 Class 2 misdemeanor. A fine shall be imposed of not less
27 than two hundred fifty dollars (\$250.00) or double the value
28 of the fish which are the subject of the transaction,
29 whichever is greater, not to exceed five hundred dollars
30 (\$500.00).

31 c. For a third or subsequent conviction within three years, a
32 violation is a Class 2 misdemeanor. A fine shall be imposed
33 of not less than five hundred dollars (\$500.00) or double the
34 value of the fish which are the subject of the transaction,
35 whichever is greater.

36 (2) A violation of any other provision of this section other than
37 subsections (a), (f), or (h), or of any rule of the Marine Fisheries
38 Commission other than a rule implementing subsections (a), (f), or
39 (h) of this section, is punishable under G.S. 113-135(a).

40 (j) Use of Fees. -- Fees paid under G.S. 113-152(h) or G.S. 113-154.1 for an
41 endorsement to sell fish shall be applied to the cost of a fisheries data information
42 system that compiles fisheries data obtained from the endorsement program
43 established by G.S. 113-152 and this section or to marine fisheries programs or

1 research projects that enhance knowledge and use of marine and estuarine
2 resources."

3

4 **PART VI. MORATORIUM EXTENSION; MISCELLANEOUS PROVISIONS;**
5 **EFFECTIVE DATES**

6

7 Section 6.1. Subsection (a) of Section 3 of Chapter 576 of the 1993
8 Session Laws, Regular Session 1994, as amended by Section 3 of Chapter 675 of the
9 1993 Session Laws, Regular Session 1994; subsection (a) of Section 26.5 of Chapter
10 507 of the 1995 Session Laws; Section 7 of S.L. 1997-256; and Section 3 of S.L.
11 1997-347, reads as rewritten:

12 "(a) Except as provided in subsections (b), (c), (c1), or (c2) of this section, the
13 Department shall not issue any new licenses for a period beginning 1 July 1, 1994,
14 1994 and ending August 15, 1997 1 July 1999 under the following statutes:

- 15 (1) G.S. 113-152. ~~Vessel licenses.~~ Consolidated license for vessels,
16 equipment, and operations; fees.
17 (2) G.S. 113-153.1. ~~Crab license.~~ License.
18 (3) G.S. 113-154. ~~Shellfish license license.~~
19 (4) G.S. 113-154.1. ~~Nonvessel endorsements to sell fish.~~ Endorsement
20 to sell fish."

21 Section 6.2. The moratorium imposed by subdivision (4) of subsection
22 (a) of Section 3 of Chapter 576 of the 1993 Session Laws, Regular Session 1994, as
23 amended by Section 3 of Chapter 675 of the 1993 Session Laws, Regular Session
24 1994; subsection (a) of Section 26.5 of Chapter 507 of the 1995 Session Laws; Section
25 7 of S.L. 1997-256; Section 3 of S.L. 1997-347; and Section 6.1 of this act on
26 nonvessel endorsements to sell fish applies also to endorsements to sell fish on vessel
27 licenses.

28 Section 6.3. (a) Part 5A of Article 7 of Chapter 143B of the General
29 Statutes is repealed, except that G.S. 143B-289.19 is not repealed but is recodified as
30 G.S. 143B-289.40 within Part 5C of Article 7 of Chapter 143B of the General Statutes
31 and reads as rewritten:

32 "~~§ 143B-289.19. 143B-289.40. Office of Marine Affairs -- creation.~~

33 ~~There The Office of Marine Affairs~~ is created in the Department of ~~Administration~~
34 ~~the Office of Marine Affairs. Environment, Health, and Natural Resources."~~

35 (b) Part 5B of Article 7 of Chapter 143B of the General Statutes (G.S.
36 143B-289.20 through G.S. 143B-289.23), as amended by Sections 3 through 5 of S.L.
37 1997-286, is recodified as Part 5C of Article 7 of Chapter 143B of the General
38 Statutes (G.S. 143B-289.41 through G.S. 143B-289.44).

39 (c) G.S. 143B-289.40(a)(1b)g., as recodified by subsection (a) of this
40 section, reads as rewritten:

41 "g. Create local advisory committees in accordance with the
42 provisions of G.S. ~~143B-289.22. 143B-289.42."~~

43 (d) G.S. 143B-289.43, as recodified by subsection (a) of this section and
44 as amended by Section 4 of S.L. 1997-286, reads as rewritten:

1 "§ 143B-289.43. Local advisory committees; duties; membership.

2 Local advisory committees created pursuant to G.S. ~~143B-289.20(a)(1b)~~
3 143B-289.41(a)(1b) shall assist each North Carolina Aquarium in its efforts to
4 establish projects and programs and to assure adequate citizen-consumer input into
5 those efforts. Members of these committees shall be appointed by the Secretary of
6 Environment, Health, and Natural Resources for three-year terms from nominations
7 made by the Director of the Office of Marine Affairs. Each committee shall select
8 one of its members to serve as chairperson. Members of the committees shall serve
9 without compensation for services or expenses."

10 (e) Section 2 of S.L. 1997-286 is repealed.

11 Section 6.4. The records, personnel, property, unexpended balances of
12 appropriations, allocations, and other funds, including the functions of budgeting and
13 purchasing, heretofore vested in the Marine Fisheries Commission created under Part
14 5A of Article 7 of Chapter 143B of the General Statutes, repealed by Section 6.3 of
15 this act, are transferred to the Marine Fisheries Commission created under Part 5B of
16 Article 7 of Chapter 143B of the General Statutes, as enacted by Section 2.1 of this
17 act. All rules, decisions, and actions, heretofore adopted, made, or taken by the
18 Marine Fisheries Commission created under Part 5 of Article 7 of Chapter 143B of
19 the General Statutes, repealed by Section 1 of Chapter 641 of the 1987 Session Laws,
20 and all rules, decisions, and actions, heretofore adopted, made, or taken by the
21 Marine Fisheries Commission created under Part 5A of Article 7 of Chapter 143B of
22 the General Statutes, repealed by Section 6.3 of this act, that have not been
23 heretofore repealed or rescinded shall continue in effect until repealed or rescinded
24 by the Marine Fisheries Commission created under Part 5B of Article 7 of Chapter
25 143B of the General Statutes, as enacted by Section 2.1 of this act.

26 Section 6.5. In order to establish a schedule of staggered terms of three
27 years for the Marine Fisheries Commission, the terms of members of the Commission
28 initially filling positions established by subdivisions (1), (2), and (3) of subsection (a)
29 of G.S. 143B-289.24, as enacted by Section 2.1 of this act, shall begin on the date the
30 member is appointed and duly qualified and shall expire on 30 June 2001; the terms
31 of members of the Commission initially filling positions established by subdivisions
32 (4), (5), and (6) of subsection (a) of G.S. 143B-289.24, as enacted by Section 2.1 of
33 this act, shall begin on the date the member is appointed and duly qualified and shall
34 expire on 30 June 2000; the terms of members of the Commission initially filling
35 positions established by subdivisions (7), (8), and (9) of subsection (a) of G.S.
36 143B-289.24, as enacted by Section 2.1 of this act, shall begin on the date the member
37 is appointed and duly qualified and shall expire on 30 June 1999.

38 Section 6.6. G.S. 113-182(b) reads as rewritten:

39 "(b) The Marine Fisheries Commission is authorized to authorize, regulate,
40 prohibit, prescribe, or restrict and the Department is authorized to license:

41 (1) The opening and closing of coastal fishing waters, except as to
42 inland game fish, whether entirely or only as to the taking of
43 particular classes of fish, use of particular equipment, or as to other
44 activities within the jurisdiction of the Department; and

(2) The possession, cultivation, transportation, importation, exportation, sale, purchase, acquisition, and disposition of all marine and estuarine resources and all related equipment, implements, vessels, and conveyances as necessary to implement the work of the Department in carrying out its duties.

(3) The possession, transportation, importation, exportation, sale, purchase, acquisition, and disposition of all fish taken in the Atlantic Ocean out to a distance of 200 miles from the State's mean low watermark, consistent with the Magnuson Fishery Conservation and Management Act, 16 U.S.C. § 1801, et seq., as amended. ~~when the harvest or landing of the fish is controlled by a quota imposed on the State by a federal fisheries management plan."~~

Section 6.7. G.S. 113-190, as enacted by Section 2 of Chapter 633 of the 1995 Session Laws (1996 Regular Session), is recodified as G.S. 113-200.

Section 6.8. The Revisor of Statutes shall set out Section 6.4 of this act as a note to G.S. 143B-289.21, as enacted by Section 2.1 of this act.

Section 6.9. All of the Coastal Habitat Protection Plans required by G.S. 143B-279.8, as enacted by Section 3.1 of this act, shall be adopted no later than 1 July 2003. The Coastal Resources Commission, the Environmental Management Commission, and the Marine Fisheries Commission shall make the first report on progress in developing and implementing Coastal Habitat Protection Plans, as required by G.S. 143B-279.8(e), as enacted by Section 3.1 of this act, on or before 1 September 1999. The Secretary of Environment, Health, and Natural Resources shall make the first report on progress in developing and implementing Fishery Management Plans, as required by G.S. 113-182.1(f), as enacted by Section 3.4 of this act, on or before 1 September 1999.

Section 6.10. Unless otherwise expressly provided, every agency to which this act applies shall adopt rules to implement the provisions of this act only in accordance with the provisions of Chapter 150B of the General Statutes. This act constitutes a recent act of the General Assembly within the meaning of G.S. 150B-21.1. Every agency to which this act applies that is authorized to adopt rules to implement the provisions of this act may adopt temporary rules to implement the provisions of this act. The Marine Fisheries Commission is authorized to adopt rules, including temporary rules, to implement the provisions of Section 5.1 of this act. These implementing rules may be made effective no earlier than 1 April 1999. Beginning 1 April 1999, the Division of Marine Fisheries may prepare forms and sell licenses based on these implementing rules so as to effect an orderly implementation of Part V of this act. This section shall continue in effect until all rules necessary to implement the provisions of this act have become effective as either temporary rules or permanent rules.

Section 6.11. The Cochairs of the Joint Legislative Commission on Seafood and Aquaculture shall appoint an Advisory Committee to the Commission. The Advisory Committee shall be composed of persons who represent the broad

1 range of interests involved in marine fisheries issues as determined by the Cochair.
2 The Cochair of the Joint Legislative Commission on Seafood and Aquaculture shall
3 designate a member or members of the Commission to serve as Chair or Cochair of
4 the Advisory Committee. The Advisory Committee shall meet as determined by the
5 Cochair of the Commission and, under the direction of the Cochair of the
6 Commission, shall assist the Commission in the development of recommendations on
7 issues related to marine fisheries, including the issues to be studied by the
8 Commission pursuant to Part I of this act.

9 Section 6.12. The headings to the Parts of this act are a convenience to
10 the reader and are for reference only. The headings do not expand, limit, or define
11 the text of this act.

12 Section 6.13. If any section or provision of this act is declared
13 unconstitutional or invalid by the courts, the unconstitutional or invalid section or
14 provision does not affect the validity of this act as a whole or any part of this act
15 other than the part declared to be unconstitutional or invalid.

16 Section 6.14. Section 3 of Chapter 547 of the 1995 Session Laws, Regular
17 Session 1996, as amended by subsection (b) of Section 1 of Chapter 633 of the 1995
18 Session Laws, Regular Session 1996, and Section 27.33 of Chapter 18 of the 1996
19 Session Laws, Second Extra Session, Section 12 of S.L. 1997-256, and Section 8 of
20 S.L. 1997-347, reads as rewritten:

21 "Sec. 3. Notwithstanding G.S. 113-202, a moratorium on new shellfish cultivation
22 leases shall be imposed in the remaining area of Core Sound not described in Section
23 1 of this act. During the moratorium, a comprehensive study of the shellfish lease
24 program shall be conducted. The moratorium established under this section covers
25 that part of Core Sound bounded by a line beginning at a point on Cedar Island at
26 35°00'39"N - 76°17'48"W, thence 109°(M) to a point in Core Sound 35°00'00"N -
27 76°12'42"W, thence 229°(M) to Marker No. 37 located 0.9 miles off Bells Point at
28 34°43'30"N - 76°29'00"W, thence 207°(M) to the Cape Lookout Lighthouse at
29 34°37'24"N - 76°31'30"W, thence 12°(M) to a point at Marshallberg at 34°43'07"N -
30 76°31'12"W, thence following the shoreline in a northerly direction to the point of
31 beginning except that the highway bridges at Salters Creek, Thorofare Bay, and the
32 Rumley Bay ditch shall be considered shoreline. The moratorium shall expire
33 ~~August 15, 1997.~~ 1 July 1998."

34 Section 6.15. Sections 1.1, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 5.5, 5.6, 5.8, 6.2, 6.7,
35 6.10, 6.11, 6.12, 6.13, and 6.15 of this act are effective when this act becomes law.
36 Sections 2.1, 4.4, 5.3, 6.3, 6.4, 6.5, 6.6, and 6.8 of this act become effective 1
37 September 1997. Sections 4.1, 4.2, and 4.3 of this act become effective 1 September
38 1997 and apply to violations and offenses on or after 1 September 1997. Section 1.2
39 of this act is effective retroactively as of 1 March 1997. Sections 6.1 and 6.14 of this
40 act become effective 15 August 1997. Sections 3.1, 3.2, 3.3, 3.4, 3.5, and 6.9 of this
41 act become effective 1 July 1998. Sections 2.2, 5.1, 5.2, 5.4, and 5.7 of this act
42 become effective 1 July 1999. Section 4.5 of this act becomes effective 1 July 1999
43 and applies to violations and offenses on or after 1 July 1999. Sections 5.1 and 5.2 of
44 this act expire 1 September 2003.

**PROPOSED SENATE APPROPRIATIONS COMMITTEE
CHANGES TO
HB 1097, 7th EDITION -
FISHERIES REFORM ACT - 2**

*Jeff
Hudson*

August 6, 1997

(The proposed Senate committee substitute incorporates technical and conforming changes suggested by the Attorney General's Office.)

The proposed Senate committee substitute:

- Requires the Joint Legislative Commission on Seafood and Aquaculture to study:
 - Whether a limited shellfish license or an exemption from shellfish license requirements should be established to allow students under the age of 18 to take and sell shellfish during summer months;
 - The procedures and rules used by the License Appeals Panel. Also, requires the License Appeals Panel to submit a detailed summary of its activities to Seafood and Aquaculture.
- Removes the authority of the Secretary of Environment, Health, and Natural Resources to issue a proclamation prohibiting the taking of fish when the Division of Marine Fisheries has failed to develop or the Marine Fisheries Commission has failed to adopt a Fishery Management Plan in compliance with the Schedule.
- Removes the provision allowing persons under 18 years of age to take and sell shellfish during the summer months without holding applicable licenses. Retains current law allowing persons under 16 years of age to take shellfish if they are accompanied by a licensed parent or guardian or possess a parent's or guardian's shellfish license.
- Moratorium on Endorsements to Sell becomes effective when the act becomes law.
- Requires, unless otherwise expressly provided, every agency to which this act applies to adopt rules to implement the provisions of this act in accordance with Chapter 150B (APA).
- Authorizes the Marine Fisheries Commission to adopt rules to implement the licensing provisions of this act prior to July 1, 1999. The Commission may not implement these rules prior to April 1, 1999.

- Requires the Cochair of the Joint Legislative Commission on Seafood and Aquaculture to appoint an Advisory Committee to aid the Commission in the development of recommendations on issues related to marine fisheries.
- Crab license:
 - Extends the moratorium on crab licenses through July 1, 1999 rather than July 1, 2000;
 - Requires Marine Fisheries Commission to adopt the blue crab Fishery Management Plan by January 1, 1999 rather than January 1, 2000;
 - Makes conforming changes to other crab license provisions.
- Technical and Conforming Changes
 - Makes technical changes to cross-references in Marine Fisheries Commission powers and duties;
 - Makes technical changes to cross-references in the unlawful sale or purchase of fish statute;
 - Makes technical changes to the moratorium extension provisions;
 - Makes technical changes to the Endorsement to Sell transferability provision;
 - Makes other technical and conforming changes.



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August 6, 1997

MEMORANDUM

To: Senate Appropriations Committee

From: Jeff Hudson, Committee Counsel
Mary Beach Shuping, Administrative Assistant

Re: **House Bill 1097, 7th edition - Fisheries Reform Act-2**

WHEREAS CLAUSES

The General Assembly recognizes

- The State of North Carolina has one of the most diverse fisheries in the United States;
- That commercial fishermen perform an essential function by providing wholesome food for the citizens of the State and thereby properly earn a livelihood;
- The economic contribution and important heritage of commercial fishing;
- That for many citizens, fishing is an important recreational activity and that recreational fishing is a source of great personal enjoyment and satisfaction;
- The importance of plentiful fisheries resources to maintain and enhance tourism in the State; and
- The need to protect our coastal fisheries resources and to balance commercial and recreational interests.

PART I. SHORT TITLE; PERFORMANCE AUDIT; STUDIES

Section 1.1 entitles this act the Fisheries Reform Act of 1997.

Section 1.2 directs the State Auditor to conduct a performance audit of the Division of Marine Fisheries (Division) and to assess the capacity of the Division of Marine Fisheries to effectively implement the licensing provisions (Part V) of this act. This section directs that the State Auditor report to the Joint Legislative Commission on Seafood and Aquaculture (Seafood and Aquaculture) by February 1, 1998, and directs Seafood and Aquaculture to review the performance audit and make a specific recommendation to the 1998 General Assembly as to whether or not the licensing provisions of this act should be implemented.

Section 1.3 directs Seafood and Aquaculture to determine if and how a recreational saltwater fishing license should be implemented and report to the 1998 Regular Session of the General Assembly.

Section 1.4 directs Seafood and Aquaculture to study whether a crew license should be established and report to the 1998 Regular Session of the General Assembly.

Section 1.5 directs Seafood and Aquaculture to develop a comprehensive approach for the enhancement and management of shellfish resources and report to the 1998 Regular Session of the General Assembly.

Effective Date: Audit is effective retroactively to March 1, 1997; studies effective when the act becomes law

PART II. MARINE FISHERIES COMMISSION

(Note: Current Marine Fisheries Commission (MFC) is repealed in Section 6.3(a) of this act.)

Section 2.1 amends Article 7 of Chapter 143B by adding a new Part entitled "Part 5B. Marine Fisheries Commission. This section:

- Reduces Marine Fisheries Commission (MFC) from 17 to 9 members comprised of:
 - two persons actively engaged in, or recently retired from, commercial fishing;
 - one person actively connected with, and experienced as, a licensed fish dealer or seafood processor;
 - two persons actively engaged in recreational sports fishing;
 - one person actively engaged in the sports fishing industry;
 - two persons having general knowledge of and experience related to subjects and persons regulated by the MFC; and,
 - one person who is a fisheries scientist.
- Provides that appointments are to be made by the Governor;
- Provides that at least 5 members must be residents of a coastal region of the State;
- Strengthens ethical standards;
- Establishes 4 standing advisory committees (Finfish Committee; Crustacean Committee; Shellfish Committee; Habitat & Water Quality Committee) comprised of commercial and recreational fishermen, scientists, and other experts. This section also establishes 4 regional advisory committees representing the different regions of the State; and
- Authorizes the MFC to act as an appellate body for civil penalty assessments and clarifies that unless otherwise provided, the MFC has the final decision making authority for contested cases within its jurisdiction.

Effective Date: Sept. 1, 1997

PART III. COASTAL HABITAT PROTECTION PLANS; FISHERY MANAGEMENT PLANS

Coastal Habitat Protection Plans (CHPPs)

Section 3.1 amends Chapter 143B by adding a new section, G.S. 143B-279.8 that directs DEHNR to coordinate the preparation of draft Coastal Habitat Protection Plans (CHPPs) for critical fisheries habitats. The goal of the Plans will be the long-term enhancement of coastal fisheries. A CHPP shall: (i) describe and classify biological systems in habitats; (ii) evaluate the function, value to coastal fisheries, status, and trends of habitats; (iii) identify existing and potential threats to habitats and impacts on coastal fishing; and (iv) make recommendations to protect and restore critical fisheries habitats. Once a draft CHPP has been prepared, the MFC, Environmental Management Commission (EMC), and Coastal

Resources Commission (CRC) must appoint a six-member review committee to review and revise the draft CHPP. The CHPP will then be submitted to each commission to consider for adoption. The commissions may appoint a six-member conference committee to facilitate the resolution of any aspect of a CHPP on which they cannot agree. The final CHPP will consist of the provisions concurrently agreed upon by all three commissions. Each CHPP must be reviewed and revised at least once every five years. Each commission must, to the maximum extent practicable, ensure that its actions are consistent with the CHPPs and must provide a written explanation of any action it takes that is inconsistent with a CHPP. Any rules adopted to implement the CHPPs must be done in accordance with the APA. The three commissions must report annually to the ERC and Seafood and Aquaculture on progress and implementation of CHPPs. The SEHNR must report to the ERC and Seafood and Aquaculture within 30 days of the completion, or substantial revision of the CHPPs, and the ERC and Seafood and Aquaculture have 30 days to concurrently review and comment.

Sections 2.1, 3.2, and 3.3 direct the MFC, EMC, and the CRC to adopt CHPPs.

Section 6.8 requires that the CHPPs be adopted by July 1, 2003.

Effective Date: July 1, 1998.

Fishery Management Plans

Section 3.4 amends Chapter 113 by adding a new section, G.S. 113-182.1 that directs DEHNR to prepare proposed Fishery Management Plans (FMPs) for all commercially or recreationally significant species or fisheries that comprise State marine or estuarine resources. The FMPs are to be developed in accordance with a Priority List, Schedule, and guidance criteria established by MFC. The FMPs must incorporate fishery habitat and water quality considerations consistent with CHPPs, recommend management actions, and conservation and management measures. Any rules adopted to implement a FMP must be done in accordance with the APA. This section provides that Advisory Councils composed of experts on each particular fishery will assist in the development of the FMPs, and that the Secretary of Environment, Health and Natural Resources (SEHNR) will monitor progress of development and adoption of FMPs and will report annually to the ERC and Seafood and Aquaculture on this progress. This section also requires that the SEHNR report to Seafood and Aquaculture and the ERC within 30 days of the completion or substantial revision of the FMPs and gives Seafood and Aquaculture and the ERC 30 days to concurrently review and comment. Finally, this section authorizes the SEHNR to issue a proclamation prohibiting the taking of certain fisheries resources if there is a failure to complete the FMP according to the Schedule.

Section 3.5 amends G.S. 113-129, Definitions relating to resources, to add definitions for "optimal yield" and "overfishing or overfished".

Section 2.1 directs the MFC to establish a Priority List, schedule, and guidance criteria for FMPs.

Effective Date: July. 1, 1998.

PART IV. MARINE FISHERIES LAW ENFORCEMENT

Section 4.1 amends G.S. 113-187 to increase the penalties for violation of general fisheries laws.

Section 4.2 adds G.S. 113-190 to increase the penalties for the unlawful sale or purchase of fish. This section also authorizes the SEHNR to assess a civil penalty up to \$10,000 for illegal sale or purchase of fish.

Section 4.3 amends G.S. 113-221(e) to authorize the Fisheries Director to determine, on a case-by-case basis and in the Director's sole discretion, that a proclamation did not apply to a licensee who was without notice due to an act of God or unforeseeable circumstance.

Section 4.4 directs the MFC to develop a Violations Points System and implementation schedule and report to Seafood and Aquaculture by July 1, 1999 on the development of the Violation Points System and the implementation schedule.

Effective Date: Sept. 1, 1997; provisions apply to violations and offenses on or after September 1, 1997.

PART V. COMMERCIAL FISHING LICENSES; TRANSITIONAL PROVISIONS

Standard Commercial Fishing License (SCFL)

Section 5.1 establishes Article 14A of G.S. 113 to be entitled the Coastal and Estuarine Commercial Fishing Licenses which establishes SCFLs as follows:

- Entitles holder to sell fish;
- Fees: \$200 for residents; \$800 for nonresidents or the amount charged to a NC resident in the nonresident's state, whichever is less, however, a nonresident's fee may never be less than \$200;
- Assignability - SCFL is assignable. Vessel endorsements may be assigned independently of SCFL to another SCFL holder;
- Transferability - SCFLs may be transferred under certain circumstances to a member of the SCFL holder's estate; a third-party purchaser of the SCFL holder's fishing vessel; or as authorized by MFC; and
- Vessel endorsement required for an additional fee based on length of vessel.

Other commercial fishing licenses

Section 5.1 also provides for the following:

- Retired SCFL available to persons 65 and older for an annual fee of \$100 for residents; \$800 for nonresidents or the amount charged to a NC resident in the nonresidents state, however, a nonresident's fee may never be less than \$100;
- Shellfish license for NC residents not holding a SCFL available for \$25; and
- Fish dealer license available for various fees.

Section 5.2 establishes provisions to implement Section 5.1. These transitional provisions apply to the issuance of fishing licenses until all FMPs have been adopted. These provisions provide for the following:

- Eligibility - SCFLs are available to any person who holds an endorsement to sell on July 1, 1999;
- Flexibility for new entrants - 500 SCFLs will be available for distribution by lot for persons not otherwise eligible for a SCFL;

- Establishment of a temporary cap on the total number of SCFLs the MFC may issue. The temporary cap is equal to the total number of endorsements to sell that establish eligibility for a SCFL plus an additional 500 SCFLs for new entrants;
- For the 1999-2000 license year, the MFC is authorized to:
 - issue an SCFL to any person who held a valid endorsement to sell fish prior to July 1, 1999; and
 - distribute an additional 500 SCFLs by lot.

For subsequent license years, the MFC is authorized to issue licenses from the pool of available SCFLs. (The pool of available SCFLs is the temporary cap less the number of SCFLs renewed from the previous license year.)

Effective Date: July 1, 1999.

Recreational Commercial Gear License (RCGL)

Section 5.1 also establishes a Recreational Commercial Gear License (RCGL) as follows:

- RCGL holder may use limited amounts of commercial gear;
- License holder is not entitled to sell fish; and
- Fees: \$35 for residents; \$250 for nonresidents.

Section 5.3 directs the MFC to adopt rules authorizing the use of a limited amount of commercial gear for recreational fishing by July 1, 1999.

Effective Date: July 1, 1999

Sections 5.4, 5.5, 5.6, 5.7 and 6.2 govern the taking of crabs by:

- Retaining the current crab license;
- Extending the moratorium on the issuance of crab licenses until July 1, 2000;
- Directing the MFC to adopt a blue crab FMP by January 1, 2000; and
- Providing that only those persons currently holding crab licenses may take crabs.

Section 5.10 makes the Endorsement to Sell transferable to the purchaser of a vessel.

Section 5.11 provides that persons under the age of 18 may take and sell shellfish during the period from May 15 through September 1 of each year without holding a shellfish license and an endorsement to sell fish.

PART VI. MORATORIUM EXTENSION; MISCELLANEOUS PROVISIONS; EFFECTIVE DATE.

Section 6.1 extends moratorium on issuance of licenses from July 31, 1997, to July 1, 1999 and alters the moratorium on licenses to include all Endorsements to Sell (vessel and non-vessel); effective July 31, 1997.

Section 6.3 recodifies G.S. 143B-289.19 to G.S. 143B-289.40 and makes technical and clarifying changes.

Section 6.4 transfers all records personnel, property, unexpended funds and functions from the current Marine Fisheries Commission to the Marine Fisheries Commission established by this act.

Section 6.5 establishes staggered terms for members of the MFC.

Section 6.6 authorizes the MFC to regulate NC fisheries consistent with federal law.

Section 6.7 recodifies G.S. 113-190 to G.S. 113-200.

Section 6.8 requires that the CHPPs be adopted by July 1, 2003.

Section 6.9 directs Seafood and Aquaculture to study the establishment of a comprehensive State program to acquire, preserve, and restore habitats critical to marine and estuarine fisheries. Seafood and Aquaculture will report its findings and recommendations, if any, to the 1998 Regular Session of the General Assembly.

Section 6.10 clarifies that this act constitutes a recent act of the General Assembly pursuant the G.S. 150B (APA), and therefore, agencies are authorized to adopt temporary rules to implement the provisions of this act. This section will continue to be in effect until all rules necessary to implement this act have been adopted as temporary or permanent rules.

Section 6.11 authorizes the MFC to adopt temporary rules to comply with fisheries management plans adopted by an interstate fisheries management council.

Section 6.12 Part Headings as convenience for reader only.

Section 6.13 Severability Clause.

Section 6.14 extends the moratorium on new shellfish cultivation leases in a portion of Core Sound from August 1, 1997 to July 1, 1998; effective August 1, 1997.

Section 6.15 Effective Dates.



Page 6, -

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1097

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)
Page 1 of 8

H1097V7-ART/SB-050.05 PCSA412

Date _____, 1997

Comm. Sub. [YES]
Amends Title [NO]
Seventh Edition PCSA412

Senator Horton

1 moves to amend the bill on page 39, between lines 23 and 24,
2 by inserting:

3
4 "§ 113-174. Coastal Recreational Fishing License.

5 (a) License Required. -- Except as otherwise provided in this
6 Article, it is unlawful for any person to take or attempt to take
7 fish by means of commercial fishing equipment or gear or by any
8 other means for recreational purposes in the coastal fishing waters
9 of the State without holding a CRFL. Fish are taken for
10 recreational purposes if the fish are taken for personal use and are
11 not sold to another person.

12 (b) Sale or Fish Prohibited. -- It is unlawful for the holder of
13 a CRFL or for a person who is exempt under subsection (h) of this
14 section to sell fish taken under the CRFL or pursuant to the
15 exemption.

16 (c) Purchase and Renewal. -- A CRFL may be purchased or renewed
17 at designated offices of the Division, by mail, or through a license
18 agent authorized under G.S. 113-172.

19 (d) Replacement CRFL. -- Upon receipt of a proper application and
20 a two dollar (\$2.00) replacement fee, the Division may issue a
21 duplicate CRFL to replace an unexpired CRFL has been lost or
22 destroyed.

23 (e) CRFL Available for Inspection. -- It is unlawful for any
24 person to engage in recreational fishing in the State without having
25 a valid CRFL. A holder of a CRFL shall not refuse to exhibit the
26 CRFL upon the request of an inspector or any other law enforcement
27 officer authorized to enforce federal or State laws, regulations, or
28 rules relating to marine fisheries.

29 (f) Assignment and Transfer Prohibited. -- A CRFL is not
30 transferable. Except as provided in subsection (i) of this section,
31 it is unlawful to buy, sell, lend, borrow, assign, or otherwise
32 transfer a CRFL or to attempt to buy, sell, lend, borrow, assign, or
33 otherwise transfer a CRFL.



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1 (g) Reporting Requirements. -- The holder of a CRFL shall comply
2 with the biological data sampling and survey programs of the
3 Commission and the Division.

4 (h) Types of CRFLs; Fees: Duration. -- The Division shall issue
5 the following CRFLs:

6 (1) Standard CRFL. -- \$15.00. This license shall be valid
7 for a period of one year.

8 (2) One Week CRFL. -- \$5.00. This license shall be valid
9 for a period of seven days.

10 (3) One Day CRFL. -- \$1.00. This license shall be valid
11 for a period of 24 hours.

12 (4) Lifetime CRFL. -- This license shall be valid for
13 the lifetime of the licensee. The fee for the
14 Lifetime CRFL, based on the age of the prospective
15 licensee as of the date on which the application is
16 filed with the Division or a license agent
17 authorized under G.S. 113-172, shall be:

18 a. Younger than 6 years of age \$100.00

19 b. Between 6 and 11 years of age \$150.00

20 c. Between 11 and 17 years of age \$200.00

21 d. Between 17 and 65 years of age \$250.00

22 e. 65 years of age or older \$10.00.

23 (5) Special User Lifetime CRFL. -- Applicants for a license
24 under this subdivision shall provide documentation to the
25 Division to demonstrate that the applicant is a member of the
26 particular license class. These licenses shall be valid for the
27 lifetime of the licensee and shall be available as follows:

28 a. Handicapped or disabled persons \$10.00

29 b. Disabled veterans \$10.00

30 A license shall be issued under
31 this sub-subdivision only to an
32 individual who is a fifty percent
33 (50%) or more disabled war
34 veteran as determined by the
35 United States Department of
36 Veterans Affairs.

37 d. Legally blind persons No charge

38 e. Subsistence fishers No charge.

39 A license shall be issued under
40 this sub-subdivision only to an



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- 1 individual who takes fish solely
2 for the purpose of direct
3 consumption by the individual and
4 the members of the individual's
5 household in circumstances where
6 fish constitute a substantial
7 portion of the diet of the
8 individual and the household.
- 9 (5) Charter/Head/Dive Boat Blanket CRFL. -- A person
10 who owns a charter boat, head boat, or dive boat
11 may purchase a Charter/Head/Dive Boat Blanket CRFL.
12 The Charter/Head/Dive Boat Blanket CRFL entitles
13 all paying individuals on the boat who do not hold
14 a CRFL to take fish for recreational purposes by
15 means of recreational gear. It shall be unlawful
16 for the owner of a charter, head, or dive boat who
17 does not hold a Charter/Head/Dive Boat Blanket CRFL
18 to allow any person on the boat who does not hold a
19 CRFL to take fish for recreational purposes. The
20 fee for a Charter/Head/Dive Boat Blanket CRFL shall
21 be:
- 22 a. Vessel of 18 feet or less \$1.50 per foot
23 in length
- 24 b. Vessel of greater than 18 \$2.25 per foot
25 feet in length but less
26 than 38 feet in length
- 27 c. Vessel of 38 feet or greater \$4.50 per
28 foot.
29 in length
- 30 (6) Ocean Fishing Pier Blanket CRFL. -- A person who is
31 required to obtain a license under G.S. 113-169.4
32 may also purchase an Ocean Fishing Pier Blanket
33 CRFL. The Ocean Fishing Pier Blanket CRFL entitles
34 all paying individuals on the pier who do not hold
35 a CRFL to take fish for recreational purposes by
36 means of recreational gear. The fee for an Ocean
37 Fishing Pier Blanket CRFL shall be \$4.50 per linear



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- 1 foot, determined as in G.S. 113-169.4. It shall be
2 unlawful for the owner of an ocean fishing pier who
3 does not hold an Ocean Fishing Pier CRFL to allow
4 any person on the pier who does not hold a CRFL to
5 take fish for recreational purposes.
6 (i) Exemption. -- A person who is under 16 years of age may
7 take fish for recreational purposes by means of recreational gear
8 without holding a CRFL if the person is accompanied by a parent,
9 grandparent, or guardian who holds a valid CRFL or if the person
10 has in the person's possession a valid CRFL issued to the
11 person's parent, grandparent, or guardian.
12 (j) Coastal Recreational Endorsement for SCFL and RSCFL. --
13 Any person who holds a SCFL under G.S. 113-168.2 or a RSCFL under
14 G.S. 113-168.3, may receive a coastal recreational endorsement of
15 that person's SCFL or RSCFL to take fish for recreational
16 purposes by means of recreational gear at no charge.
17 (k) Coastal Recreational Endorsement for Lifetime Resident
18 Comprehensive Fishing License and Lifetime Sportsman Combination
19 License. -- Any person who holds a either a Lifetime Resident
20 Comprehensive Fishing License under G.S. 113-271(d)(3) or a
21 Lifetime Sportsman Combination License under G.S. 113-270.1D(b)
22 issued by the Wildlife Resources Commission may receive a coastal
23 recreational endorsement of the license issued by the Wildlife
24 Resources Commission at no charge.
25 "§ 113-175. Marine and Estuarine Resources Fund.
26 (a) Definitions. -- As used in this section:
27 (1) 'Fund' means the Marine and Estuarine Resources
28 Fund.
29 (2) 'License revenues' means the proceeds from the sale
30 of licenses issued under G.S. 113-173 and G.S.
31 113-174 and interest earnings derived from the
32 investment of license proceeds. The term includes
33 funds realized from the sale, lease, rental, or
34 other granting of rights to real or personal
35 property acquired or produced with license revenues
36 and federal aid project reimbursements to the



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1 extent that license revenues originally funded the
2 project for which the reimbursement is made.

3 (b) Marine and Estuarine Resources Fund Established. -- There
4 is established a special fund within the Department of
5 Environment, Health, and Natural Resources known as the Marine
6 and Estuarine Resources Fund. The Secretary shall administer the
7 Fund with the advice and approval of the Commission. The State
8 Treasurer shall invest the assets of the Fund in accordance with
9 the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Fund is
10 subject to the provisions of the Executive Budget Act, Article 1
11 of Chapter 143 of the General Statutes and the provisions of the
12 Personnel Act, Article 2 of Chapter 143 of the General Statutes.

13 (c) Fund Revenue Sources, Availability, and Purpose. -- All
14 license revenues shall be deposited to the credit of the Fund.
15 All moneys credited to the Fund shall be made available to carry
16 out the intent and purposes of this section in accordance with
17 plans approved by the Commission and the Secretary. In the event
18 any uncertainty arises with regard to the moneys to be turned
19 over to the Fund, the Governor shall resolve the matter. The
20 moneys in the Fund are appropriated, reserved, set aside, and
21 made available until disbursed, for the administration and
22 enforcement of this Article and the provisions of Chapter 113,
23 Subchapter IV of the General Statutes related to marine
24 fisheries.

25 (d) Report Required. -- The Secretary shall report to the
26 Joint Legislative Commission on Governmental Operations within 30
27 days of expending moneys from the Fund.

28 (e) Allocation of Moneys from the Fund. -- The moneys
29 allocated and accruing to the Fund in each fiscal year shall be
30 allocated and used as provided below. The Secretary shall
31 disburse moneys from the Fund only upon the written approval of
32 the Commission.

33 (1) Resources and Habitat Enhancement. -- Not less than
34 twenty-five percent (25%) of the moneys in the Fund
35 shall be used for resource and habitat enhancement.

36 (2) Law Enforcement. -- Not less than twenty percent
37 (20%), but not more than twenty-five percent (25%)



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- 1 of the moneys in the Fund shall be used for law
2 enforcement.
- 3 (3) Marine Fisheries Research. -- Not less than
4 twenty-five percent (25%) of the moneys in the Fund
5 shall be used for marine fisheries research.
- 6 (4) Grants. -- Not more than ten percent (10%) of the
7 moneys in the Fund shall be distributed to fund
8 coastal fishing programs, projects, and
9 scholarships for students.
- 10 (5) Administration. -- Not more than twenty percent
11 (20%) of the moneys, exclusive of the license agent
12 fees, in the Fund shall be used for administrative
13 costs.
- 14 (6) Public Education and Information. -- Not less than
15 five percent (5%), but no more than ten percent
16 (10%) of the moneys in the Fund shall be used for
17 public education and information.";
18
- 19 on page 2, lines 20 through 31,
20 by deleting those lines and on page 2, lines 32 through page 3,
21 page 3, lines 1 through 22, by renumbering the remaining
22 sections in Part I of the bill accordingly;
23
- 24 on page 6, between lines 12 and 13,
25 by inserting:
26
- 27 "(12) To define what constitutes commercial fishing
28 equipment and gear, to authorize the limited use of
29 commercial gear for recreational purposes as provided
30 in G.S. 113-173, and to define what constitutes
31 recreational fishing equipment and gear. Unless the
32 Commission otherwise provides by rule, all fishing
33 equipment and gear is commercial fishing equipment or
34 gear.
- 35 (13) To advise the Secretary on the administration of the
36 Marine and Estuarine Resources Fund and to approve
37 any disbursements from that Fund.";



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1 on page 23, between lines 18 and 19,
2 by inserting:

3
4 "(3) 'CRFL' means Coastal Recreational Fishing License."
5

6 and by renumbering the subsequent subdivisions on page 23, lines 19
7 through 29 accordingly;

8
9 on page 37, line 32,
10 by inserting, after the period on that line:

11
12 "The Division will appoint a sufficient number of license agents who
13 are authorized to issue the RCGL and CRFL so that these licenses are
14 readily available. Licence agents shall be located at convenience
15 stores, bait and tackle shops, and similar establishments.";
16

17 on page 38, lines 1 through 5,
18 by rewriting those lines to read:

19
20 " (b) License agents shall remit the entire license fee paid on a
21 weekly basis to the Department. The Department shall reimburse
22 license agents six percent (6%) for each license sold."
23

24 on page 39, line 23,
25 by deleting the quotation marks at the end of that line;

26
27 on page 44, between lines 2 and 3,
28 by inserting:

29
30 "Section 5.9. G.S. 113-132 is amended by adding a new
31 subsection to read:

32 '(f) In the administration of their respective fishing license
33 programs, the Marine Fisheries Commission, the Division of Marine
34 Fisheries of the Department, and the Wildlife Resources Commission
35 shall exchange information so as to eliminate duplication or
36 multiple counting of licensees as required by 50 Code of Federal
37 Regulations § 80.10(c)(5) so as to assure the State's eligibility
38 for federal funds under the Federal Aid in Fish Restoration Act, 16
39 U.S.C. 777 et seq., as amended.'";
40

41 on page 47, line 34,
42 by deleting "1.3,";



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- 1 on page 47, line 27,
2 by deleting "and 5.7" and substituting 5.7, and 5.9"; and
3
4 on page 47, line 43
5 by deleting "5.1 and 5.2" and substituting "5.1, 5.2, and 5.9".

SIGNED Horton
Amendment Sponsor

SIGNED Rein
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____



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Date _____, 1997

Comm. Sub. [YES]
Amends Title [NO]
Seventh Edition PCSA412

Senator _____

1 moves to amend the bill on page 44, lines 28 through 44,
2 by rewriting those lines to read:

3
4 "Section 6.3. (a) Part 5A of Article 7 of Chapter 143B of
5 the General Statutes is repealed, except that G.S. 143B-289.19, as
6 amended by Section 2 of S.L. 1997-286, is not repealed but is
7 recodified as G.S. 143B-289.40 within Part 5C of Article 7 of
8 Chapter 143B of the General Statutes.

9 (b) Part 5B of Article 7 of Chapter 143B of the General
10 Statutes (G.S. 143B-289.20 through G.S. 143B-289.23), as amended by
11 Sections 3, 4, and 5 of S.L. 1997-286, is recodified as Part 5C of
12 Article 7 of Chapter 143B of the General Statutes (G.S. 143B-289.41
13 through G.S. 143B-289.44). Part 5C of Article 7 of Chapter 143B of
14 the General Statutes shall be captioned 'Division of North Carolina
15 Aquariums.'

16 (c) G.S. 143B-289.41(a)(1b)g., as recodified by subsection
17 (b) of this section, reads as rewritten:

18 'g. Create local advisory committees in accordance
19 with the provisions of G.S. ~~143B-289.22~~
20 143B-289.43.



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1 (d) G.S. 143B-289.43, as recodified by subsection (b) of
2 this section and as amended, prior to being recodified, by Section 4
3 of S.L. 1997-286, reads as rewritten:"; and
4
5 on page 45, line 10,
6 by deleting that line.

SIGNED Person
Amendment Sponsor

SIGNED Person
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS

August 14, 1997

Senator Aaron Plyler called a meeting of the Senate Committee on Appropriations to order at his Senate Chamber desk on Thursday, August 14 during a recess of the Session. Twenty-one members were present.

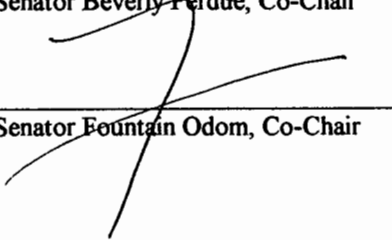
Senator Plyler presented a PCS for **SB 347, Continuing Budget Authority**. Upon motion by Senator Dannelly, and seconded by Senator Carpenter, SB 347 was given an "Unfavorable as to bill, but favorable as to Committee Substitute bill" report.

The meeting was adjourned.

Respectfully submitted,



Senator Beverly Perdue, Co-Chair



Senator Fountain Odom, Co-Chair



Senator Aaron Plyler, Co-Chair



Anne Canady, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair

Senator Perdue, Co-Chair

Thursday, August 14, 1997

SENATOR PLYLER,

submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B.	347	Capital Improvements Approp. Act.
		Draft Number: PCS6727
		Sequential Referral: none
		Recommended Referral: none
		Long Title Amended: Yes

TOTAL REPORTED: 1

Committee Clerk Comment: none

SENATE
GENERAL ASSEMBLY OF NORTH CAROLINA COMMITTEE SUBSTITUTE

SESSION 1997

AUG 14 1997

S

ADOPTED

D

SENATE BILL 347
Proposed Committee Substitute S347-PCS6727

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 10, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE
4 LEVEL IN EFFECT ON JUNE 30, 1997, AND TO EXTEND EXPIRING
5 PROVISIONS OF LAW.

6 The General Assembly of North Carolina enacts:

7
8 FUNDS SHALL NOT REVERT

9 Section 1. Section 5 of S.L. 1997-256, as rewritten by Section 1 of S.L.
10 1997-347, reads as rewritten:

11 "Section 5. If the provisions of Senate Bill 352, 3rd edition, Senate Bill 352, 5th
12 edition, or both, direct that funds shall not revert, the funds shall not revert on June
13 30, 1997. Unless these funds are encumbered on or before June 30, 1997, these funds
14 shall not be expended after June 30, 1997, except as provided by a statute that
15 becomes effective after June 30, 1997. If no such statute is enacted prior to August
16 15, 1997, August 22, 1997, these funds shall revert to the appropriate fund on that
17 date."
18

19 EXTEND SENTENCING COMMISSION

20 Section 2. Section 8 of Chapter 1076 of the 1989 Session Laws, as
21 amended by Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and

1 591 of the 1993 Session Laws, Chapter 236 of the 1995 Session Laws, Section 6 of
2 S.L. 1997-256, and Section 2 of S.L. 1997-347, reads as rewritten:

3 "Sec. 6. This act is effective upon ratification, and shall expire ~~August 15, 1997,~~
4 August 22, 1997."

5
6 **EXTEND MORATORIUM ON FISHING LICENSES**

7 Section 3. Subsection (a) of Section 3 of Chapter 675 of the 1993 Session
8 Laws, Regular Session 1994, as amended by subsection (a) of Section 26.5 of Chapter
9 507 of the 1995 Session Laws, Section 7 of S.L. 1997-256, and Section 3 of S.L. 1997-
10 347, reads as rewritten:

11 "(a) Except as provided in subsections (b), (c), (c1), or (c2) of this section, the
12 Department shall not issue any new licenses for a period beginning July 1, 1994, and
13 ending ~~August 15, 1997,~~ August 22, 1997, under the following statutes:

- 14 (1) G.S. 113-152. Vessel licenses.
15 (2) G.S. 113-153.1. Crab license.
16 (3) G.S. 113-154. Shellfish license
17 (4) G.S. 113-154.1. Nonvessel endorsements to sell fish."
18

19 **AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION PLATES ON**
20 **PUBLICLY OWNED MOTOR VEHICLES**

21 Section 4. Section 23(c) of Chapter 18 of the Session Laws of the 1996
22 Second Extra Session, as rewritten by Section 8 of S.L. 1997-256 and Section 4 of
23 S.L. 1997-347, reads as rewritten:

24 "(c) Subsection (a) of this section expires ~~August 15, 1997,~~ August 22, 1997."
25

26 **LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS**

27 Section 5. Section 27.8(a) of Chapter 18 of the Session Laws of the 1996
28 Second Extra Session, as rewritten by Section 9 of S.L. 1997-256 and Section 5 of
29 S.L. 1997-347, reads as rewritten:

30 "(a) Of the funds appropriated by this act to the Lower Neuse River Basin
31 Association for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000)
32 shall be allocated as grants to local government units in the Neuse River Basin to
33 assist those local government units in fulfilling their obligations under the Neuse
34 River Nutrient Sensitive Waters Management Strategy plan adopted by the
35 Environmental Management Commission. The funds are contingent upon the
36 adoption of the plan by the Environmental Management Commission. If the
37 Environmental Management Commission fails to adopt the plan by ~~August 15, 1997,~~
38 August 22, 1997, then the funds shall revert to the General Fund."
39

40 **BEAVER DAMAGE CONTROL FUNDS**

41 Section 6. Subsection (h) of Section 69 of Chapter 1044 of the 1991
42 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws,
43 Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of
44 the 1995 Session Laws, Section 27.15(c) of Chapter 18 of the Session Laws of the

1 1996 Second Extra Session, Section 10 of S.L. 1997-256, and Section 6 of S.L. 1997-
2 347, reads as rewritten:

3 "(h) Subsections (a) through (d) of this section expire ~~August 15, 1997~~, August 22,
4 1997."

6 CHANGES IN THE EXECUTION OF THE BUDGET

7 Section 7. Section 11 of S.L. 1997-256, as rewritten by Section 7 of S.L.
8 1997-347, reads as rewritten:

9 "Section 11. The amendments to G.S. 143-27 that were enacted in Section
10 7.4(h)(2) of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall
11 become effective ~~August 15, 1997~~, August 22, 1997."

13 CORE SOUND/DESCRIPTION OF AREA A FOR SHELLFISH LEASE 14 MORATORIUM

15 Section 8. Section 3 of Chapter 547 of the 1995 Session Laws (1996
16 Regular Session) as amended by Section 1 of Chapter 633 of the 1995 Session Laws
17 (1996 Regular Session) and as rewritten by Section 27.33 of Chapter 18 of the Session
18 Laws of the 1996 Second Extra Session, Section 12 of S.L. 1997-256, and Section 8 of
19 S.L. 1997-347, reads as rewritten:

20 "Sec. 3. Notwithstanding G.S. 113-202, a moratorium on new shellfish cultivation
21 leases shall be imposed in the remaining area of Core Sound not described in Section
22 1 of this act. During the moratorium, a comprehensive study of the shellfish lease
23 program shall be conducted. The moratorium established under this section covers
24 that part of Core Sound bounded by a line beginning at a point on Cedar Island at
25 35°00'39"N - 76°17'48"W, thence 109°(M) to a point in Core Sound 35°00'00"N -
26 76°12'42"W, thence 229°(M) to Marker No. 37 located 0.9 miles off Bells Point at
27 34°43'30"N - 76°29'00"W, thence 207°(M) to the Cape Lookout Lighthouse at
28 34°37'24"N - 76°31'30"W, thence 12°(M) to a point at Marshallberg at 34°43'07"N -
29 76°31'12"W, thence following the shoreline in a northerly direction to the point of
30 beginning except that the highway bridges at Salters Creek, Thorofare Bay, and the
31 Rumley Bay ditch shall be considered shoreline. The moratorium shall expire
32 ~~August 15, 1997~~, August 22, 1997."

34 TRANSFER TO SCHOOL TECHNOLOGY FUND

35 Section 9. (a) Of the funds appropriated from the General Fund for the
36 1996-97 fiscal year for current operations, the sum of twenty million dollars
37 (\$20,000,000) shall be transferred to the State School Technology Fund.

38 (b) This section becomes effective June 30, 1997.

40 EFFECTIVE DATE

41 Section 10. (a) Section 13 of S.L. 1997-256, as rewritten by Section 9 of
42 S.L. 1997-347, reads as rewritten:

1 "Section 13. This act becomes effective July 1, 1997, except that Sections 5
2 through 10 of this act become effective June 30, 1997. This act expires ~~August 15,~~
3 ~~1997,~~ August 22, 1997."

4 (b) Sections 3 and 8 of this act do not become effective if House Bill
5 1097, 1997 Regular Session, becomes law before this act. If House Bill 1097, 1997
6 Regular Session, becomes law after this act becomes law, then Sections 3 and 8 of
7 this act expire the earlier of August 22, 1997, and the date that House Bill 1097, 1997
8 Regular Session, becomes law.

9 (c) Except as otherwise provided, this act becomes effective August 15,
10 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

FILED - SENATE

S 347

MAR 6 1997

PRINCIPAL CLERK

S

SENATE DRS8557-LE038(3.3)

Short Title: Capital Improvements Approp. Act.

(Public)

Sponsors: Senators Plyler, Perdue, and Odom.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE APPROPRIATIONS TO PROVIDE CAPITAL
3 IMPROVEMENTS FOR STATE DEPARTMENTS, INSTITUTIONS, AND
4 AGENCIES, AND FOR OTHER PURPOSES.
5 The General Assembly of North Carolina enacts:

6
7 **PART I. INTRODUCTION**

8
9 Section 1. The appropriations made by the 1997 General Assembly for
10 capital improvements are for constructing, repairing, or renovating State buildings,
11 utilities, and other capital facilities, for acquiring sites for them where necessary, and
12 acquiring buildings and land for State government purposes.

13
14 **PART II. TITLE**

15
16 Section 2. This act shall be known as "The Capital Improvements
17 Appropriations Act of 1997".

18
19 **PART III. PROCEDURES FOR DISBURSEMENTS**

20
21 Section 3. The appropriations made by the 1997 General Assembly for
22 capital improvements shall be disbursed for the purposes provided by this act.
23 Expenditure of funds shall not be made by any State department, institution, or
24 agency, until an allotment has been approved by the Governor as Director of the

1 Budget. The allotment shall be approved only after full compliance with the
 2 Executive Budget Act, Article I of Chapter 143 of the General Statutes. Prior to the
 3 award of construction contracts for projects to be financed in whole or in part with
 4 self-liquidating appropriations, the Director of the Budget shall approve the elements
 5 of the method of financing of those projects including the source of funds, interest
 6 rate, and liquidation period.

7 Where direct capital improvement appropriations include the purpose of
 8 furnishing fixed and movable equipment for any project, those funds for equipment
 9 shall not be subject to transfer into construction accounts except as authorized by the
 10 Director of the Budget. The expenditure of funds for fixed and movable equipment
 11 and furnishings shall be reviewed and approved by the Director of the Budget prior
 12 to commitment of funds.

13 Capital improvement projects authorized by the 1997 General Assembly
 14 shall be completed, including fixed and movable equipment and furnishings, within
 15 the limits of the amounts of the direct or self-liquidating appropriations provided,
 16 except as otherwise provided in this act. Capital improvement projects authorized by
 17 the 1997 General Assembly for the design phase only shall be designed within the
 18 scope of the project as defined by the approved cost estimate filed with the Director
 19 of the Budget, including costs associated with site preparation, demolition, movable
 20 and fixed equipment, and works of art as required by G.S. 143-408.4.

21

22 **PART IV. CAPITAL IMPROVEMENTS/GENERAL FUND**

23

24 Section 4. Appropriations are made from the General Fund for the 1997-
 25 99 biennium for use by the State departments, institutions, and agencies to provide
 26 for capital improvement projects according to the following schedule:

	<u>1997-98</u>	<u>1998-99</u>
29 DEPARTMENT OF ADMINISTRATION (Total) \$	1,000,000	\$ -
30 1. State Government Visitors Center	1,000,000	-
31		
32 DEPARTMENT OF AGRICULTURE (Total) \$	11,600,000	\$ -
33 1. Multipurpose Events Building - State Fair	600,000	-
34 2. Eastern North Carolina Agricultural Center		
35 - Continued Development	3,500,000	-
36 3. Cattle and Livestock Exposition Center	6,000,000	-
37 4. Maritime Museum - Land Acquisition	1,500,000	-
38		
39 DEPARTMENT OF COMMERCE - STATE PORTS AUTHORITY		
40 (Total) \$	5,000,000	\$ -
41 1. State Port - Wilmington	2,500,000	-
42 2. State Port - Morehead City	2,500,000	-
43		
44 DEPARTMENT OF CORRECTION	\$ 300,000	\$ -

1	1.	Planning Funds for Single Cell Facility		
2	-	Alexander County	300,000	-
3				
4		DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY		
5		(Total)	\$ 1,260,300	\$ -
6	1.	Charlotte National Guard Armory	1,260,300	-
7	2.	State Highway Patrol - Underground Fuel Tank		
8		Removal and Remediation	650,000	-
9		Less Highway Fund	650,000	-
10		Appropriation	-	-
11				
12		DEPARTMENT OF CULTURAL RESOURCES		
13		(Total)	\$ 3,900,000	\$ -
14	1.	Museum of History - Restaurant	1,800,000	-
15	2.	Museum of the Cape Fear - Branch of		
16		the State Museum of History	1,100,000	-
17	3.	Museum of the Albemarle - Branch of the State		
18		Museum of History	1,000,000	-
19				
20		DEPARTMENT OF ENVIRONMENT, HEALTH, AND		
21		NATURAL RESOURCES (Total)	\$ 10,000,000	\$ -
22	1.	Water Resources Development and Watershed		
23		Projects	4,000,000	-
24	2.	Blue Ridge Parkway - Scenic Vistas	2,000,000	-
25	3.	Amphibious Water Scooping Tanker		
26		Aircraft	4,000,000	-
27				
28		DEPARTMENT OF HUMAN		
29		RESOURCES (Total)	\$ 500,000	\$ -
30	1.	Eastern North Carolina School for the		
31		Deaf - Independent Living Complex -		
32		Planning	500,000	-
33				
34		UNIVERSITY OF NORTH CAROLINA -		
35		BOARD OF GOVERNORS (Total)	\$ 20,000,000	\$ -
36	1.	Reserve for Capital Improvements, Land Acquisition,		
37		and Information Technology Equipment	20,000,000	-
38				
39		OFFICE OF STATE BUDGET AND MANAGEMENT		
40		(Total)	\$ 9,000,000	\$ -
41	1.	Reserve for Museum Exhibits	9,000,000	-
42				
43				
44		TOTAL CAPITAL IMPROVEMENTS -		

1 GENERAL FUND \$ 62,560,300 \$ -

2

3 **PART V. CAPITAL IMPROVEMENTS/HIGHWAY FUND**

4

5 Section 5. Appropriations are made from the Highway Fund for the
6 1997-99 biennium for use of the Department of Transportation to provide for capital
7 improvement projects according to the following schedule:

8

9

1997-98

1998-99

10

11 DEPARTMENT OF TRANSPORTATION

12 (Total)

\$ 12,000,000

\$ -

13 1. Reserve for Capital Improvements

12,000,000

-

14

15 TOTAL CAPITAL IMPROVEMENTS -

16 HIGHWAY FUND

\$12,000,000

\$ -

17

18 **PART VI. SPECIAL PROVISIONS**

19

20 **WATER RESOURCES DEVELOPMENT FUNDS**

21

22 Section 6. The funds appropriated in Section 4 of this act to the
23 Department of Environment, Health, and Natural Resources as a Reserve for Water
24 Resources (Civil Works) shall be allocated by the Division of Water Resources for the
25 following types of projects in accordance with the Department's Water Resources
26 Development Plan:

27

(1) Planning;

28

(2) Construction projects;

29

(3) Operations and maintenance projects; and

30

(4) Feasibility studies.

31

32 **FEDERAL MATCHING FUNDS**

33

34 Section 7. Where allocations made in Section 4 of this act are contingent
35 upon federal matching funds being available, and federal matching funds do not
36 become available by July 1, 1999, these allocations may be transferred to the Office of
37 State Budget and Management and placed in the Reserve for Repairs and
38 Renovations.

39

40 **PART VII. MISCELLANEOUS PROVISIONS**

41

42 **ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND**

43

1 Section 8. When each capital improvement project appropriated by the
2 1997 General Assembly, other than those projects under The University of North
3 Carolina Board of Governors, is placed under construction contract, direct
4 appropriations shall be encumbered to include all costs for construction, design,
5 investigation, administration, movable equipment, and a reasonable contingency.
6 Unencumbered direct appropriations remaining in the project budget shall be placed
7 in a project reserve fund credited to the Office of State Budget and Management.
8 Funds in the Project Reserve may be used for emergency repair and renovation
9 projects at State facilities with the approval by the Director of the Budget. The
10 project reserve fund may be used, at the discretion of the Director of the Budget, to
11 allow for award of contracts where bids exceed appropriated funds, if those projects
12 supplemented were designed within the physical scope intended by the applicable
13 appropriation or any authorized change in it, and if, in the opinion of the Director of
14 the Budget, all means to award contracts within the appropriation were reasonably
15 attempted. At the discretion of the Director of the Budget, any balances in the
16 project reserve fund shall revert to the original source.

17

18 **PROJECT COST INCREASE**

19

20 Section 9. Upon the request of the administration of a State department
21 or institution, the Director of the Budget may, when in his opinion it is in the best
22 interest of the State to do so, increase the cost of a capital improvement project. The
23 increase may be funded from gifts, federal or private grants, special fund receipts,
24 direct capital improvement appropriations to that department or institution, or any
25 other funds available to that department or institution.

26

27 **NEW PROJECT AUTHORIZATION**

28

29 Section 10. Upon the request of the administration of any State
30 department or institution, the Governor may authorize the construction of a capital
31 improvement project not specifically authorized by the General Assembly if such
32 project is to be funded by gifts, federal or private grants, special fund receipts, or self-
33 liquidating indebtedness.

34

35 **ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS**

36

37 Section 11. Funds which become available by gifts, federal or private
38 grants, receipts becoming a part of special funds by act of the General Assembly, or
39 any other funds available to a State department or institution may be utilized for
40 advance planning through the working drawing phase of capital improvement
41 projects, upon approval of the Director of the Budget.

42

43 **APPROPRIATIONS LIMITS/REVERSION OR LAPSE**

44

1 Section 12. Construction of all capital improvement projects enumerated
2 by the 1997 General Assembly, shall be commenced, or self-liquidating indebtedness
3 with respect to them shall be incurred, within 12 months following the first day of the
4 fiscal year in which the funds are available. If construction contracts on those
5 projects have not been awarded or self-liquidating indebtedness has not been
6 incurred within that period, the direct appropriation for those projects shall revert to
7 the original source, and the self-liquidating appropriation shall lapse; except that
8 direct appropriations may be placed in a reserve fund as authorized by this act. This
9 deadline with respect to both direct and self-liquidating appropriations may be
10 extended with the approval of the Director of the Budget up to an additional 24
11 months if circumstances and conditions warrant such extension.

12

13 **EFFECT OF HEADINGS**

14

15 Section 13. The headings to the parts and sections of this act are a
16 convenience to the reader and are for reference only. The headings do not expand,
17 limit, or define the text of this act.

18

19 **SEVERABILITY CLAUSE**

20

21 Section 14. If any section or provision of this act is declared
22 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
23 whole or any part other than the part so declared to be unconstitutional or invalid.

24

25 **EFFECTIVE DATE**

26

27 Section 15. Except as otherwise provided, this act becomes effective July
28 1, 1997.

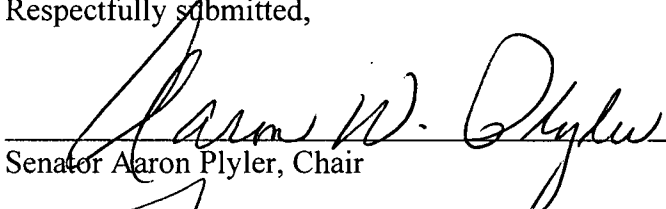
MINUTES
SENATE COMMITTEE ON APPROPRIATIONS
August 20, 1997

The Senate Committee on Appropriations met on August 20, 1997 at the desk of Senator Plyler in the Senate Chamber. Senator Plyler explained that **SB 490 Continuing Budget Authority** needed to be heard in order to authorize the Director of the Budget to continue expenditures for State Government.

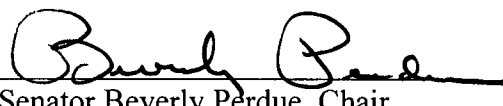
Senator Horton sent forth an amendment which passed. It was decided that this amendment would be prepared within a new Committee Substitute Bill. Senator Lee made a motion that the new Senate Committee Substitute for SB 490 be reported **Unfavorable as to Bill but Favorable as to the Committee Substitute Bill**. This passed.

The meeting was then adjourned.

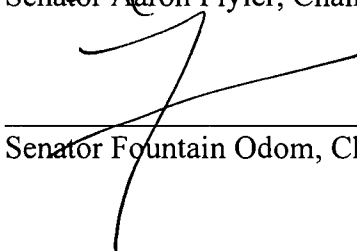
Respectfully submitted,



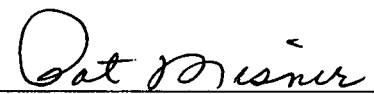
Senator Aaron Plyler, Chair



Senator Beverly Perdue, Chair



Senator Fountain Odom, Chair



Pat Misner, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT
Senator Beverly Perdue, Co-Chair
Senators Aaron Pyler and Fountain Odom, Co-Chair

Wednesday, August 20, 1997

SENATOR BEVERLY PERDUE,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO BILL, BUT FAVORABLE AS TO C.S. BILL

S.B.	490	Appropriations Blank Bill-1	
		Draft Number:	PCS6733
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comment: None

ced

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 490
Proposed Committee Substitute S490-PCS6733

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 25, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE
4 LEVEL IN EFFECT ON JUNE 30, 1997, AND TO EXTEND EXPIRING
5 PROVISIONS OF LAW.

6 The General Assembly of North Carolina enacts:

7

8 FUNDS SHALL NOT REVERT

9 Section 1. Section 5 of S.L. 1997-256, as rewritten by Section 1 of S.L.
10 1997-347 and Section 1 of S.L. 1997-401, reads as rewritten:

11 "Section 5. If the provisions of Senate Bill 352, 3rd edition, Senate Bill 352, 5th
12 edition, or both, direct that funds shall not revert, the funds shall not revert on June
13 30, 1997. Unless these funds are encumbered on or before June 30, 1997, these funds
14 shall not be expended after June 30, 1997, except as provided by a statute that
15 becomes effective after June 30, 1997. If no such statute is enacted prior to ~~August~~
16 ~~22, 1997~~, August 29, 1997, these funds shall revert to the appropriate fund on that
17 date."

18

19 EXTEND SENTENCING COMMISSION

20 Section 2. Section 8 of Chapter 1076 of the 1989 Session Laws, as
21 amended by Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and
22 591 of the 1993 Session Laws, Chapter 236 of the 1995 Session Laws, Section 6 of

1 S.L. 1997-256, Section 2 of S.L. 1997-347, and Section 2 of S.L. 1997-401, reads as
2 rewritten:

3 "Sec. 6. This act is effective upon ratification, and shall expire ~~August 22, 1997.~~
4 August 29, 1997."

5
6 **AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION PLATES ON**
7 **PUBLICLY OWNED MOTOR VEHICLES**

8 Section 3. Section 23(c) of Chapter 18 of the Session Laws of the 1996
9 Second Extra Session, as rewritten by Section 8 of S.L. 1997-256, Section 4 of S.L.
10 1997-347, and Section 4 of S.L. 1997-401, reads as rewritten:

11 "(c) Subsection (a) of this section expires ~~August 22, 1997.~~ August 29, 1997."

12
13 **LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS**

14 Section 4. Section 27.8(a) of Chapter 18 of the Session Laws of the 1996
15 Second Extra Session, as rewritten by Section 9 of S.L. 1997-256, Section 5 of S.L.
16 1997-347, and Section 5 of S.L. 1997-401, reads as rewritten:

17 "(a) Of the funds appropriated by this act to the Lower Neuse River Basin
18 Association for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000)
19 shall be allocated as grants to local government units in the Neuse River Basin to
20 assist those local government units in fulfilling their obligations under the Neuse
21 River Nutrient Sensitive Waters Management Strategy plan adopted by the
22 Environmental Management Commission. The funds are contingent upon the
23 adoption of the plan by the Environmental Management Commission. If the
24 Environmental Management Commission fails to adopt the plan by ~~August 22, 1997,~~
25 August 29, 1997, then the funds shall revert to the General Fund."

26
27 **BEAVER DAMAGE CONTROL FUNDS**

28 Section 5. Subsection (h) of Section 69 of Chapter 1044 of the 1991
29 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws,
30 Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of
31 the 1995 Session Laws, Section 27.15(c) of Chapter 18 of the Session Laws of the
32 1996 Second Extra Session, Section 10 of S.L. 1997-256, Section 6 of S.L. 1997-347,
33 and Section 6 of S.L. 1997-401, reads as rewritten:

34 "(h) Subsections (a) through (d) of this section expire ~~August 22, 1997.~~ August 29,
35 1997."

36
37 **CHANGES IN THE EXECUTION OF THE BUDGET**

38 Section 6. Section 11 of S.L. 1997-256, as rewritten by Section 7 of S.L.
39 1997-347 and Section 7 of S.L. 1997-401, reads as rewritten:

40 "Section 11. The amendments to G.S. 143-27 that were enacted in Section
41 7.4(h)(2) of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall
42 become effective ~~August 22, 1997.~~ August 29, 1997."

43
44 **EFFECTIVE DATE**

1 Section 7. (a) Section 13 of S.L. 1997-256, as rewritten by Section 9 of
2 S.L. 1997-347 and Section 10 of S.L. 1997-401, reads as rewritten:

3 "Section 13. This act becomes effective July 1, 1997, except that Sections 5
4 through 10 of this act become effective June 30, 1997. This act expires ~~August 22,~~
5 ~~1997.~~ August 29, 1997."

6 (b) Except as otherwise provided, this act becomes effective August 22,
7 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 490
Proposed Committee Substitute S490-PCS6732

Short Title: Continuing Budget Authority.

(Public)

Sponsors:

Referred to:

March 25, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE DIRECTOR OF THE BUDGET TO CONTINUE
3 EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE
4 LEVEL IN EFFECT ON JUNE 30, 1997, AND TO EXTEND EXPIRING
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21 River Nutrient Sensitive Waters Management Strategy plan adopted by the
22 Environmental Management Commission. The funds are contingent upon the
23 adoption of the plan by the Environmental Management Commission. If the
24 Environmental Management Commission fails to adopt the plan by ~~August 22, 1997,~~
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30 Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of
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34 "(h) Subsections (a) through (d) of this section expire ~~August 22, 1997.~~ August 29,
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36
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38 Section 6. Section 11 of S.L. 1997-256, as rewritten by Section 7 of S.L.
39 1997-347 and Section 7 of S.L. 1997-401, reads as rewritten:

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41 7.4(h)(2) of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall
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43
44 **EFFECTIVE DATE**

1 Section 7. (a) Section 13 of S.L. 1997-256, as rewritten by Section 9 of
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3 "Section 13. This act becomes effective July 1, 1997, except that Sections 5
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5 ~~1997.~~ August 29, 1997."

6 (b) Except as otherwise provided, this act becomes effective August 29,
7 1997.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

DATE _____

S. B. No. 490

Amendment No. _____

COMMITTEE SUBSTITUTE PCS 6732

(to be filled in by
Principal Clerk)

Rep.) Plyler
Sen.) _____

1 moves to amend the bill on page 3, line 6-7

2 () WHICH CHANGES THE TITLE.

3 by deleting "August 29, 1997" and

4 substituting "August 22, 1997".

5 _____

6 _____

7 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

16 _____

17 _____

18 _____

19 _____

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

MINUTES
SENATE COMMITTEE ON APPROPRIATIONS

August 26, 1997

Senator Aaron Plyler called the Senate Committee on Appropriations to order on Thursday, August 26 at 2:40 p.m. There were 28 members present.

Senator Albertson explained **SB 977, Southern Dairy Compact**. Upon motion by Senator Odom, the bill was given a favorable report.

SB 1001, Expand Amusement Tax Exemption, was explained by Senator Eleanor Kinnaird. Senator Lee moved for a favorable report and Senator Balance seconded; the motion carried.

HB 652, Audits, was presented by Representative Wilma Sherrill. Upon motion by Senator Lee, the bill was given a favorable report.

Representative Bob Hunter explained **HB 1132, Date Rape Drugs**. Senator Lucas moved for a favorable report and the motion carried.

HB 537, Relief for Federal Retirees, was presented by Senator Kerr. Upon motion by Senator Carpenter, the report was given a favorable report.

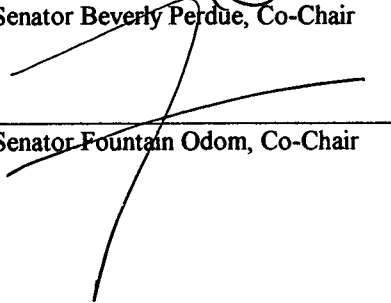
Senator Perdue moved for adoption of a PCS for **HB 1142, Tuition Waivers/Emergency Workers**. She explained the bill and moved for a favorable committee substitute report. The motion carried.

The meeting was adjourned.

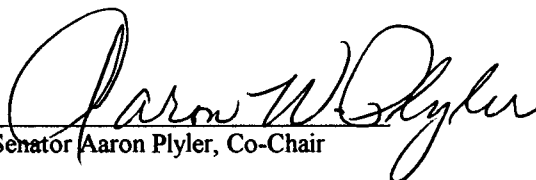
Respectfully submitted,



Senator Beverly Perdue, Co-Chair



Senator Fountain Odom, Co-Chair



Senator Aaron Plyler, Co-Chair



Anne Canady, Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

APPROPRIATIONS COMMITTEE REPORT

Senator Plyler, Co-Chair
Senator Perdue, Co-Chair

Tuesday, August 26, 1997

SENATOR PLYLER,

submits the following with recommendations as to passage:

FAVORABLE

H.B. 537 Relief for Federal Retirees
Sequential Referral: none
Recommended Referral: none

H.B.(SCS#1) 652 Audits
Sequential Referral: none
Recommended Referral: none

H.B. (SCS#1) 1132 Date Rape Drugs
Sequential Referral: none
Recommended Referral: none

S.B.(CS#1) 977 Southern Dairy Compact
Sequential Referral: none
Recommended Referral: none

S.B.(CS#1) 1001 Expand Amusement Tax Exemption
Sequential Referral: none
Recommended Referral: none

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 1,
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2**

H.B.(SCS #1)1142 Tuition Waivers/Emergency Workers
Draft Number: PCS4152
Sequential Referral: none
Recommended Referral: none
Long Title Amended: No

TOTAL REPORTED: 7

Committee Clerk Comment: All Done