

1997

**SENATE
RULES & OPERATION
OF THE SENATE
COMMITTEE**

MINUTES

SENATE

COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

1997 SESSION

Senator Anthony E. Rand
Chairman

Evelyn B. Costello
Clerk

Senate Rules Committee
1997

| | | |
|--|-------|--------|
| Sen. Tony Rand, Chairman | 300-C | 3-9892 |
| Sen. John Carrington, Vice Chair | 515 | 3-5653 |
| Sen. Wib Gulley, Vice Chair | 408 | 5-3036 |
| Sen. Jim Phillips, Vice Chair | 628 | 3-5870 |
| Sen. James Forrester, Ranking Minority Member | 1121 | 3-5708 |
| Sen. John Blust | 1117 | 3-7850 |
| Sen. Roy Copper | 2117 | 3-5664 |
| Sen. Hamilton Horton | 1406 | 3-3272 |
| Sen. David Hoyle | 300-A | 3-5734 |
| Sen. Luther Jordan | 407 | 5-3034 |
| Sen. Eleanor Kinnaird | 2115 | 3-5850 |
| Sen. Jesse Ledbetter | 520 | 3-5748 |
| Sen. Brad Miller | 621 | 3-9349 |
| Sen. Daniel Page | 1414 | 3-7659 |
| Sen. Aaron Plyer | 627 | 3-5739 |
| Sen. R.C. Soles | 2022 | 3-5963 |
| Terry Sullivan, Committee Counsel | 545 | 3-2578 |

SENATE
COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

1997 SESSION

I N D E X

February 11

SB 38 - Study Comm./Future Electric Service
 Favorable as to Committee Substitute Bill

April 3

SB 104 - Medical Information Waiver
 Favorable as to Committee Substitute Bill

April 29

SB 37 - Extend DHR Reorg. Study
 Favorable as to Committee Substitute Bill

SB 204 - Add Centennial Authority Members
 No Action

SJR 211 - Naming Billy Graham as Theologian Laureate
 Favorable as to C.S. Joint Resolution

SJR 340 - Inviting The Reverend Billy Graham to address a Joint Session
 Favorable as to C.S. Joint Resolution

SB 508 - Union County Local Act. 2 -
 Favorable as to Committee Substitute Bill

April 29 (cont'd)

- SB 513 - Stanly County Local Act.-1
 Favorable as to Committee Substitute Bill
- SB 993 - Service Corporation Conversions -
 Favorable as to Committee Substitute Bill
- SB 1055 - Public Hospital Personnel Act
 Favorable as to Committee Substitute Bill
- SB 1072 - Invite Senator Helms
 Favorable Report

June 16

- HB 67 - Summerfield Amendments
 Favorable Report
- SJR 414 - Honoring the Accomplishments of Coach Dean Edwards Smith
 Favorable as to C.S. Joint Resolution

June 25

- SB 993 - Medical Service Corp. Charters
 Unfavorable as to Concurrence

August 13

- SB 205 - Repeal Retirement Restriction
 Favorable as to Committee Substitute Bill
- HB 231 - Medical Information Waiver
 Favorable as to Senate Committee Substitute Bill
- SB 624 - Sedalia Incorporated
 Favorable as to Committee Substitute Bill

August 14

HB 72 - Oak Ridge Incorporated
 Favorable as to Senate Committee Substitute Bill

August 26

HB 435 - State Health Plan Tech. Amds/AB
 Favorable as to Senate Committee Substitute Bill

SB 815 - Pro Tem Appointments
 Favorable as to Committee Substitute Bill

August 28

SB - 32 - Job Training Study (Studies Act)
 Favorable as to Committee Substitute Bill

NORTH CAROLINA GENERAL ASSEMBLY

COMMITTEE SUMMARY REPORT

| 1997-98 Regular Session | | SENATE: RULES & OPERATION OF THE SENATE | | Valid Through 3-SEP-1997 | |
|-------------------------|------------|---|---------------------------|--------------------------|----------|
| BILL | INTRODUCER | SHORT TITLE | LATEST ACTION ON BILL | IN DATE | OUT DATE |
| H 39 | ALLRED | SWEPSONVILLE INCORPORATION | *R -CH. SL 97-0448 | 03-18-97 | 08-27-97 |
| H 67 | DECKER | SUMMERFIELD/LELAND AMENDMENTS | *R -CH. SL 97-0249 | 04-16-97 | 06-16-97 |
| H 72 | DECKER | OAK RIDGE INCORPORATED | *H -RE-REF COM ON RULES | 04-29-97 | 08-14-97 |
| H 231= | HIATT | DMV MEDICAL INFORMATION IMMUNITY | *H -PRES. TO GOV. 08-22 | 04-09-97 | 08-13-97 |
| H 236 | DOCKHAM | TRINITY INCORPORATED | *R -CH. SL 97-0044 | 03-04-97 | 05-06-97 |
| H 286 | ARNOLD | DORTCHES/ROCKY MOUNT BOUNDARIES | *S -REF TO COM ON RULES & | 03-25-97 | |
| H 376 | LUEBKE | HONOR DURHAM LIBRARY | S -REF TO COM ON RULES & | 04-03-97 | |
| H 415= | BERRY | GRANDPARENTS' CHILD SUPPORT | *S -REF TO COM ON RULES & | 05-06-97 | |
| H 435 | DOCKHAM | STATE HEALTH PLAN TECH. AMDS. | *H -PRES. TO GOV. 08-29 | 08-26-97 | 08-26-97 |
| H 538 | NEELY | TRUTHFUL EMPLOYMENT REFERENCES | *S -REF TO COM ON RULES & | 05-06-97 | |
| H 565 | ELLIS | WAKE LOCAL ACT | *S -REF TO COM ON RULES & | 07-17-97 | |
| H 590 | CREECH | WILSON'S MILLS CHARTER | R -CH. SL 97-0413 | 04-16-97 | 08-18-97 |
| H 653 | SEXTON | WENTWORTH CHARTER AMENDMENTS | *R -CH. SL 97-0322 | 05-15-97 | 07-03-97 |
| H 664 | MOSLEY | HONOR RUSSELL SWINDELL | R -CH. RES 97-12 | 05-15-97 | 05-15-97 |
| H 750 | BEALL | CHARTER OF FOREST HILLS | *R -CH. SL 97-0345 | 05-07-97 | 07-09-97 |
| H 843 | STARNES | CEDAR ROCK INCORPORATED | *R -CH. SL 97-0317 | 05-06-97 | 06-24-97 |
| H 898 | DAUGHTRY | PUBLIC RECORDS LAW AMENDMENTS | *S -RE-REF COM ON RULES & | 08-19-97 | |
| H1026 | ARNOLD | EXTRA DAYS OF EMPLOYMENT/TEACHERS | *S -REF TO COM ON RULES & | 04-29-97 | |
| H1107 | NEELY | FACILITY AUTHORITIES | *R -CH. SL 97-0068 | 05-13-97 | 05-14-97 |
| H1153 | CULP | HONOR FRANKLIN/FRANKLINVILLE | R -CH. RES 97-20 | 05-20-97 | 07-01-97 |
| H1232 | SUTTON | HONOR ADOLPH DIAL | S -REF TO COM ON RULES & | 06-04-97 | |
| H1234 | HOWARD | HONOR BRADFORD LIGON | S -REF TO COM ON RULES & | 06-25-97 | |
| H1236 | WARNER | HONOR CALVIN LEE KOONCE, JR. | R -CH. RES 97-30 | 08-05-97 | 08-11-97 |
| S 24= | BALLANCE | GUARDIAN AD LITEM STUDY | S -REF TO COM ON RULES & | 02-03-97 | |
| S 28= | JORDAN | CONSUMER PROTECTION STUDY | S -REF TO COM ON RULES & | 02-03-97 | |
| S 32= | RAND | STUDIES ACT | *S -PRES. TO GOV. 08-29 | 02-03-97 | 08-28-97 |
| S 35= | KERR | REVENUE LAWS STUDY COMMITTEE | S -REF TO COM ON RULES & | 02-03-97 | |
| S 37= | MARTIN W | DHR REORG. OVERSIGHT COM. | *S -RE-REF COM ON APPROPR | 02-03-97 | 04-29-97 |
| S 38= | HOYLE | STUDY FUTURE OF ELECTRIC SERVICE | *R -CH. SL 97-0040 | 02-03-97 | 02-12-97 |
| S 40 | HORTON | LIMIT LEGISLATIVE PER DIEM | S -REF TO COM ON RULES & | 02-03-97 | |

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| BILL | INTRODUCER | SHORT TITLE | LATEST ACTION ON BILL | IN DATE | OUT DATE |
| S 61= | HARTSELL | MUNICIPAL INCORP. STUDY | *S -RE-REF COM ON RULES & | 05-01-97 | |
| S 104= | HORTON | DMV MEDICAL INFORMATION/IMMUNITY | *S -RE-REF COM ON RULES & | 03-10-97 | 04-07-97 |
| S 104= | HORTON | DMV MEDICAL INFORMATION/IMMUNITY | *S -RE-REF COM ON RULES & | 04-09-97 | |
| S 164 | PLYLER | HONOR WESLEY DAVIS WEBSTER | R -CH. RES 97-13 | 02-17-97 | 05-22-97 |
| S 180 | SOLES | 18th SENATE DIST. LOCAL ACT-1 | S -REF TO COM ON RULES & | 02-19-97 | |
| S 181 | SOLES | 18th SENATE DIST. LOCAL ACT-2 | S -REF TO COM ON RULES & | 02-19-97 | |
| S 200 | SOLES | AMEND NORTH CAROLINA LAWS-1 | S -REF TO COM ON RULES & | 02-20-97 | |
| S 201 | SOLES | AMEND NORTH CAROLINA LAWS-2 | S -REF TO COM ON RULES & | 02-20-97 | |
| S 203 | REEVES | 14TH SENATE DIST. LOCAL ACT | S -REF TO COM ON RULES & | 02-20-97 | |
| S 204 | REEVES | AMEND NORTH CAROLINA LAWS-3 | S -REF TO COM ON RULES & | 02-20-97 | |
| S 205 | REEVES | REPEAL RETIREMENT RESTRICTION | *H -REF TO COM ON RULES | 02-20-97 | 08-13-97 |
| S 211 | FORRESTER | HONOR BILLY GRAHAM | *R -CH. RES 97-08 | 02-20-97 | 04-29-97 |
| S 237 | PERDUE | MANICURISTS LICENSING CHANGES | S -RE-REF COM ON FINANCE | 02-25-97 | 04-23-97 |
| S 241 | KERR | WAYNE LOCAL ACT | S -REF TO COM ON RULES & | 02-25-97 | |
| S 242 | BALLANTINE | HAMPSTEAD INCORPORATED | S -REF TO COM ON RULES & | 02-26-97 | |
| S 243= | BALLANTINE | CASTLE HAYNE INCORPORATED | S -REF TO COM ON RULES & | 02-26-97 | |
| S 283= | WARREN | EXTEND HEART DISEASE TASK FORCE | S -REF TO COM ON RULES & | 03-03-97 | |
| S 288= | COOPER | CONTINUE SENTENCING COMMISSION | S -REF TO COM ON RULES & | 03-03-97 | |
| S 293 | REEVES | HONOR ST.AUGUSTINE BASKETBALL | S -ADOPTED | 03-04-97 | 03-06-97 |
| S 340 | BASNIGHT | INVITING BILLY GRAHAM | *R -CH. RES 97-07 | 03-10-97 | 04-29-97 |
| S 351 | MILLER B | SOCIAL SERVICES COMM'N AUTHORITY | *S -RE-REF COM ON RULES & | 05-01-97 | |
| S 384 | DALTON | ROBBERY WITNESS STUDY | *S -RE-REF COM ON RULES & | 08-11-97 | |
| S 395 | RAND | 24TH SENATE DIST. LOCAL ACT | S -REF TO COM ON RULES & | 03-17-97 | |
| S 396 | RAND | CUMBERLAND LOCAL ACT | S -REF TO COM ON RULES & | 03-17-97 | |
| S 414 | RAND | HONOR DEAN SMITH | *R -CH. RES 97-28 | 03-18-97 | 06-16-97 |
| S 416 | KERR | COMMEMORATE MUSEUM OF ART | S -ADOPTED | 03-18-97 | 03-25-97 |
| S 424 | MILLER B | WAKE ANNEXATIONS | *SA-CONF REPORT ADOPTED | 08-26-97 | 08-28-97 |
| S 431 | ODOM | UNPAVED ROADS STUDY | S -REF TO COM ON RULES & | 03-19-97 | |
| S 432= | ODOM | STORM HAZARD MITIGATION STUDY | S -REF TO COM ON RULES & | 03-19-97 | |
| S 434 | FORRESTER | NATIONAL GUARD HEALTH BENEFITS | *S -RE-REF COM ON RULES & | 05-01-97 | |

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| S 450= | PAGE | SUMMERVILLE INCORPORATED | S -REF TO COM ON RULES & | 03-24-97 | |
| S 459 | SHAW R | GUILFORD LOCAL ACT-3 | S -REF TO COM ON RULES & | 03-24-97 | |
| S 460 | SHAW R | GUILFORD LOCAL ACT 1 | S -REF TO COM ON RULES & | 03-24-97 | |
| S 461 | SHAW R | GUILFORD LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-24-97 | |
| S 470 | HARTSELL | CABARRUS LOCAL ACT-1 | S -REF TO COM ON RULES & | 03-24-97 | |
| S 471 | HARTSELL | CABARRUS LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-24-97 | |
| S 495 | CONDER | SCOTLAND COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 502 | CONDER | HOKE COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 503 | CONDER | SCOTLAND COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 504 | CONDER | RICHMOND COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 505 | CONDER | HOKE COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 506 | CONDER | RICHMOND COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 507 | PLYLER | MONTGOMERY COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 508 | PLYLER | TURKEY GROWER USE VALUE EXCEPTION | *R -CH. SL 97-0272 | 03-25-97 | 04-29-97 |
| S 509 | PLYLER | STANLY COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 510 | PLYLER | MONTGOMERY COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 511 | PLYLER | UNION COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 512 | PLYLER | ANSON COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 03-25-97 | |
| S 513 | PLYLER | VALIDATE OAKBORO PROCEDURES | *R -CH. SL 97-0168 | 03-25-97 | 04-29-97 |
| S 514 | PLYLER | ANSON COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 03-25-97 | |
| S 525= | EAST | SURRY SCHOOL ELECTIONS | S -REF TO COM ON RULES & | 03-26-97 | |
| S 534 | SHAW R | PLEASANT GARDEN INCORPORATED | R -CH. SL 97-0344 | 03-27-97 | 06-26-97 |
| S 580 | DALTON | KINGS MOUNTAIN LOCAL ACT-3 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 581 | DALTON | KINGS MOUNTAIN LOCAL ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 582 | DALTON | KINGS MOUNTAIN LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 584 | FORRESTER | SENATE DISTRICT #39 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 588 | HARTSELL | ROWAN LOCAL ACT-1 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 589 | HARTSELL | ROWAN LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 591 | COCHRANE | 38TH SENATE DISTRICT ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 592 | SOLES | RELOCATE ABANDONED CEMETERIES | *S -RE-REF COM ON APPROPR | 04-01-97 | 07-09-97 |

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| S 593 | SOLES | FUNDS FOR PUBLIC PURPOSES-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 594 | RAND | LOCAL SALES TAX FOR SCHOOLS | *H -REF TO COM ON RULES | 04-01-97 | 07-28-97 |
| S 599 | DALTON | CLEVELAND COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 600 | DALTON | RUTHERFORD COUNTY LOCAL ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 601 | BALLANTINE | CITY OF WILMINGTON | S -REF TO COM ON RULES & | 04-01-97 | |
| S 602 | JORDAN | 7TH SENATE DIST. LOCAL ACT-1 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 603 | JORDAN | 7TH SENATE DIST. LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 604 | JORDAN | 7TH SENATE DIST. LOCAL ACT-3 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 605 | JORDAN | 7TH SENATE DIST. LOCAL ACT-4 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 606 | JORDAN | 7TH SENATE DIST. LOCAL ACT-5 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 617 | WEBSTER | ALAMANCE LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 618 | WEBSTER | CASWELL LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-01-97 | |
| S 619 | WEBSTER | PERSON LOCAL ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 624 | MARTIN W | SEDALIA INCORPORATED | *R -CH. SL 97-0444 | 04-01-97 | 08-13-97 |
| S 629= | WELLONS | EXPEDITE JOHNSTON SCHOOL CONSTR. | *S -RE-REF COM ON FINANCE | 04-24-97 | 07-23-97 |
| S 631= | KINNAIRD | CHAPEL HILL OMNIBUS ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 632= | KINNAIRD | ORANGE OMNIBUS ACT | S -REF TO COM ON RULES & | 04-01-97 | |
| S 665 | RAND | GUBERNATORIAL TEAM TICKET-2 | S -RE-REF COM ON RULES & | 04-29-97 | |
| S 669 | SOLES | FUTURE OF ECONOMIC DEVELOP. COMM | S -REF TO COM ON RULES & | 04-02-97 | |
| S 671= | ALBERTSON | WASTEWATER IMPROVEMENTS PERMITS | *S -RE-REF COM ON RULES & | 05-21-97 | |
| S 672 | ODOM | MECKLENBURG LOCAL BILL | *H -REF TO COM ON LOC&RGII | 04-02-97 | 04-21-97 |
| S 696 | PERDUE | GRANTSBORO INCORPORATED-1 | *H -CAL PURSUANT RULE 36(A) | 04-07-97 | 07-09-97 |
| S 697 | PERDUE | AMEND STATE LAW | S -REF TO COM ON RULES & | 04-07-97 | |
| S 707 | JENKINS | HONOR "BO" THOMAS | S -CH. RES 97-25 | 04-07-97 | 05-20-97 |
| S 711= | SOLES | GRANTSBORO INCORPORATED-2 | *R -CH. SL 97-0446 | 07-24-97 | 08-26-97 |
| S 715 | PERDUE | AMEND STATE LAW-2 | S -REF TO COM ON RULES & | 04-07-97 | |
| S 717 | ALBERTSON | DUPLIN COUNTY LOCAL ACT-2 | S -REF TO COM ON RULES & | 04-07-97 | |
| S 718 | ALBERTSON | DUPLIN COUNTY LOCAL ACT-3 | S -REF TO COM ON RULES & | 04-07-97 | |
| S 721= | SOLES | CALABASH/CAROLINA SHORES | S -REF TO COM ON RULES & | 04-07-97 | |
| S 732= | BALLANTINE | SNEADS FERRY INCORPORATED | S -REF TO COM ON RULES & | 04-07-97 | |

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| S 733 | ODOM | LINCOLN LOCAL ACT | S -REF TO COM ON RULES & | 04-07-97 |
| S 734 | ODOM | LINCOLN ACT-2 | S -REF TO COM ON RULES & | 04-07-97 |
| S 740 | RAND | GARNISHMENT TO SATISFY JUDGMENTS | *S -RE-REF COM ON RULES & | 05-01-97 |
| S 745 | GULLEY W | AMERICAN DANCE FESTIVAL | S -ADOPTED | 04-07-97 04-15-97 |
| S 753= | LUCAS | DOMESTIC VIOLENCE STUDY | S -REF TO COM ON RULES & | 04-07-97 |
| S 777 | LEE | INTEREST RATES/LOAN CEILINGS STUDY | *S -RE-REF COM ON RULES & | 04-30-97 |
| S 815 | RAND | SPEAKER/PRO TEM APP'TS | *S -PRES. TO GOV. 08-29 | 04-14-97 08-26-97 |
| S 820= | SHAW L | BUILDING CODE STUDY | S -REF TO COM ON RULES & | 04-14-97 |
| S 823= | SHAW L | DOWNTOWN REVITALIZATION STUDY | S -REF TO COM ON RULES & | 04-14-97 |
| S 828 | LUCAS | CHILD PROTECTION LRC STUDY | S -REF TO COM ON RULES & | 04-14-97 |
| S 830 | BALLANTINE | ADOPT STATE FRUIT-2 | S -REF TO COM ON RULES & | 04-14-97 |
| S 831 | RAND | BD. OF TRANSP. APPOINTMENTS | S -REF TO COM ON RULES & | 04-14-97 |
| S 860 | LEE | STUDY PRISON ENTERPRISES | *S -RE-REF COM ON RULES & | 05-01-97 |
| S 865 | JORDAN | N.C. PROGRESS REPORT | S -REF TO COM ON RULES & | 04-15-97 |
| S 871= | KERR | COMMEMORATE GOLDSBORO ANNIVERSARY | R -CH. RES 97-14 | 04-15-97 05-28-97 |
| S 872 | KERR | YOUTH WORKERS AT ABC PERMITTEES | *H -REF TO COM ON COMM | 04-15-97 04-23-97 |
| S 873 | KERR | TAX LAW CHANGES | S -REF TO COM ON RULES & | 04-15-97 |
| S 879 | PLYLER | BLANK BILL-1 | S -REF TO COM ON RULES & | 04-15-97 |
| S 880 | PLYLER | BLANK BILL-2 | S -REF TO COM ON RULES & | 04-15-97 |
| S 887 | MARTIN W | WORKING POOR LRC STUDY | S -REF TO COM ON RULES & | 04-16-97 |
| S 889 | MARTIN W | STUDY AMERICAN SIGN LANGUAGE | *S -RE-REF COM ON RULES & | 07-10-97 |
| S 901 | WARREN | LRC BRANCH BANKING STUDY | S -REF TO COM ON RULES & | 04-16-97 |
| S 903 | HARTSELL | MUNICIPAL STUDY | S -REF TO COM ON RULES & | 04-16-97 |
| S 906 | HOYLE | CON EXEMPTION/OPEN HEART SURGERY | S -REF TO COM ON RULES & | 04-16-97 |
| S 912 | PERDUE | STATE ENVIRONMENTAL CONCERNS/FUNDS | S -REF TO COM ON RULES & | 04-17-97 |
| S 923 | ODOM | COMM. REALTOR LIEN STUDY | *S -RE-REF COM ON RULES & | 07-31-97 |
| S 950 | GULLEY W | JUVENILE HEARING OFFICERS | S -RE-REF COM ON RULES & | 05-06-97 |
| S 955 | HOYLE | BASEBALL PARK DISTRICT APPOINTMENTS | S -REF TO COM ON RULES & | 04-17-97 |
| S 956= | HOYLE | VENTURE CAPITAL INVESTMENT INCENTIVE | S -RE-REF COM ON FINANCE | 04-17-97 07-22-97 |
| S 967 | LEDBETTER | ALLOW CONSTRUCTION BY OWNER | S -REF TO COM ON RULES & | 04-17-97 |

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| S 972 | WINNER | MANAGED CARE POLICY BOARD | S -RE-REF COM ON RULES & | 05-07-97 | |
| S 984 | ALBERTSON | ENVIRONMENTAL POLICY | S -RE-REF COM ON AGRICUL& | 04-21-97 | 08-05-97 |
| S 993 | RAND | MEDICAL SERVICE CORP. CHARTERS | *H -CONF COM APPOINTED | 04-21-97 | 04-29-97 |
| S 993 | RAND | MEDICAL SERVICE CORP. CHARTERS | *H -CONF COM APPOINTED | 06-11-97 | |
| S1003 | GULLEY W | HEALTH CARE OVERSIGHT COMM. | S -REF TO COM ON RULES & | 04-21-97 | |
| S1004 | PERDUE | SUSTAINABLE GROWTH ACT | S -REF TO COM ON RULES & | 04-21-97 | |
| S1005= | GULLEY W | HEALTH CARE INFORMATION PRIVACY | S -RE-REF COM ON RULES & | 05-06-97 | |
| S1013 | GULLEY W | ENCOURAGE RENEWABLE ENERGY | S -RE-REF COM ON RULES & | 04-21-97 | 04-28-97 |
| S1013 | GULLEY W | ENCOURAGE RENEWABLE ENERGY | S -RE-REF COM ON RULES & | 05-01-97 | |
| S1017 | ALBERTSON | ENVIRONMENTAL/AGRICULTURE ACT | S -RE-REF COM ON FINANCE | 04-21-97 | 06-19-97 |
| S1022 | KINNAIRD | ASPHALT EMISSIONS MONITORING | S -RE-REF COM ON RULES & | 07-17-97 | |
| S1037 | KERR | NC RAILROAD ACT | S -RE-REF COM ON FINANCE | 04-21-97 | 06-03-97 |
| S1039 | PERDUE | PHARMACY STUDY COMMISSION | S -REF TO COM ON RULES & | 04-21-97 | |
| S1055 | COOPER | PUBLIC HOSPITAL PERSONNEL ACT | *S -PRES. TO GOV. 08-29 | 04-22-97 | 04-29-97 |
| S1056 | GULLEY W | HOSPITAL/MED. SERVICE CORP. | S -REF TO COM ON RULES & | 04-21-97 | |
| S1058 | KINNAIRD | BOG STUDY | *S -RE-REF COM ON RULES & | 04-30-97 | |
| S1063 | HOYLE | LAW OFFICERS/WEAPONS | S -REF TO COM ON RULES & | 04-21-97 | |
| S1065 | HOYLE | EXEMPT SEVERANCE PAY | *S -PRES. TO GOV. 08-28 | 04-21-97 | 07-02-97 |
| S1072 | PAGE | INVITE SEN. HELMS | R -CH. RES 97-09 | 04-21-97 | 04-29-97 |
| S1073 | HOYLE | AUCTIONEER AMENDMENTS | *H -REF TO COM ON RULES | 04-21-97 | 06-04-97 |
| S1075= | MARTIN W | MINORITY AND AT-RISK STUDENT STUDY | S -REF TO COM ON RULES & | 04-21-97 | |
| S1079= | LEDBETTER | HONOR GORDON HICKS GREENWOOD | S -RE-REF COM ON RULES & | 05-13-97 | 05-15-97 |
| S1079= | LEDBETTER | HONOR GORDON HICKS GREENWOOD | S -RE-REF COM ON RULES & | 06-09-97 | |
| S1080 | KERR | HONOR CHARLES DUNN | R -CH. RES 97-17 | 06-02-97 | 06-05-97 |
| S1081 | SHAW L | HONOR "BUCK" LEONARD | R -CH. RES 97-29 | 06-05-97 | 06-19-97 |
| S1082 | BLUST | HONOR THOMAS B. SAWYER, SR. | R -CH. RES 97-27 | 06-05-97 | 08-04-97 |
| S1083= | HORTON | HONOR MAZIE WOODRUFF | S -REF TO COM ON RULES & | 06-19-97 | |
| S1084 | REEVES | HONOR J. MELVILLE BROUGHTON, JR. | S -REF TO COM ON RULES & | 06-30-97 | |
| S1085= | WELLONS | HONOR BARNEY PAUL WOODARD | S -RE-REF COM ON RULES & | 07-10-97 | 07-14-97 |
| S1085= | WELLONS | HONOR BARNEY PAUL WOODARD | S -RE-REF COM ON RULES & | 07-21-97 | |

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.

* AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.

BOLDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

NORTH CAROLINA GENERAL ASSEMBLY

COMMITTEE SUMMARY REPORT

SENATE: RULES & OPERATION OF THE SENATE

Valid Through 3-SEP-1997

1997-98 Regular Session

| <u>BILL</u> | <u>INTRODUCER</u> | <u>SHORT TITLE</u> | <u>LATEST ACTION ON BILL</u> | <u>IN DATE</u> | <u>OUT DATE</u> |
|-------------|-------------------|---------------------------|------------------------------|----------------|-----------------|
| S1086= | MARTIN W | INVITE JOHN HOPE FRANKLIN | S -REF TO COM ON RULES & | 07-16-97 | |
| S1087 | JORDAN | HONOR CHARLES KURALT | R -CH. RES 97-31 | 07-24-97 | 08-20-97 |

NOTES- = AFTER BILL NUMBER SHOWS THAT BILL IS IDENTICAL, AS INTRODUCED, TO ANOTHER BILL.
 * AFTER NUMBERS INDICATES THAT TEXT OF BILL WAS ALTERED BY ACTION ON THE BILL.
 BOLDDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

Page: 7

MINUTES

SENATE COMMITTEE ON RULES AND

OPERATIONS OF THE SENATE

February 11, 1997

The Senate Committee on Rules and Operations of the Senate met at 3:00 p.m. on Tuesday, February 11, 1997 in the 300 Conference Room. Sixteen members of the committee were present.

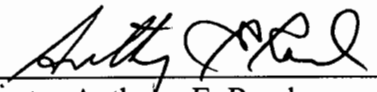
Senator Rand presided and recognized Senator Hoyle who presented a committee substitute for SB 38 - Study Comm./Future of Electric Service.

Senator Horton moved that the committee substitute be adopted.

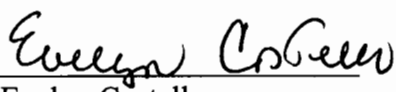
Senator Hoyle explained his bill which would set up a study commission on the deregulation of electric service with a report of the commission's finding to be presented to the 1999 General Assembly. The commission will terminate upon filing its final report. The commission may make an interim report to the 1998 Regular Session of the 1997 General Assembly.

Senator Jordan moved for a favorable report of the committee substitute for SB 38 and the committee substitute was unanimously adopted by the committee.

The meeting adjourned at 3:30 p.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Tuesday, February 11, 1997

SENATOR GULLEY,
submits the following with recommendations as to passage:

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

| | | |
|------|-----------|---|
| S.B. | 38 | Study Comm./Future of Electric Service. |
| | | Draft Number: S38-PCS7519 |
| | | Sequential Referral: None |
| | | Recommended Referral: None |
| | | Long Title Amended: No |

TOTAL REPORTED: 1

Committee Clerk Comment: Senator Rand will sign report. Senator Gulley will submit.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 38*
Corrected Copy 2/4/97
Proposed Committee Substitute S38-PCS7519

Short Title: Study Comm./Future of Electric Service.

(Public)

Sponsors:

Referred to:

February 3, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE STUDY COMMISSION ON THE FUTURE OF
3 ELECTRIC SERVICE IN NORTH CAROLINA.
4 The General Assembly of North Carolina enacts:
5 Section 1. The Study Commission on the Future of Electric Service in
6 North Carolina is created. The Commission shall consist of 20 voting members as
7 follows:
8 (1) Four members of the Senate to be appointed by the President Pro
9 Tempore of the Senate;
10 (2) Four members of the House of Representatives to be appointed by
11 the Speaker of the House of Representatives;
12 (3) The Chief Executive Officer of the North Carolina Electric
13 Membership Corporation or the Chief Executive Officer's
14 designee;
15 (4) The Chief Executive Officer of ElectriCities of North Carolina or
16 the Chief Executive Officer's designee;
17 (5) The Chief Executive Officer of Duke Power Company or the Chief
18 Executive Officer's designee;
19 (6) The Chief Executive Officer of North Carolina Power Company or
20 the Chief Executive Officer's designee;
21 (7) The Chief Executive Officer of Carolina Power and Light
22 Company or the Chief Executive Officer's designee;

- (8) Two residential consumers of electricity to be appointed by the Governor;
- (9) Two commercial consumers of electricity, one to be appointed by the President Pro Tempore of the Senate and one to be appointed by the Speaker of the House of Representatives;
- (10) Two industrial consumers of electricity, one to be appointed by the Speaker of the House of Representatives and one to be appointed by the President Pro Tempore of the Senate; and
- (11) One member of the environmental community to be appointed by the Governor.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair from the General Assembly membership serving on the Commission. The Commission shall meet upon the call of the cochairs. A majority of the Commission shall constitute a quorum for the transaction of business.

Section 2. The Commission shall examine the cost, adequacy, availability, and pricing of electric rates and service in North Carolina to determine whether legislation is necessary to assure an adequate and reliable source of electricity and economical, fair, and equitable rates for all consumers of electricity in North Carolina. The Commission shall gather data and other information as may be necessary to accomplish the purposes of the Commission, including testimony at public hearings, and shall work cooperatively with other boards, commissions, and entities, taking advantage of their resources and activities for the provision of useful information and insight. In the course of its study, the Commission shall seek input and advice from the Attorney General, the North Carolina Utilities Commission, and the Public Staff of the Utilities Commission. The Commission shall also obtain guidance by reviewing electric utility restructuring experiments conducted in other states.

In the course of its study and in making its recommendations, the Commission shall fully address the following issues:

- (1) Assurance of fairness and equity among all customer classes;
- (2) Reliability of power supply;
- (3) Fair treatment of competing power providers;
- (4) Universal access to electric energy and assignment of responsibility to provide it;
- (5) Reciprocity between states;
- (6) Stranded investment costs and benefits;
- (7) Clarification of State and federal jurisdiction;
- (8) Environmental impact of restructuring;
- (9) Impact of competition on tax revenues;
- (10) Alternative forms of regulation;
- (11) Obligation to serve and the obligation to receive service;
- (12) Ways to eliminate or equalize subsidies and tax preferences;
- (13) Customer choice of electric providers;

- 1 (14) Functional unbundling of electric power generation, transmission,
2 and distribution services;
- 3 (15) Impact of competition on service to low-income consumers;
- 4 (16) Impact of competition on renewable energy, conservation, and
5 efficiency programs;
- 6 (17) Impact of competition on the energy expenditures by State and
7 local government;
- 8 (18) Impact of competition on economic development;
- 9 (19) Impact of competition on municipal electric utilities and rural
10 electric cooperatives;
- 11 (20) Prevention of anticompetitive or discriminatory conduct or the
12 unlawful exercise of market power; and
- 13 (21) Other relevant and appropriate subjects.

14 Section 3. The Commission may contract for consultant services as
15 provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission,
16 the Legislative Services Officer shall assign professional and clerical staff to assist in
17 the work of the Commission. Clerical staff shall be furnished to the Commission
18 through the offices of the House of Representatives and Senate Supervisors of Clerks.
19 The Commission may meet in the Legislative Building or the Legislative Office
20 Building upon the approval of the Legislative Services Commission. The
21 Commission, while in the discharge of official duties, may exercise all the powers
22 provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the
23 power to request all officers, agents, agencies, and departments of the State to
24 provide any information, data, or documents within their possession, ascertainable
25 from their records, or otherwise available to them, and the power to subpoena
26 witnesses.

27 Members of the Commission shall receive per diem, subsistence, and
28 travel allowances as follows:

- 29 (1) Commission members who are members of the General Assembly
30 at the rate established in G.S. 120-3.1;
- 31 (2) Commission members who are officials or employees of the State
32 or of local government agencies at the rate established in G.S. 138-
33 6; and
- 34 (3) All other Commission members at the rate established in G.S. 138-
35 5.

36 Section 4. The Commission shall make a report to the 1998 Regular
37 Session of the 1997 General Assembly, which may contain recommendations if the
38 Commission deems it advisable at that time, and shall report the results of its study
39 and its recommendations to the 1999 General Assembly. The Commission shall
40 terminate upon filing its final report.

41 Section 5. This act is effective when it becomes law.

VISITORS SHEET

SENATE RULES COMMITTEE Rules

DATE: 2/11/97

NAME:

AGENCY:

| | |
|------------------|---------------------------|
| | |
| Gandhi King | Martin Marotta |
| 7 Carlyle League | Cooperative Council of NC |
| Michelle Cook | Weyerhaeuser |
| Marc Finlayson | Weyerhaeuser |
| Bernard Allen | Secy. of State's Office |
| FRAN Preston | NCENA |
| Jamie Callenmyr | Intern - Senator Rand |
| Robin Spinks | Cogentrix |
| R. Paul Williams | NCHS |
| J. C. C. | NCUC |
| Kristen Crosson | intern - Senator Hoyle |
| Ted Harrison | UNC-TV |
| Alice Garland | Electric Cities |
| Jim Pollock | Lawrence Bully & Assoc. |
| Sammy Z. Kirby | NCUC |
| Robert W. Kaylog | Duke Power / NC Power |
| Gene Upchurch | CP&L |
| John McAlister | Duke Power |
| HENRY KNIGHT | BUFFER |
| Larry Guerhart | Citizen Action |
| John Long | Martin Marotta |
| General Wilson | Bovassociates |

Attachment #1

VISITORS SHEET

SENATE RULES COMMITTEE Rules DATE: 2/11/97

NAME: AGENCY:

SENATE RULES COMMITTEE *RULES*

DATE: 2/11/97

NAME: _____

AGENCY:

[illegible]



**North Carolina General Assembly
Legislative Services Office**

Attachment #2

George R. Hall, Legislative Services Officer
(919) 733-7044

Elaine W. Robinson, Director
Administrative Division
Room 5, Legislative Building
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Raleigh, NC 27603-5925
(919) 733-7500

Gerry F. Cohen, Director
Bill Drafting Division
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Raleigh, NC 27603-5925
(919) 733-6660

Thomas L. Covington, Director
Fiscal Research Division
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300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-4910


Donald W. Fulford, Director
Information Systems Division
Suite 400, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-6834

Terrence D. Sullivan, Director
Research Division
Suite 545, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-2578

February 10, 1997

MEMORANDUM

TO: Committee on Rules and Operations of the Senate

FROM:  Steven Rose, Attorney, Research Division

RE: Senate Bill 38; Study Commission on the Future of Electric Service in North Carolina - Proposed Committee Substitute

The committee substitute for Senate Bill 38 establishes the Study Commission on the Future of Electric Service in North Carolina.

The Commission consists of twenty members as follows:

1. Four members each from the Senate and the House, appointed by the President Pro Tempore and the Speaker of the House respectively;
2. The Chief Executive Officers of the N.C. Electric Membership Corporation, ElectriCities of North Carolina, Duke Power Company, North Carolina Power Company, and Carolina Power & Light (or their designees);
3. Two residential consumers of electricity, appointed by the Governor;
4. Two commercial consumers of electricity, one appointed by the President Pro Tempore and one by the Speaker of the House;
5. Two industrial consumers of electricity, one appointed by the President Pro Tempore and one appointed by the Speaker of the House;
6. One member of the environmental community, appointed by the Governor.

The President Pro Tempore and the Speaker will each appoint a Cochair from the General Assembly members of the Commission.

Section 2 of the bill contains the charge to the Commission. The Commission will determine whether legislation is needed to ensure an adequate and reliable source of electricity and economical, fair, and equitable rates for all consumers of electricity. The Commission is also

charged with reviewing electric utility restructuring experiments conducted in other states. In addition, the Commission is to address certain specific issues as outlined in the bill. These are listed beginning on page 2, lines 29-44, and continuing on page 3, lines 1-13.

The Commission is specifically directed to seek input and advise from the Attorney General, the North Carolina Utilities Commission, and the Public Staff of the Utilities Commission. The Study Commission is authorized to contract for consultant services, and may also have assigned professional and clerical staff through the Legislative Services Officer.

The Commission is required to report the results and recommendations of the study to the 1999 General Assembly. It is also required to make a report to the 1998 Regular Session. The Commission terminates upon filing its final report.

The act becomes effective when it becomes law.

Attached to this memorandum is a copy of an article that appeared in the most recent issue of LegisLately. It is a brief discussion of electric utility restructuring and may be helpful to the Committee.

Electric Utility Restructuring

INSIDE

| | |
|---|----------|
| <i>Electric Utility Restructuring . . .</i> | <i>1</i> |
| <i>LRC Recommends Bills to</i> | |
| <i>1997 Session</i> | <i>3</i> |
| <i>Selected Laws Effective January</i> | |
| <i>1, 1997</i> | <i>5</i> |



LEGIS-LATELY

Sara Kamprath, Editor.

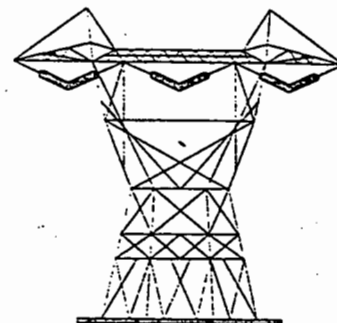
*Terrence D. Sullivan, Director
Research Division, Room 545
Legislative Office Building
300 N. Salisbury St.
Raleigh, NC 27603-5925*

*Legis-Lately is an interim
publication of the Legislative
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the Research Division from
articles submitted by all
Divisions...Bill Drafting, Fiscal
Research, Information Systems
and Research. Comments are
welcome.*

*Past editions of this and other
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page, <http://www.ncga.state.nc.us/>,
by clicking on Legislative
Services Office and then
Research Division.*

Wholesale Restructuring

Electric utility restructuring is a topic of intense discussion around the country. Congress passed the Energy Policy Act of 1992 to encourage greater wholesale generation competition. The Federal Energy Regulatory Commission (FERC) issued two orders in April, 1996, implementing mandatory, non-discriminatory transmission access for wholesale electricity sales. The first, Order 888, specifically requires public utilities owning, controlling, or operating transmission lines to file non-discriminatory open access tariffs (descriptions of services and charges) offering the same transmission service that the utilities provide for themselves. The second, Order 889, is designed to ensure that transmission line owners and their affiliates do not have an unfair competitive advantage in the use of transmission facilities. Utilities are required to separate their wholesale power marketing and transmission operation functions and to obtain information for their own wholesale transactions in the same way as their competitors. To accomplish this, FERC has ordered the creation and implementation of an information posting system on the Internet. The N.C. Utilities Commission, has opened a docket and requested comments from



the regulated utilities and other interested parties regarding how the public utilities will implement the FERC orders, and what the impact on N.C. customers will be. In addition, the Commission has requested comments on what might be done within the existing regulatory and statutory framework to help bring to each retail customer class the benefits competition purports to yield, without reducing levels of service and reliability.

Retail Restructuring

More recently, restructuring of the electric utility industry to allow for retail customer choice has dominated this discussion. A variety of legislative proposals were introduced in the 104th (last) Congress, although none passed. Some states have passed legislation promoting competitive retail sales of electricity. These include California and a few states in the Northeastern U.S. It is important to note that these states

See Electric Utility...Page 2

Electric Utility...continued from Page 1

have high electric costs. In California, for example, a residential customer pays an average of 11.3 cents per kWh (kilowatt-hour) and an industrial customer pays an average of 7.09 cents per kWh. Compare this to N.C., where the average residential cost is 8.17 cents per kWh and the average industrial cost is 4.93 cents per kWh. (Based on 1994 statistics.) There was speculation that the 105th (present) Congress would most probably pass legislation providing for some deregulation of and competition in the electric utility industry. However, more recent information indicates that some members of Congress who were supporters of this legislation are now having second thoughts based upon problems raised by their particular constituents, and predictions for passage of Federal legislation are much less optimistic. (See Congressional Quarterly, October 12, 1996 and November 23, 1996.) In April 1996, the Joint Legislative Utility Review Committee devoted a meeting to the subject of electric utility restructuring, for information purposes only. No legislative committee has recommended legislation on this subject to the 1997 General Assembly.

Restructuring Issues

There are many thorny issues involved in any discussion of restructuring the electric utility industry. Among the most difficult are the issues of stranded investment costs and benefits, stranded debt, and system reliability.

Stranded investment cost refers to the investment that has been made by a regulated investor-owned (or other) electric utility, such as Duke Power or Carolina Power & Light, to maintain and anticipate adequate generating capacity for its present and future customer base. Maintaining this capacity is required of the monopoly electric utilities. If restructuring of the electric utility industry allows retail customers to use other suppliers, and this capacity is not utilized, who repays the public utility for this investment? Should it be the rate payers, the customers leaving the system, or the shareholders of

the utility?

Stranded benefits refers to programs that do not bring a direct profit to the utility, but which have been deemed desirable as a matter of public policy and are typically paid for by including their costs in the rates charged for electricity. These include conservation programs such as demand side management and use of renewable power sources, such as small hydroelectric facilities, as well as programs that benefit low income people, and participation in local economic development programs. Can these programs survive in a competitive environment? If so, who pays for them?

Stranded debt naturally relates to stranded investment, since public utilities incur large long term debt in order to finance the construction of power plants. In addition, entities such as rural cooperative and municipalities have also incurred substantial debt to bring electrical service to their subscribers. Can the cooperatives and municipal suppliers survive in a competitive environment? If not, how will the debt be repaid? In N.C., for example, the power agencies supplying power to municipalities that provide electricity to their residents and residents in surrounding areas, have a bonded indebtedness of approximately \$6 billion.

Finally, the present electric supply system is said to be the best and most reliable in the world. If it becomes fragmented due to restructuring, will it continue to be as reliable?

Most observers think further restructuring of the electric supply industry is coming. But there is much disagreement on when, and what it will look like.

Steven Rose, Research Division, 733-2578

Quotation

The business of the law is to make sense of the confusion of what we call human life - to reduce it to order but at the same time to give it possibility, scope, even dignity.

Archibald MacLeish (1892-1987) U.S. poet. "Apologia", in *Harvard Law Review* (Cambridge, Mass. 1972).

MINUTES

SENATE COMMITTEE ON RULES AND
OPERATIONS OF THE SENATE

April 3, 1997

The Senate Committee on Rules and Operations of the Senate met at 3:00 p.m. on Thursday, April 3, 1997 in the 300 Conference Room. Thirteen members of the committee were present.

Senator Rand, Chairman presided. Senate Bill 104 - Medical Information Waiver was on the agenda.

Senator Horton explained his bill: A physician or psychologist may disclose to the Commissioner of Motor Vehicles the name, address, date of birth and diagnosis of any patient who the physician or psychologist believes has a mental or physical disability that may affect the patient's ability to operate a motor vehicle. The information is to remain confidential and be used only for the purpose of determining the qualifications of the patient to operate a motor vehicle.

Senator Forrester was recognized and sent up an amendment to include pilots on licensing and certification physicals.


This amendment was unanimously adopted by the committee with the insertion of the word "pilot's" in front of the word "license" on Page 2 of the amendment.

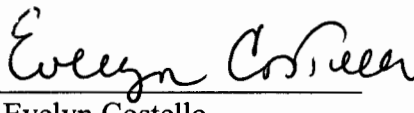
Senator Cooper said he could not support the bill or the amendment.

Dr. Levine spoke to the bill and felt that would save lives.

Senator Blust moved for a favorable report for a Committee Substitute for S.B. 104 which would incorporate Senator Forrester's amendment and change the title. This motion was unanimously adopted by the committee.

The meeting adjourned at 3:40 p.m.


Senator Anthony E. Rand,
Chairman


Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT

Senator Tony Rand, Co-Chair
, Co-Chair

Monday, April 07, 1997

SENATOR TONY RAND ,
submits the following with recommendations as to passage:

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

| | | | |
|-------------|------------|----------------------------|---------|
| S.B. | 104 | Medical Information Waiver | |
| | | Draft Number: | PCS4554 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | None |
| | | Long Title Amended: | Yes |

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 104

w/ Senate Amendment 1 & 2
adopted 6/10/97/engrossed

Short Title: Medical Information Waiver.

(Public)

Sponsors: Senators Horton; and Hoyle.

Referred to: Transportation.

February 13, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE LIMITED IMMUNITY FOR PHYSICIANS AND
3 PSYCHOLOGISTS PROVIDING MEDICAL INFORMATION ON DRIVERS
4 TO THE COMMISSIONER OF MOTOR VEHICLES IMPLEMENTING THE
5 RECOMMENDATIONS OF THE DRIVERS MEDICAL EVALUATION
6 PROGRAM STUDY COMMISSION.
7 The General Assembly of North Carolina enacts:
8 Section 1. Article 2 of Chapter 20 of the General Statutes is amended by
9 adding a new section to read:
10 "§ 20-9.1. Physicians and psychologists providing medical information on drivers with
11 physical and mental disabilities. 53
12 (a) Notwithstanding G.S. 8-51 for physicians and G.S. 8-51.3 for psychologists, or
13 any other law relating to confidentiality of communications between physicians or
14 psychologists and their patients, a physician or a psychologist duly licensed in the
15 State of North Carolina may disclose to the Commissioner information about a
16 patient who has a mental or physical disability that the physician or psychologist
17 believes may affect the patient's ability to safely operate a motor vehicle. This
18 information shall be limited to the patient's name, address, date of birth, and
19 diagnosis.
20 (b) The information provided to the Commissioner pursuant to subsection (a) of
21 this section shall be confidential and shall be used only for the purpose of
22 determining the qualifications of the patient to operate a motor vehicle.
23 (c) A physician or psychologist disclosing information pursuant to this section is
24 immune from any civil or criminal liability that might otherwise be incurred or
25 imposed based on the disclosure provided that the physician or psychologist was
or lack of disclosure

1 acting in good faith and without malice. In any proceeding involving liability, good
2 faith and lack of malice is presumed, and must be proven by the complainant."

3 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 104
Proposed Committee Substitute S104-PCS4554

Short Title: Medical Information Waiver.

(Public)

Sponsors:

Referred to:

February 13, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE LIMITED IMMUNITY FOR PHYSICIANS AND
3 PSYCHOLOGISTS PROVIDING MEDICAL INFORMATION ON DRIVERS
4 TO THE COMMISSIONER OF MOTOR VEHICLES IMPLEMENTING THE
5 RECOMMENDATIONS OF THE DRIVERS MEDICAL EVALUATION
6 PROGRAM STUDY COMMISSION AND FOR PHYSICIANS PROVIDING
7 MEDICAL INFORMATION AND TESTIMONY REGARDING PILOTS TO
8 PILOTS' LICENSING AND CERTIFICATION AGENCIES.
9 The General Assembly of North Carolina enacts:
10 Section 1. Article 2 of Chapter 20 of the General Statutes is amended by
11 adding a new section to read:
12 "§ 20-9.1. Physicians and psychologists providing medical information on drivers with
13 physical and mental disabilities.
14 (a) Notwithstanding G.S. 8-53 for physicians and G.S. 8-53.3 for psychologists, or
15 any other law relating to confidentiality of communications between physicians or
16 psychologists and their patients, a physician or a psychologist duly licensed in the
17 State of North Carolina may disclose to the Commissioner information about a
18 patient who has a mental or physical disability that the physician or psychologist
19 believes may affect the patient's ability to safely operate a motor vehicle. This
20 information shall be limited to the patient's name, address, date of birth, and
21 diagnosis.

1 **(b) The information provided to the Commissioner pursuant to subsection (a) of**
2 **this section shall be confidential and shall be used only for the purpose of**
3 **determining the qualifications of the patient to operate a motor vehicle.**

4 **(c) A physician or psychologist disclosing or not disclosing information pursuant**
5 **to this section is immune from any civil or criminal liability that might otherwise be**
6 **incurred or imposed based on the disclosure or lack of disclosure provided that the**
7 **physician or psychologist was acting in good faith and without malice. In any**
8 **proceeding involving liability, good faith and lack of malice is presumed."**

9 Section 2. Article 1C of Chapter 90 of the General Statutes is amended
10 by adding a new section to read:

11 **"§ 90-21.20A. Reporting by physicians of pilots' mental or physical disabilities or**
12 **infirmities.**

13 **(a) A physician who reports to a government agency responsible for pilots'**
14 **licenses or certificates or a government agency responsible for air safety that a pilot**
15 **or an applicant for a pilot's license or certificate suffers from or probably suffers from**
16 **a physical disability or infirmity that the physician believes will or reasonably could**
17 **affect the person's ability to safely operate an aircraft shall have immunity, civil or**
18 **criminal, that might otherwise be incurred or imposed as the result of making such a**
19 **report.**

20 **(b) A physician who gives testimony about a pilot's or an applicant's mental or**
21 **physical disability or infirmity in any administrative hearing or other proceeding held**
22 **to consider the issuance, renewal, revocation, or suspension of a pilot's license or**
23 **certificate shall have immunity from any liability, civil or criminal, that might**
24 **otherwise be incurred or imposed as the result of such testimony."**

25 Section 3. This act is effective when it becomes law.

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

April 29, 1997

The Senate Committee on Rules and Operations of the Senate met at 1:30 p.m. on Tuesday, April 29 in the 300 Conference Room. Fourteen members of the committee were present.

Senator Rand, Chairman presided.

S.B. 37 - Extend DHR Reorg. Study - Senator Rand moved for the adoption of a Committee Substitute for S.B. 37 to extend the DHR Reorganization. Senator Martin explained his bill: there would be 18 members on the committee: 8 from the House and 8 from the Senate. Senator Forester moved for a favorable report on the Committee Substitute with referral to the Committee on Appropriations. This motion was adopted by the Committee and the bill received a favorable report.

S.B. 204 - Add Centennial Authority Members. Senator Rand moved for adoption of the Committee Substitute and it was unanimously adopted by the Committee. Senator Reeves explained his bill.

SJR 211 - Naming Billy Graham as Theologian Laureate - Senator Forrester moved for the adoption of a Committee Substitute for SJR 211 and explained the bill. Senator Carpenter moved for a favorable report of the Committee Substitute. This motion was unanimously adopted by the committee.

SJR 340 - Inviting The Reverend Billy Graham to Address a Joint Session. Senator Carpenter moved for the adoption of a Committee Substitute and it was so adopted. Senator Cooper moved for a favorable report of the committee substitute and this motion was seconded by Senator Plyler. The motion was unanimously adopted by the committee.

SB 508 - Union County Local Act.-2 - Senator Plyler presented the committee with a proposed Committee Substitute and it was adopted. He explained that his bill would prevent a turkey grower from being disqualified for using value taxation for a two-year period if the grower's land is taken out of production solely because of the presence of turkey disease in the area. Senator Cooper moved for a favorable report for the Committee Substitute with referral to Finance. This motion was unanimously adopted by the committee and the bill received a favorable report.

SB - 513 Stanly County Local Act.-1 - Senator Plyler presented the committee with a proposed Committee Substitute for SB 513 and explained that the Committee

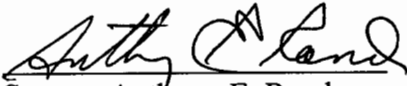
Substitute validates budget procedures of the Town of Oakboro in Stanly County. Senator Horton moved for a favorable report for the Committee Substitute and it was so adopted by the committee and the bill received a favorable report.

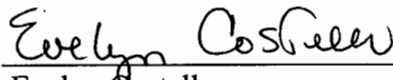
S.B. 993 - Service Corporation Conversions - An Act to Require the Commissioner of Insurance to Adopt Rules to Protect the Rights of Subscribers and Certificate Holders in the Reserves and Capital of Hospital, Medical and Dental Service Corporation Upon Conversion. Senator Rand presented the committee with a proposed Committee Substitute. Senator Cooper moved for acceptance of the Committee Substitute. Senator Hoyle moved for a favorable report and the Committee Substitute was adopted by the committee.

S.B. 1055 - Public Personal Act - Senator Cooper presented the committee with a proposed Committee Substitute and explained same. Senator Hoyle moved for a favorable report for the Committee Substitute and the bill received a favorable report from the committee.

SJR 1072 - Invite Senator Helms - Senator Page explained that this resolution was tailored after the SJR invitation to the President. Senator Plyler moved for a favorable report of the Joint Resolution and it was so adopted by the committee.

The meeting adjourned at 2:15 p.m.


Senator Anthony E. Rand,
Chairman


Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Tuesday, April 29, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

FAVORABLE

S.J.R. 1072 Invite Senator Helms.
 Sequential Referral: None
 Recommended Referral: None

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

S.B. 37 Extend DHR Reorg. Study.
 Draft Number: PCS4594
 Sequential Referral: None
 Recommended Referral: Appropriations
 Long Title Amended: Yes

S.B. 508 Union County Local Act-2.
 Draft Number: PCS2737
 Sequential Referral: None
 Recommended Referral: Finance
 Long Title Amended: Yes

S.B. 513 Stanly County Local Act.-1.
 Draft Number: PCSXA744
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

S.B. 993 Service Corporation Conversions.
 Draft Number: PCS2740
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

April 29, 1997

S.B. **1055** Public Hospital Personnel Act.
 Draft Number: PCS7786
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: No

UNFAVORABLE AS TO JOINT RESOLUTION, BUT FAVORABLE AS TO C.S. JOINT RESOLUTION

S.J.R. **211** Naming Theologian Laureate.
 Draft Number: PCS1653
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

S.J.R. **340** Inviting Reverend Graham to Joint Session.
 Draft Number: PCS1791
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: Yes

TOTAL REPORTED: 8

Committee Clerk Comment: None

REVISED AGENDA AND TIME

RULES AND OPERATIONS OF THE SENATE

TUESDAY, APRIL 29, 1997
1:30 P.M.

- | | |
|----------|--|
| SB 37 | EXTEND DHR REORG. STUDY SPONSOR: SENATOR BILL MARTIN |
| SB 204 | ADD CENTENNIAL AUTHORITY MEMBERS SPONSOR: SENATOR REEVES |
| SJR 211 | NAMING BILLY GRAHAM AS THEOLOGIAN LAUREATE SPONSOR: SENATOR FORESTER |
| SJR 340 | INVITING THE REVEREND BILLY GRAHAM TO ADDRESS A JOINT SESSION OF THE HOUSE OF REPRESENTATIVES AND SENATE SPONSOR: SENATOR CARPENTER |
| SB 508 | TURKEY GROWER USE VALUE EXCEPTION SPONSOR: SENATOR PLYER |
| SB 513 | VALIDATE OAKBORO PROCEDURES SPONSOR: SENATOR PLYLER |
| SB 993 | SERVICE CORPORATION CONVERSIONS SPONSOR: SENATOR RAND |
| SB 1055 | PUBLIC HOSPITAL PERSONAL ACT SPONSOR: SENATOR COOPER |
| SJR 1072 | INVITE SENATOR HELMS SPONSOR: SENATOR PAGE |

VISITOR REGISTRATION SHEET

Senate Rules

Name of Committee

April 29, 1997

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

| | |
|------------------|--|
| Henry Jones | Attorney - Raleigh |
| Jane Brotherton | UNC Gen Admin - NESU A Bm |
| Jimmy Worth | Carroll's Health Care System |
| Cam Cover | Brooks Pierce Fendley Humphrey & Leonard |
| Iran Frost | NC RMA |
| Ken Wylight | BCBS NC |
| Don McCorquodale | NORMA |
| David Simmons | ZDA, PA |
| Angus Williams | Bone & Assoc |
| Brad Cocker | BCBS NC |
| Brad Wicks | !! |
| Boone + Assoc | BCBS |
| John Cull | Smith & Assoc attorney X |

VISITOR REGISTRATION SHEET

Name of Committee

Date _____

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

John Rustin

NC FPL

Bob Holmes

CCNC / Green Club

MA Fuller

NCNA

James Hayes

420

John C. Carr

DEHAR

Wm. Sterling

Fazitliche Aussagen: Tins

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 37*
Corrected Copy 2/4/97

Short Title: Extend DHR Reorg. Study.

(Public)

Sponsors: Senators Martin of Guilford; Clark, Dannelly, Foxx, and Lucas.

Referred to: Rules and Operations of the Senate.

February 3, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO EXTEND THE STUDY COMMISSION ON THE
3 REORGANIZATION OF THE DEPARTMENT OF HUMAN RESOURCES.
4 The General Assembly of North Carolina enacts:
5 Section 1. Subsections (n) and (o) of Section 24.20 of Chapter 18 of the
6 1995 Session Laws, 2nd Extra Session 1996, read as rewritten:
7 "(n) The independent management consultant that is awarded the contract shall
8 report to the Commission as the Commission considers appropriate and shall submit
9 a final report to the Commission by ~~March 1, 1997~~. March 17, 1997. While
10 conducting its work, the independent management consultant shall devise a means of
11 obtaining confidential input from managerial and nonmanagerial human services
12 personnel, such as through the establishment of a confidential, temporary hotline.
13 (o) The Commission shall report its findings and recommendations, including any
14 legislative proposals, to the General Assembly by ~~April 1, 1997~~, May 1, 1997, at
15 which time the Commission shall terminate."
16 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 204

Short Title: Amend North Carolina Laws-3.

(Public)

Sponsors: Senator Reeves.

Referred to: Rules and Operations of the Senate.

February 20, 1997

1

A BILL TO BE ENTITLED

2

AN ACT RELATING TO THE LAWS OF NORTH CAROLINA.

3

The General Assembly of North Carolina enacts:

4

Section 1. This act relates to the laws of North Carolina.

5

Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 211

Sponsors: Senators Forrester; Allran, Ballantine, Blust, Carpenter, Carrington, Clark, Cochrane, Conder, East, Foxx, Garwood, Hartsell, Hoyle, Jordan, Kerr, Kincaid, Ledbetter, Lee, Lucas, Miller, Odom, Page, Perdue, Phillips, Rand, Reeves, Rucho, Shaw of Cumberland, Shaw of Guilford, Warren, Webster, Weinstein, and Wellons.

Referred to: Rules and Operations of the Senate.

February 20, 1997

1 A JOINT RESOLUTION NAMING BILLY GRAHAM AS THEOLOGIAN
2 LAUREATE.

3 Whereas, Billy Graham was born William Franklin Graham on
4 November 7, 1918, in Charlotte, North Carolina, to William Franklin Graham and
5 Morrow Coffey Graham; and

6 Whereas, Billy Graham graduated from the Florida Bible Institute, now
7 Trinity College, in 1940, and Wheaton College in 1943; and

8 Whereas, Billy Graham married Wheaton College classmate, Ruth McCue
9 Bell in 1943, and from their union five children were born: Virginia, Anne Morrow,
10 Ruth Bell, William Franklin, and Nelson Edman; and

11 Whereas, from 1943 to 1945, Billy Graham served as pastor of the First
12 Baptist Church in Western Springs, Illinois, and later joined Youth for Christ
13 International, where he ministered to young people and service personnel from 1945
14 to 1950; and

15 Whereas, after World War II, Billy Graham began to preach throughout
16 the United States and Europe, but gained international prominence as an evangelist
17 through a series of crusades that began in 1949; and

18 Whereas, Billy Graham founded the Billy Graham Evangelistic
19 Association in 1950, which launched his weekly radio program "Hour of Decision";
20 and

21 Whereas, Billy Graham has received numerous awards and honorary
22 degrees including the Congressional Gold Medal in 1996, the North Carolina Award
23 for Public Service in 1986, the Presidential Medal of Freedom in 1983, the Sylvanus

1 Thayer Award from the United States Military Academy Association of Graduates at
2 West Point in 1972, the International Brotherhood Award from the National
3 Conference of Christians and Jews in 1971, and the Gold Award of the George
4 Washington Carver Memorial Institute in 1963; and

5 Whereas, Billy Graham has written 17 books, all of which have become
6 best sellers; and

7 Whereas, Billy Graham has participated in eight presidential
8 inaugurations from the inauguration of President Dwight Eisenhower in 1953, to the
9 inauguration of President Bill Clinton in 1997; and

10 Whereas, Billy Graham's messages have reached over 210 million people
11 in over 185 countries through his crusades, television appearances, and radio
12 programs, making him the most well-known preacher; and

13 Whereas, over the course of many years, people from all walks of life
14 have sought Billy Graham's counsel; and

15 Whereas, Billy Graham has distinguished himself as a man of great faith,
16 showing a genuine interest in reaching out to those seeking spiritual guidance; and

17 Whereas, Billy Graham is admired and respected by millions of people
18 over all the world; and

19 Whereas, naming Billy Graham as Theologian Laureate of North
20 Carolina would be a fitting tribute to one of North Carolina's most beloved citizens;

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

23 Section 1. Billy Graham is named Theologian Laureate of the State of
24 North Carolina.

25 Section 2. The Secretary of State shall transmit a certified copy of this
26 resolution to Billy Graham.

27 Section 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 340

Sponsors: Senators Basnight, Carpenter; Albertson, Allran, Ballance, Ballantine, Blust, Carrington, Clark, Cochrane, Conder, Cooper, Dalton, Dannelly, East, Forrester, Foxx, Garwood, Gulley, Hartsell, Horton, Hoyle, Jenkins, Jordan, Kerr, Kincaid, Kinnaid, Ledbetter, Lee, Lucas, Martin of Pitt, Martin of Guilford, McDaniel, Miller, Odom, Page, Perdue, Phillips, Plyler, Rand, Reeves, Rucho, Shaw of Cumberland, Shaw of Guilford, Soles, Warren, Webster, Weinstein, and Wellons.

Referred to: Rules and Operations of the Senate.

March 10, 1997

1 A JOINT RESOLUTION INVITING THE REVEREND BILLY GRAHAM TO
2 ADDRESS A JOINT SESSION OF THE HOUSE OF REPRESENTATIVES
3 AND THE SENATE.

4 Whereas, Billy Graham has distinguished himself through his
5 contributions to morality, racial equality, family, philanthropy, and religion; and

6 Whereas, perhaps America's most respected and admired evangelical
7 leader of the past half century, Billy Graham has reached millions of people through
8 crusades and television; and

9 Whereas, Billy Graham has exemplified the highest ideals of teaching,
10 counseling, ethics, charity, faith, and family; and

11 Whereas, Billy Graham's daily newspaper column and numerous books
12 have provided spiritual counseling and personal enrichment to millions of people;
13 and

14 Whereas, Billy Graham and Ruth Graham, his wife of 52 years, have
15 been the driving force to create the Ruth and Billy Graham Children's Health Center
16 at Memorial Mission Hospital in Asheville, North Carolina, whose vision it is to
17 improve the health and well-being of children and to become a new resource for
18 ending the pain and suffering of children; and

19 Whereas, Billy Graham has received numerous awards and honorary
20 degrees including the Congressional Gold Medal in 1996, the North Carolina Award
21 for Public Service in 1986, the Presidential Medal of Freedom in 1983, the Sylvanus

1 Thayer Award from the United States Military Academy Association of Graduates at
2 West Point in 1972, the International Brotherhood Award from the National
3 Conference of Christians and Jews in 1971, and the Gold Award of the George
4 Washington Carver Memorial Institute in 1963; and

5 Whereas, Billy Graham has participated in eight presidential
6 inaugurations from the inauguration of President Dwight Eisenhower in 1953 to the
7 inauguration of President Bill Clinton in 1997;

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

10 Section 1. The Reverend Billy Graham is invited to address a joint
11 session of the House of Representatives and the Senate in the Hall of the House of
12 Representatives.

13 Section 2. The Secretary of State shall transmit a certified copy of this
14 resolution to the Reverend Billy Graham.

15 Section 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 508

Short Title: Union County Local Act-2.

(Local)

Sponsors: Senators Plyler and Conder.

Referred to: Rules and Operations of the Senate.

March 25, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT LOCAL LEGISLATION FOR UNION COUNTY AND THE
3 MUNICIPALITIES IN THAT COUNTY.
4 The General Assembly of North Carolina enacts:
5 Section 1. This act concerns Union County and the municipalities in that
6 county.
7 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 508

Rules and Operations of the Senate Committee Substitute Adopted 4/29/97

Short Title: Turkey Grower Use Value Exception.

(Public)

Sponsors:

Referred to: Finance.

March 25, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE THAT A TURKEY GROWER SHALL NOT BE
3 DISQUALIFIED FROM USE VALUE TAXATION FOR A TWO-YEAR
4 PERIOD IF THE GROWER'S LAND IS TAKEN OUT OF PRODUCTION
5 SOLELY BECAUSE OF THE PRESENCE OF TURKEY DISEASE IN THE
6 AREA.

7 The General Assembly of North Carolina enacts:

8 Section 1. G.S. 105-277.3 is amended by adding a new subsection to
9 read:

10 "(e) Notwithstanding the provisions of subsection (a) of this section, agricultural
11 land that meets all of the following conditions does not lose its eligibility for present
12 use value treatment solely on the grounds that it is no longer in actual production, it
13 no longer meets the minimum income requirements, or both:

14 (1) The land was in actual production in turkey growing within the
15 preceding two years and qualified for present use value treatment
16 while it was in actual production.

17 (2) The land was taken out of actual production in turkey growing
18 solely for health and safety considerations due to the presence of
19 Poult Enteritis Mortality Syndrome among turkeys in the same
20 county or a neighboring county.

21 (3) The land is otherwise eligible for present use value treatment."

22 Section 2. This act is effective for taxes imposed for taxable years
23 beginning on or after July 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 513

Short Title: Stanly County Local Act-1.

(Local)

Sponsors: Senators Plyler and Conder.

Referred to: Rules and Operations of the Senate.

March 25, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT LOCAL LEGISLATION FOR STANLY COUNTY.
3 The General Assembly of North Carolina enacts:
4 Section 1. This act concerns Stanly County.
5 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 513

Rules and Operations of the Senate Committee Substitute Adopted 4/29/97

Short Title: Validate Oakboro Procedures.

(Local)

Sponsors:

Referred to:

March 25, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO VALIDATE BUDGET PROCEDURES OF THE TOWN OF
3 OAKBORO IN STANLY COUNTY.
4 The General Assembly of North Carolina enacts:
5 Section 1. For the 1986-87 through 1996-97 fiscal years, the Town of
6 Oakboro, through the budgetary procedures it adopted and followed, is deemed to
7 have adopted a budget ordinance and to have complied with all the requirements of
8 the Local Government Budget and Fiscal Control Act, Article 3 of Chapter 159 of
9 the General Statutes. Taxes levied and collected by the Town of Oakboro for those
10 fiscal years are in all respects validated and confirmed. Appropriations and
11 expenditures by the Town of Oakboro for those fiscal years are in all respects
12 validated and confirmed.
13 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 993

Short Title: Service Corporation Conversions.

(Public)

Sponsors: Senator Rand.

Referred to: Rules and Operations of the Senate.

April 21, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT RELATING TO CORPORATE CONVERSIONS OR RESTRUCTURING
3 OF NONPROFIT HOSPITAL, MEDICAL, AND DENTAL SERVICE
4 CORPORATIONS.
5 The General Assembly of North Carolina enacts:
6 Section 1. This act applies to corporate conversions or restructurings of
7 nonprofit hospital, medical, and dental service corporations subject to Article 65 of
8 Chapter 58 of the General Statutes.
9 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 1055

Short Title: Public Hospital Personnel Act.

(Public)

Sponsors: Senator Cooper.

Referred to: Judiciary.

April 21, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT ESTABLISHING THE PUBLIC HOSPITAL PERSONNEL ACT.
3 The General Assembly of North Carolina enacts:
4 Section 1. This act shall be known as the "Public Hospital Personnel Act
5 of 1997".
6 Section 2. Chapter 131E of the General Statutes is amended by adding
7 the following new Article to read:
8 "ARTICLE 15A.
9 "Public Hospital Personnel Act.
10 "§ 131E-257. Title; purpose; applicability of other laws; 'public hospital' defined.
11 (a) This Article shall be known and may be cited as the 'Public Hospital
12 Personnel Act'.
13 (b) The purpose of this Article is to protect the privacy of the personnel records
14 of public hospital employees and to authorize public hospitals to determine employee
15 compensation and personnel policies and to establish employee benefit plans.
16 (c) Unless otherwise provided, none of the provisions of Part 4, Article 5, Chapter
17 153A and Part 4, Article 7, Chapter 160A shall apply to public hospitals.
18 (d) If any provision of this Article is inconsistent with any provision of any other
19 law, the provision of this Article shall be controlling.
20 (e) As used in this Article, unless the context clearly indicates otherwise, the term
21 'public hospital' has the same meaning as in G.S. 159-39.
22 "§ 131E-257.1. Compensation; personnel policies; employee benefits plans.

1 (a) A public hospital shall determine the pay, expense allowances, and other
2 compensation of its officers and employees, and may establish position classification
3 and pay plans and incentive compensation plans.

4 (b) A public hospital may:

5 (1) Adopt personnel policies and procedures regarding, without
6 limitation, vacations, personal leave, service award programs, other
7 personnel policies and procedures, and any other measures that
8 enhance the ability of a public hospital to hire and retain
9 employees.

10 (2) Determine the work hours, workdays, and holidays applicable to
11 its employees.

12 (3) Establish and pay all or part of the cost of benefit plans for its
13 employees and former employees, including without limitation, life,
14 health and disability plans, pension, profit sharing, deferred
15 compensation and other retirement plans, and other fringe benefit
16 plans.

17 (4) Pay severance payments and provide other employee severance
18 benefits to its employees and former employees pursuant to a
19 severance plan established in connection with a reduction in the
20 size of the workforce of a public hospital or, with respect to an
21 individual employee, pursuant to an employment agreement
22 entered into prior to the date the employee receives notice of
23 termination of employment.

24 (c) The provisions of G.S. 159-30 and G.S. 159-31 are not applicable to public
25 hospitals with respect to the investment of escrowed or trustee retirement and
26 deferred compensation funds. Public hospitals may invest such escrowed and trustee
27 funds in property or securities in which trustees, guardians, personal representatives,
28 and others acting in a fiduciary capacity may legally invest funds under their control.

29 "§ 131E-257.2. Privacy of employee personnel records.

30 (a) Notwithstanding the provisions of G.S. 132-6 or any other general law or local
31 act concerning access to public records, personnel files of employees and applicants
32 for employment maintained by a public hospital are subject to inspection and may be
33 disclosed only as provided by this section. For purposes of this section, an
34 employee's personnel file consists of any information in any form gathered by the
35 public hospital with respect to an employee and, by way of illustration but not
36 limitation, relating to the employee's application, selection or nonselection,
37 performance, promotions, demotions, transfers, suspensions and other disciplinary
38 actions, evaluation forms, leave, salary, and termination of employment. As used in
39 this section, 'employee' includes both current and former employees of a public
40 hospital.

41 (b) The following information with respect to each public hospital employee is a
42 matter of public record:

43 (1) Name.

44 (2) Age.

- 1 (3) Date of original employment.
- 2 (4) Current position title, current salary, and the date and amount of
- 3 the most recent increase or decrease in salary.
- 4 (5) Date of the most recent promotion, demotion, transfer, suspension,
- 5 separation or other change in position classification.
- 6 (6) The office to which the employee is currently assigned.
- 7 The governing board of a public hospital shall determine in what form and by
- 8 whom this information will be maintained. Any person may have access to this
- 9 information for the purpose of inspection, examination, and copying, during regular
- 10 business hours, subject only to such rules and regulations for the safekeeping of
- 11 public records as the governing board of the public hospital may have adopted. Any
- 12 person denied access to this information may apply to the appropriate division of the
- 13 General Court of Justice for an order compelling disclosure, and the court shall have
- 14 jurisdiction to issue such orders.
- 15 (c) All information contained in a public hospital employee's personnel file, other
- 16 than the information made public by subsection (b) of this section, is confidential and
- 17 shall be open to inspection only in the following instances:
- 18 (1) The employee or the employee's duly authorized agent may
- 19 examine all portions of the employee's personnel file, except letters
- 20 of reference solicited prior to employment.
- 21 (2) A licensed physician designated in writing by the employee may
- 22 examine the employee's medical record.
- 23 (3) A public hospital employee having supervisory authority over the
- 24 employee may examine all material in the employee's personnel
- 25 file.
- 26 (4) By order of a court of competent jurisdiction, any person may
- 27 examine such portion of an employee's personnel file as may be
- 28 ordered by the court.
- 29 (5) An official of an agency of the State or federal government, or any
- 30 political subdivision of the State, may inspect any portion of a
- 31 personnel file when the inspection is deemed by the person having
- 32 custody of the file to be inspected to be necessary and essential to
- 33 the pursuance of a proper function of the inspecting agency, but no
- 34 information shall be divulged for the purpose of assisting in
- 35 criminal prosecution of the employee, or for the purpose of
- 36 assisting in an investigation of the employee's tax liability.
- 37 However, the official having custody of the records may release the
- 38 name, address, and telephone number from a personnel file for the
- 39 purpose of assisting in a criminal investigation.
- 40 (6) An employee may sign a written release, to be placed with the
- 41 employee's personnel file, that permits the person with custody of
- 42 the file to provide, either in person, by telephone, or by mail,
- 43 information specified in the release to prospective employers,
- 44 educational institutions, or other persons specified in the release.

1 (d) Even if considered part of an employee's personnel file, the following
2 information need not be disclosed to an employee nor to any other person:

3 (1) Testing or examination material used solely to determine
4 individual qualifications for appointment, employment, or
5 promotion in the public hospital's service, when disclosure would
6 compromise the objectivity or the fairness of the testing or
7 examination process.

8 (2) Investigative reports or memoranda and other information
9 concerning the investigation of possible criminal actions of an
10 employee, until the investigation is completed and no criminal
11 action taken, or until the criminal action is concluded.

12 (3) Information that might identify an undercover law enforcement
13 officer or a law enforcement informer.

14 (4) Notes, preliminary drafts, and internal communications concerning
15 an employee. In the event such materials are used for any official
16 personnel decision, then the employee or his duly authorized agent
17 shall have a right to inspect such materials.

18 (e) The governing board of a public hospital may permit access, subject to
19 limitations they may impose, to selected personnel files by a professional
20 representative of a training, research, or academic institution if that representative
21 certifies that he or she will not release information identifying the employees whose
22 files are opened and that the information will be used solely for statistical, research,
23 or teaching purposes. This certification shall be retained by the public hospital as
24 long as each personnel file so examined is retained.

25 (f) The governing board of a public hospital that maintains personnel files
26 containing information other than the information mentioned in subsection (b) of this
27 section shall establish procedures whereby an employee who objects to material in his
28 or her file on grounds that it is inaccurate or misleading may seek to have the
29 material removed from the file or may place in the file a statement relating to the
30 material.

31 (g) A public hospital director, trustee, officer, or employee who knowingly,
32 willfully, and with malice permits any person to have access to information contained
33 in a personnel file, except as is permitted by this section, is guilty of a Class 3
34 misdemeanor; however, conviction under this subsection shall be punishable only by
35 a fine not to exceed five hundred dollars (\$500.00).

36 (h) Any person not specifically authorized by this section to have access to a
37 personnel file designated as confidential, who shall knowingly and willfully examine
38 in its official filing place, or remove, or copy any portion of a confidential personnel
39 file shall be guilty of a Class 3 misdemeanor; however, conviction under this
40 subsection shall be punishable, in the discretion of the court, by a fine not to exceed
41 five hundred dollars (\$500.00)."

42 Section 3. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 1072

Sponsors: Senator Page.

Referred to: Rules and Operations of the Senate.

April 21, 1997

1 A JOINT RESOLUTION INVITING THE HONORABLE JESSE A. HELMS,
2 UNITED STATES SENATOR, TO ADDRESS A JOINT SESSION OF THE
3 HOUSE OF REPRESENTATIVES AND THE SENATE AND INVITING
4 GOVERNOR JAMES B. HUNT, JR.

5 Now, therefore be it resolved by the Senate, the House of Representatives concurring:
6 Section 1. The Honorable Jesse A. Helms, is invited to address a joint
7 session of the House of Representatives and the Senate in the Hall of the House of
8 Representatives at 11:00 a.m., Tuesday, May 27, 1997.

9 Section 2. The Honorable James B. Hunt, Jr., Governor, is invited to the
10 joint session.

11 Section 3. The Secretary of State shall transmit a certified copy of this
12 resolution to the Senator and the Governor of the State of North Carolina.

13 Section 4. This resolution is effective upon ratification.

MINUTES

SENATE COMMITTEE ON RULES AND
OPERATIONS OF THE SENATE

June 16, 1997

The Senate Committee on Rules and Operations of the Senate met at 6:30 p.m. on Monday, June 16, 1997 in the 300 Conference Room. Twelve members of the committee were present.

HB 67 - Summerfield Amendments - House Committee Substitute

Senator Rand said that he had spoken with the introducer of this bill, Rep. Decker, and everybody was in agreement on this bill.


Senator Carrington moved for a favorable report and the bill was adopted by the committee.

SJR - 414 - Honoring the Accomplishments of Coach Dean Edwards Smith and the Men's Basketball Program at the University of North Carolina at Chapel Hill.

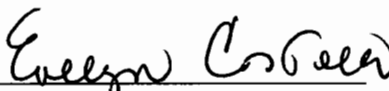
Senator Rand presented a Committee Substitute for SJR 414. Senator Brad Miller moved for the adoption of the committee substitute. This motion passed and the committee substitute was unanimously adopted by the committee.

Senator Ledbetter moved for a favorable report of the committee substitute for SJR 414. This motion was unanimously adopted by the committee.

The meeting adjourned at 6:40 p.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Tony Rand, Chairman

Monday, June 16, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

FAVORABLE

H.B.(CS) 67 Summerfield Amendments.
 Sequential Referral: None
 Recommended Referral: None

UNFAVORABLE AS TO JOINT RESOLUTION, BUT FAVORABLE AS TO C.S. JOINT RESOLUTION

S.J.R. 414 Honoring Dean Smith.
 Draft Number: PCS6691
 Sequential Referral: None
 Recommended Referral: None
 Long Title Amended: No

TOTAL REPORTED: 2

Committee Clerk Comment: Sen. Rand to sign.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

2

HOUSE BILL 67
Committee Substitute Favorable 4/10/97

Short Title: Summerfield Amendments.

(Local)

Sponsors:

Referred to:

February 6, 1997

A BILL TO BE ENTITLED

AN ACT TO REDEFINE THE CORPORATE LIMITS OF THE TOWN OF
SUMMERFIELD.

The General Assembly of North Carolina enacts:

Section 1. Section 2.1 of the Charter of the Town of Summerfield, being Chapter 426, Session Laws of 1995 as rewritten by Chapter 2 of the Session Laws, Second Extra Session of 1996 reads as rewritten:

"Sec. 2.1. **Town Boundaries.** Until modified in accordance with law the boundaries of the Town of Summerfield are as follows:

~~BEGINNING at the intersection of the western edge of United States Highway 220 and the middle of the Haw River. Thence in a generally western direction following the middle of the Haw River To the Bruce Township Line.~~

~~Thence south along the Bruce Township Line to the intersection with the corner of Guilford County Tax Map ACL 10-654, Block 1038, Lot 4.~~

~~Thence in a generally eastern direction along the northern boundary of Lot 4.~~

~~Thence in a generally southern direction along the eastern line of Lots 4 and 54, and Guilford County Tax Map ACL 10-654, Block 1037, Lots 14 and 15 to the intersection of the northern boundary of Lot 2.~~

~~Thence in a generally eastern direction along the northern boundary of Lot 2, and Guilford county Tax Map ACL 10-654, Block 984, Lot 6 and Lot 4 until reaching a point on the western edge of Belford Road.~~

~~1 Thence in a generally northern direction along the western edge of Belford Road to a
2 point due west of the intersection of the southern corner of Guilford County Tax
3 Map ACL 10-654, Block 983, Lot 33.
4 Thence in generally northern direction to and following the southern and eastern
5 boundaries of Lot 33 to the southern most line of Lot 18.
6 Thence in a generally eastern direction along the southern boundaries of Guilford
7 County Tax Map ACL 10-654, Block 983, Lots 18, 17, and 4.
8 Thence in a generally southern direction along the western boundary of Guilford
9 County Tax Map ACL 10-654, Block 983, Lot 2.
10 Thence in a generally eastern direction along the southern boundaries of Guilford
11 County Tax Map 10-654, Block 983, Lots 2, 31, 21, and 36.
12 Thence generally north along the eastern boundary of Lot 36 until reaching a point
13 on the southern edge of Highway 150.
14 Thence east following the southern edge of Highway 150 to the intersection of
15 Guilford County Tax Map 10-654 Block 972, Lot 1.
16 Thence generally south then east and then north following the boundaries of Lot 1.
17 Thence east following Highway 150 to the western boundary of Guilford County Tax
18 Map 10-654, Block 972, Lot 15.
19 Thence south along the western boundaries of Lots 15 and 21.
20 Thence east along the southern boundary of Lot 21.
21 Thence south along the western boundary of Lot 18.
22 Thence generally east following the southern boundary of Lots 18, 17, and 20.
23 Thence generally north along the eastern boundary of Lots 20 and 11 until the
24 intersection with the southern boundary of Lot 3.
25 Thence generally north east along the southern boundary of Lot 3 and generally east
26 along the southern boundary of Lot 13 until reaching a point on the western edge of
27 Brookbank Road.
28 Thence generally north following the western edge of Brookbank Road until a point
29 on the southern edge of Highway 150,
30 Thence generally east along the southern edge of Highway 150 to the intersection of
31 the western corner of Guilford County Tax Map ACL 1-37, Block 917, Lot 66.
32 Thence generally southeast, then northeast and then northwest along the boundaries
33 of Lot 66 to a point on the southern side of Highway 150.
34 Thence generally east along the southern edge of Highway 150 to the western corner
35 of Guilford County Tax Map ACL 1-37, Block 917, Lot 35.
36 Thence generally south along the western boundary of Lot 35.
37 Thence generally east along the southern boundary of Lots 35, 16, and 14 to the
38 western boundary of Lot 32.
39 Thence south along the western boundary of Lot 32.
40 Thence generally east along the southern boundaries of Lots 32, 33, and 6 to a point
41 on the eastern edge of Trinity Church Road at the western intersection of Lots 55
42 and 15.
43 Thence generally south along the western boundary of Lot 15; thence east on the
44 southern boundary of Lot 15, thence south on the western boundary of Lots 34 & 59.~~

- 1 ~~Thence generally east along the southern boundary of Lot 59.~~
- 2 ~~Thence generally south along the eastern boundary of Lot 13 until reaching the~~
- 3 ~~northern most edge of Centerfield Road.~~
- 4 ~~Thence generally east until the intersection of State Road 2120.~~
- 5 ~~Thence generally southwest along State Road 2120 to the intersection of Greenlawn~~
- 6 ~~Drive.~~
- 7 ~~Thence along Greenlawn Drive to the intersection of the G.S. Miles Subdivision line.~~
- 8 ~~Thence west on northern boundary of G.S. Miles and south along the western~~
- 9 ~~boundary following the western boundary of the G.S. Miles Subdivision until~~
- 10 ~~reaching the northern boundary of Guilford County Tax Map ACL 1 35, Block 905,~~
- 11 ~~Lot 10.~~
- 12 ~~Thence west following the northern boundary of Lot 10 and then generally south~~
- 13 ~~following the western boundaries of Lots 10, 9, 82, 41, 11, and 46.~~
- 14 ~~Thence east along the southern boundary of Lot 46 to the western edge of Pleasant~~
- 15 ~~Ridge Road.~~
- 16 ~~Thence south following the western edge of Pleasant Ridge Road until reaching the~~
- 17 ~~northern boundary of Lot 44.~~
- 18 ~~Thence generally west along the northern boundary of Lot 44.~~
- 19 ~~Thence south along the western boundaries of Lots 44 and 63.~~
- 20 ~~Thence east along the southern boundary of Lot 63 until reaching the eastern edge of~~
- 21 ~~Pleasant Ridge Road.~~
- 22 ~~Thence south along the eastern edge of Pleasant Ridge Road until reaching the~~
- 23 ~~southern boundary of the A. J. Norman Subdivision.~~
- 24 ~~Thence east along the southern boundary of the A. J. Norman subdivision and~~
- 25 ~~Guilford County Tax Map ACL 1 35, Block 905, Lot 47 to the western boundary of~~
- 26 ~~Guilford Tax Map ACL 1 35, Block 905, Lot 21.~~
- 27 ~~Thence south, then east and then north along the boundaries of Lot 21.~~
- 28 ~~Thence east along the southern boundary of Lots 19, 51, 2, and 52 and continuing~~
- 29 ~~due east until reaching a point on the eastern edge of Summerfield Road.~~
- 30 ~~Thence south along the eastern edge of Summerfield road to a point on the western~~
- 31 ~~edge of United States Highway 220.~~
- 32 ~~Thence generally north along the western edge of Highway 220 to a point due west of~~
- 33 ~~the southern boundary of Guilford County Tax Map ACL 1 35, Block 852, Lot 21;~~
- 34 ~~thence generally east to and along the southern boundary of Lot 21; thence north~~
- 35 ~~along the eastern boundary to a point on the northern edge of North Carolina~~
- 36 ~~Highway 150 that is due north of the point of the intersection with North Carolina~~
- 37 ~~Highway 150.~~
- 38 ~~Thence east along the northern edge of Highway 150 to the intersection of Stradder~~
- 39 ~~road. Thence north along the western edge of Stradder road to the intersection of~~
- 40 ~~Sealesville road. Thence generally west to the intersection with Highway 220.~~
- 41 ~~Thence generally north along the western boundary of Highway 220 to the~~
- 42 ~~intersection of the Haw River and the point of beginning.~~
- 43 Beginning at the intersection of the middle of Highway U.S. 220 North and the
- 44 northern bank of the Haw River:

1 Thence in a generally western direction following the northern bank of the Haw
2 River to the intersection of the Stokesdale, North Carolina town limit line;
3 Thence in a generally western direction following the Stokesdale, North Carolina
4 town limit line until reaching the intersection with the Bruce Township Line;
5 Thence generally south following the Bruce Township Line until reaching the
6 intersection with the northern edge of Bunch Road;
7 Thence in a generally southeast direction following the northern edge of Bunch
8 Road to a point due north of the eastern intersection with Northwest School Road;
9 Thence south crossing Bunch Road then generally south following the eastern edge
10 of Northwest School Road to the western-most intersection of Guilford County Tax
11 Map ACL 10-652 Block 1034 Lot 1;
12 Thence generally southeast along the southwestern boundaries of Lot 1 and
13 Guilford County Tax Map ACL 10-652 Block 987 Lot 8 and the western boundary of
14 Lot 2;
15 Thence generally east along the southern boundary of Lot 2, then generally north
16 along the eastern boundary of Lot 2 until reaching the intersection of the northern
17 boundary of Guilford County Tax Map ACL 10-650 Block 988 Lot 12;
18 Thence generally east, then generally south, following the boundaries of Lot 12
19 and the western boundaries of Lots 26, 25, and 14 until reaching the intersection of
20 the corner of Lot 14 and the southern boundary of Lot 12;
21 Thence generally east along the southern boundary of Lot 14 to the intersection
22 with the western boundary of Lot 6;
23 Thence generally south along the western boundary of Lot 6 until reaching the
24 intersection with the northern edge of Pleasant Ridge Road;
25 Thence generally east along the northern edge of Pleasant Ridge Road until
26 reaching a point due north of the intersection with the eastern edge of Fleming Road;
27 Thence south crossing Pleasant Ridge Road, then generally southeast along the
28 northeast edge of Fleming Road until reaching a point due east of the northern
29 boundary of Guilford County Tax Map ACL 10-650 Block 967 Lot 88;
30 Thence west crossing Fleming Road, then generally southwest along the northern
31 boundary of Lot 88, then generally south along the western boundaries of Lots 88 and
32 32, then generally east along the southern boundary of Lot 32 to the western edge of
33 Fleming Road;
34 Thence generally northwest along the western edge of Fleming Road to a point
35 due west of the common intersection of Fleming Road, Lot 19, and Lot 78;
36 Thence east crossing Fleming Road, then generally north, then generally east, then
37 generally southeast, and then generally southwest following the boundaries of Lot 78
38 to the intersection with the eastern edge of Fleming Road;
39 Thence generally southeast along the eastern edge of Fleming Road until reaching
40 a point due east of the northern boundary of Lot 1;
41 Thence west crossing Fleming Road, then generally southwest along the northern
42 boundary of Lot 1, then generally southeast, then generally northeast along the
43 boundary of Lot 1, then due east crossing Fleming Road until reaching a point on the
44 northeast edge of Fleming Road;

1 Thence generally southeast along the northeast edge of Fleming Road until
2 reaching the intersection of the western boundary of Lot 6;

3 Thence generally northeast, then generally east, then generally south following the
4 boundaries of Lot 6 until reaching a point on the northeast edge of Fleming Road;

5 Thence generally southeast along the northeast edge of Fleming Road until
6 reaching the intersection with Lot 14;

7 Thence generally northeast, then generally southeast, then generally southwest
8 following the boundaries of Lot 14 until reaching a point on the northeast edge of
9 Fleming Road;

10 Thence generally southeast along the northeast edge of Fleming Road until
11 reaching the southeast boundary of Lot 4;

12 Thence generally northeast along the southeast boundary of Lot 4;

13 Thence generally east along the southern boundary of Guilford County Tax Map
14 ACL-1-33 Block 922 Lot 26;

15 Thence generally north along the western boundary of the M. E. Tumbleson
16 Subdivision until intersecting with the western edge of Long Valley Road;

17 Thence generally north along the western edge of Long Valley Road until reaching
18 a point on the northern edge of Pleasant Ridge Road due north of the intersection of
19 Long Valley Road;

20 Thence generally northeast along the north western edge of Pleasant Ridge Road
21 until reaching a point due east of the southern boundary of Guilford County Tax
22 Map ACL-1-33 Block 921 Lot 37;

23 Thence east crossing Pleasant Ridge Road, then generally east along the southern
24 boundary of Lots 37 and 25 to the intersection with the western boundary of lot 27,
25 then generally south along the western boundary of Lots 27 and 28 and the western
26 boundaries of Block 902 Lots 33, 35, 37 and 38 until intersecting with the Greensboro
27 City Limits;

28 Thence following the Greensboro City Limit line generally east, then generally
29 south, then generally southeast to the southern boundary of Block 901 Lot 7;

30 Thence following along the boundary of Lakes Higgins and Brandt and Reedy
31 Fork Creek (the existing Greensboro City limits) in a generally northeastern, then
32 generally western, then generally northern, then generally eastern direction until
33 reaching the intersection of the southern boundary of Guilford County Tax Map
34 ACL-1-35 Block 853 Lot 6;

35 Thence generally southeast following the boundary of Lot 6 to the intersection
36 with Lot 24;

37 Thence generally south along the western boundary of Lot 24, then generally
38 northeast following the southeastern boundary of Lot 24 to a point on the western
39 edge of Highway 220 North and continuing due east until reaching a point on the
40 eastern edge of U.S. Highway 220 North;

41 Thence generally south following the eastern edge of U.S. Highway 220 North until
42 reaching the southern boundary of Lot 17;

43 Thence generally east along the southern boundary of Lot 17 to the boundary of
44 Lot 2;

1 Thence generally southeast along the boundary of Lot 2 to the intersection with
2 the Greensboro City Limits;
3 Thence generally east following the Greensboro City Limits until reaching the
4 intersection with the western boundary of Guilford County Tax Map ACL 6-356
5 Block 772N, Lot 3;
6 Thence generally north on the western boundary of Lots 3 and 4 to the
7 intersection of the boundary line of Guilford county Tax Map ACL 6-354, Block
8 721S Lot 1;
9 Thence following the boundaries of Lot 1 generally west, then generally north,
10 then generally east, then generally north, then generally east to the intersection of the
11 western boundary of Guilford County Tax Map ACL 6-356 Block 773, Lot 8;
12 Thence generally south then generally east following the boundaries of Lot 8 to the
13 western boundary of Lot 9;
14 Thence generally south then generally east following the boundaries of Lot 9 to a
15 point on the western edge of Lake Brandt Road;
16 Thence due east crossing lake Brandt Road then generally south following the
17 eastern edge of Lake Brandt Road to the intersection of the northern edge of
18 Plainfield Road;
19 Thence generally east along the northern edge of Plainfield Road to a point due
20 north of the western boundary of Guilford County Tax Map ACL-6-656, Block 720
21 Lot 8;
22 Thence south crossing Plainfield Road, then generally south, then generally east,
23 then generally north along the boundary of Lot 8 to the southern boundary of Lot 16;
24 Thence generally east, then generally north, along the boundaries of Lot 16 and
25 generally north along the eastern boundary of Lot 13 to a point on the southern edge
26 of Plainfield Road;
27 Thence generally east along the southern edge of Plainfield Road to the western
28 boundary of Lot 11;
29 Thence generally south, then generally east, and then generally north following the
30 boundaries of Lot 11 and continuing generally north along the western boundary of
31 Lot 6, then crossing Plainfield Road and continuing generally north on the western
32 boundary of Lot 7;
33 Thence generally west along the northern boundary of Lot 7 to the intersection
34 with the eastern boundary of lot 10;
35 Thence generally north, then generally west, then generally north, then generally
36 west following the boundaries of Lot 10 and continuing generally west along the
37 northern boundary of Block 733 Lot 1;
38 Thence generally north, then generally west along the boundary of Lot 6 until
39 reaching a point due south of the western boundary of Block 774 Lot 38;
40 Thence due north and continuing generally north following the eastern boundary
41 of Lots 38, 36, 62, 14 and 16 and continuing due north until reaching a point on the
42 northern edge of North Carolina Highway 150;

1 Thence generally east along the northern edge of North Carolina Highway 150
2 until reaching a point due north of the eastern edge of the intersection of Bar-mot
3 Drive;

4 Thence south crossing North Carolina Highway 150, then generally south along the
5 eastern edge of Bar-mot Drive until reaching a point due north of the intersection of
6 the western boundary of Block 719 Lot 28 and Bar-Mot Drive;

7 Thence generally south crossing Bar-Mot Drive, then generally south along the
8 western boundary of Lot 28, then generally east, then generally north along the
9 boundaries of Lot 28, then due north until reaching a point on the northern edge of
10 Bar-mot Drive;

11 Thence generally east along Bar-mot Drive, then generally north along the eastern
12 boundary of Lot 21, then generally east along the southern boundary of Lot 11, then
13 generally north along the eastern boundary of Lot 11, then generally northeast along
14 the northern boundary of Lot 10, then generally south along the eastern boundary of
15 Lot 10, then generally east along the southern boundary of Guilford County Tax Map
16 ACL-6-358 Block 718 Lot 2;

17 Thence generally north along the eastern boundary of Lot 2 then crossing Highway
18 150 and continuing generally north on the eastern boundary of Lot 11;

19 Thence generally west along the northern boundaries of Lots 11, 12 and 8, then
20 generally south along the western boundary of Lot 8, then generally west along the
21 northern boundary of Lot 23 and continuing generally west until reaching and
22 following the northern boundary of Lot 22, then generally south along the western
23 boundary of Lots 22 and 17, then generally southeast along the southern boundary of
24 Lot 17 until reaching a point on the western edge of North Carolina Highway 150;

25 Thence generally south along the western edge of North Carolina Highway 150
26 until reaching the northern boundary of Block 719 Lot 8;

27 Thence generally west along the northern boundary of Lot 8 and continuing
28 generally west along the northern boundary of Lots 14, 13, and 1 until reaching the
29 eastern boundary of Guilford County Tax Map ACL-6-356 Block 774 Lot 9;

30 Thence generally north along the eastern boundary of Lot 9, then generally west
31 along the northern boundaries of Lots 9, 65, 64, 45, 46 and 10 and then continuing
32 due west to a point on the western edge of Lake Brandt Road;

33 Thence generally north along the western edge of Lake Brandt Road until reaching
34 the intersection with the northern bank of the Haw River;

35 Thence generally west following the northern bank of the Haw River to the point
36 of beginning at the intersection with the middle of U.S. Highway 220 North.

37 In addition, the boundaries of the Town of Summerfield include the following:

38 I. Polo Farms and Adjoining Property:

39 (1) Polo Farms Subdivision: Beginning at a right-of-way monument in the
40 eastern margin of S.R. 2321 (Strawberry Road), being the northernmost point of the
41 land of T.L. Alley and a common corner of T.L. Alley and Robert C. Lock, thence,
42 with the eastern margin of S.R. 2321 the following courses and distances: N. 62°18'
43 E. 191.96 ft.; N. 55°02' E. 205.76 ft.; N. 47°00' E. 184.82 ft.; N. 39°09' E. 224.75 ft. to
44 a right-of-way monument; N. 29°06' E. 482.21 ft. to a concrete monument; N. 27°30'

1 E. 599.90 ft.; N. 27°55' E. 60.33 ft.; N. 30°14' E. 484.52 ft.; N. 33°35' E. 250.85 ft. to
2 an existing iron pin in the eastern margin of S.R. 2321; thence N. 38°32' E. 21.05 ft.
3 to an existing iron pin; thence S. 56°08' E. 244.55 ft. to an existing iron pin; thence S.
4 89°28' E. 424.88 ft. to an existing iron pin in the line of Alvin G. Wall; thence with
5 the line of Wall the following courses and distances: S. 10°16' W. 183.99 ft.; S.
6 10°17' W. 85.24 ft.; S. 35°02' W. 145.77 ft.; thence N. 84°19' E. 1414.31 ft. to an
7 existing iron pin in the eastern edge of a 60 ft. right-of-way for S.R. 2322 (Alley
8 Road); thence N. 7°31' E. 168.4 ft. to an existing iron pin, the southwest corner of
9 Benjamin C. Alley; thence with Benjamin C. Alley's south line N. 88°48' E. 1062.67
10 ft. to an existing iron pin, said Alley's southeast corner; thence N. 00°56' W. 230 ft.
11 to an existing iron pin in the line of Lunsford Richardson; thence with the line of
12 Richardson S. 82°07' E. 1009.08 ft. to a new iron pin; thence N. 84°45' E. 1439.45 ft.
13 to a new iron pin; thence S. 12°21' E. 332.5 ft. to an existing iron pin in the
14 centerline of S.R. 2323; thence on the same bearing 2331.0 ft. to an existing iron pin
15 in the line of the City of Greensboro; thence with the line of the City of Greensboro
16 the following courses and distances: N. 89°02' W. 400.04 ft.; N. 89°02' W. 399.96 ft.;
17 N. 10°28' E. 449.82 ft.; N. 67°32' W. 299.84 ft.; S. 25°58' W. 515.95 ft.; S. 84°08' W.
18 1244.80 ft.; N. 79°30' W. 530.25 ft.; N. 89°12' W. 407.88 ft.; S. 00°36' W. 259.88 ft.;
19 S. 62°04' W. 599.50 ft.; S. 69°15' W. 1294.14 ft.; N. 33°48' W. 658.12 ft.; S. 85°59'
20 W. 1076.52 ft.; N. 64°55' W. 652.26 ft. to an existing iron pin, the southeastern corner
21 of T. L. Alley; thence with the eastern line of T. L. Alley N. 09°37' W. 312.83 ft. to
22 an existing iron pin; thence N. 48°40' W. 442.87 ft. to a right-of-way monument in
23 the eastern margin of S.R. 2321, the Point of Beginning.

24 (2) William W. Dick & Teresa F. Dick property of 6.12 acres recorded at
25 Deed Book, 3185, page 637 and Deed Book 3717, page 1330.

26 (3) Alice B. Dick property consisting of approximately 11 acres, recorded at
27 Deed Book 1295, page 594.

28 II. Hillsdale Lake Community:

29 (1) Lona T. Long and Others Subdivision Plat Book 108, page 40, Lots 1, 2,
30 and 3.

31 (2) Lona T. Long Subdivision Plat Book 90, page 25, Lots 5, 6, 7, and 8.

32 (3) Lona T. Long Heirs Property, Tax Map 839, Lot 7.

33 (4) Lona T. Long Subdivision Plat Book, 85, page 105.

34 (5) Lots 1 through 104 of the Hillsdale Lake Subdivision, recorded in Plat
35 Book 27, pages 8 and 17, Plat Book 26, page 55, Plat Book 28, page 29, Plat Book 32,
36 page 27, and Plat Book 72, page 372.

37 (6) Gene B. Lickel Subdivision Plat Book 43, Page 63, Lots 1, 2, 3, and 4. III.
38 Rayle Heights: Tax Lots 3, 4, 5, 6, 7, 8, 9, 12, 14, 15, 16, 17, 18, 19, 20, 22, 26, 27, 28,
39 29, 32, 33, 34."

40 Section 2. This act becomes effective June 30, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 414

Sponsors: Senators Rand; Albertson, Allran, Ballance, Ballantine, Blust, Carpenter, Carrington, Clark, Cochrane, Conder, Cooper, Dalton, Dannelly, Forrester, Foxx, Horton, Jenkins, Jordan, Kerr, Kinnaird, Ledbetter, Lee, Lucas, Martin of Pitt, Martin of Guilford, McDaniel, Miller, Odom, Page, Perdue, Phillips, Plyler, Reeves, Shaw of Cumberland, Shaw of Guilford, Soles, Warren, Webster, Weinstein, Wellons, and Winner.

Referred to: Rules and Operations of the Senate.

March 18, 1997

- 1 A JOINT RESOLUTION HONORING THE ACCOMPLISHMENTS OF COACH
2 DEAN EDWARDS SMITH AND THE MEN'S BASKETBALL PROGRAM AT
3 THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL.
4 Be it resolved by the Senate, the House of Representatives concurring:
5 Section 1. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE JOINT RESOLUTION 414
Proposed Committee Substitute S414-PCS6691

Sponsors:

Referred to:

March 18, 1997

1 A JOINT RESOLUTION HONORING THE ACCOMPLISHMENTS OF COACH
2 DEAN EDWARDS SMITH AND THE MEN' S BASKETBALL PROGRAM AT
3 THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL.

4 Whereas, Dean Edwards Smith was a member of the 1952 Kansas
5 University Jayhawks national championship basketball team and a disciple of Kansas
6 Coach Phog Allen; and

7 Whereas, his loyalty to his alma mater, the University of Kansas, so
8 impressed former head coach Frank McGuire that he offered Smith a job as an
9 assistant coach, which Smith accepted, despite UNC's victory over Smith's beloved
10 Jayhawks in the 1957 NCAA men' s basketball championship game; and

11 Whereas, Coach Smith's love for the State of North Carolina and the
12 University of North Carolina has continued to grow since his arrival in Chapel Hill in
13 1958; and

14 Whereas, Coach Smith and the UNC men' s basketball program have
15 constantly been the source of visionary innovation, perfecting such signature practices
16 as the man-to-man trap defense, the team huddle before a free throw, the "tired"
17 signal, the acknowledgment of a teammate's assist, and the "Four Corners" offense
18 that proved so effective that the institution of the shot clock was the only way to
19 combat it; and

20 Whereas, Coach Smith has established a tradition of excellence in the
21 UNC men's basketball program during his 36 years as head coach, winning more
22 conference games, more regular season titles, more ACC Tournament games, more
23 ACC championships and more NCAA tournament games than any other coach, and
24 has attained 11 Final Four appearances, 14 ACC titles, and two national
25 championships so far; and

Whereas, Coach Smith, along with Bill Guthridge, John Thompson, with a nucleus of Tar Heels and players from around the country, guided the United States to a gold medal in basketball in the 1976 Olympic Games; and

Whereas, Coach Smith's keen insight into the game and his ability to adapt to changes in the times, the rules, and the nature of the game is vividly demonstrated by his continuing successes in his fourth decade as a coach; and

Whereas, on March 15, 1997, Coach Smith became the "all-time winningest coach" in the history of NCAA Division I basketball, coaching the Tar Heels to their 877th victory under his leadership; and

Whereas, Coach Smith and the UNC men's basketball program have produced nearly 100 professional basketball players, 43 basketball coaches and teachers, and numerous entrepreneurs, professionals, ministers, and other leaders who contribute to their communities throughout the world; and

Whereas, Coach Smith and the UNC basketball program have consistently emphasized teamwork, discipline, education and character above athletic success, and have served as ambassadors for the State of North Carolina, training young people, from around the world in the principles of honesty, integrity, and respect; and

Whereas, Coach Smith has been revered by former players, team members, and members of the UNC basketball family as a man who seeks the best interest of his students above his own; and

Whereas, for 36 years, Coach Smith has taught his players that basketball is secondary to honor, has maintained a model athletic program that is untainted by scandal, has helped his players mature into responsible adults, and has emphasized the importance of education to a life plan; and

Whereas, Coach Smith's greatest accomplishments lie not in the number of his victories but in the number of his lettermen who have obtained university degrees; a total of 216 of his 222 lettermen have graduated, many with honors; and

Whereas, Coach Smith is a man of character and compassion who was an early advocate for a more equal society, and his commitment to the betterment of all is reflected in his many endeavors to promote education and achievement in all facets of life; and

Whereas, Coach Smith is known as the "Dean of Basketball," but those who are aware of his accomplishments consider him the "Dean of Gentlemen," exemplifying the very best North Carolina has to offer; Now, therefore, Be it resolved by the Senate, the House of Representatives concurring:

Section 1. The General Assembly recognizes the outstanding achievements of Coach Dean Edwards Smith and the men's basketball program at the University of North Carolina at Chapel Hill, expresses the appreciation and admiration of the people of the State of North Carolina to Dean Edwards Smith for his leadership, integrity, and unparalleled excellence, both on and off the basketball court, and acknowledges the invaluable contribution that the players, coaches, managers, and other members of the UNC basketball family have made to a better world, not only in North Carolina, but across the globe.

1 Section 2. The Secretary of State shall send certified copies of this
2 resolution to Coach Dean Edwards Smith, the Athletic Director and the Chancellor
3 of the University of North Carolina at Chapel Hill, and the Chairman of the
4 University of North Carolina at Chapel Hill Board of Trustees.

5 Section 3. This resolution is effective upon ratification.

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS
OF THE SENATE

June 25, 1997

The Senate Committee on Rules and Operations of the Senate met at 10:00 a.m. on June 25, 1997 in Room 1027 of the Legislative Building. Fourteen members of the Committee were present.

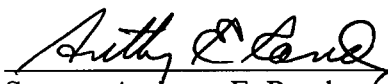
Senate Bill 993 - Medical Service Corp. Charters . Senator Rand opened the meeting and said the purpose of the meeting was to either concur or reject the House Committee Substitute for this bill.

Insurance Commissioner Long appeared before the committee and gave testimony on this legislation..

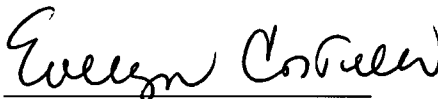
Due to the complexity of this legislation, a transcript of the meeting is attached and made a part of these minutes.

Senator Aaron Plyler moved that the Senate Committee on Rules and Operations of the Senate not concur with the House Committee Substitute for SB 993 and this motion was unanimously adopted by the committee. This legislation will now go to a Conference Committee.

The meeting adjourned at 11:05 a.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT
Senator Tony Rand, Chairman

Wednesday, June 25, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

UNFAVORABLE AS TO CONCURRENCE

S.B.(HCS #1) **993** Medical Service Corp. Charters.

TOTAL REPORTED: 1

Committee Clerk Comment: None

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 993

Rules and Operations of the Senate Committee Substitute Adopted 4/29/97

Third Edition Engrossed 4/30/97

House Committee Substitute Favorable 5/27/97

Fifth Edition Engrossed 6/9/97

Short Title: Medical Service Corp. Charters.

(Public)

Sponsors:

Referred to:

April 21, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH PROCEDURES FOR CONVERSIONS BY HOSPITAL,
3 MEDICAL, AND DENTAL SERVICE CORPORATIONS.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 58-65-130(3) reads as rewritten:

6 "(3) The charter of any corporation subject to the provisions of this
7 Article and Article 66 of this Chapter may be amended to convert
8 that corporation, so amending its charter, into either a mutual
9 nonstock or stock accident and health insurance company or life
10 insurance company subject to the provisions of Articles 1 through
11 64 of this Chapter provided the rights of the subscribers or
12 certificate holders in the reserves and capital of such corporation
13 are adequately protected, ~~under rules and regulations adopted by~~
14 ~~the Commissioner of Insurance.~~ A corporation converting to a
15 mutual nonstock or stock accident and health insurance company
16 or life insurance company or otherwise restructuring shall follow
17 the provisions of G.S. 58-65-131 through G.S. 58-65-134."

18 Section 2. Article 65 of Chapter 58 of the General Statutes is amended
19 by adding the following new sections to read:

20 "§ 58-65-131. Conversion; procedure.

(a) It is the intent of the General Assembly by the enactment of this section and G.S. 58-65-132 through G.S. 58-65-134 to create a procedure for a corporation subject to this Article to convert to a mutual nonstock or stock accident and health insurance company or life insurance company subject to Articles 1 through 64 of this Chapter. The General Assembly recognizes the substantial and recent changes in market and health care conditions that are affecting these corporations and further recognizes the need for equal regulatory treatment and competitive equality for health care insurers. The General Assembly further finds that a procedure for conversion is in the best interest of policyholders because it will provide greater financial stability for the corporations' policyholders and a greater opportunity for the corporations to remain financially independent.

(b) As used in this section and G.S. 58-65-132 through G.S. 58-65-134:

(1) 'Corporation' means a corporation subject to this Article that attempts to convert from a hospital, medical, or dental service corporation to a mutual nonstock or stock accident and health insurance company or life insurance company and that files a plan of conversion with the Commissioner under subsection (e) of this section.

(2) 'New corporation' means a corporation originally subject to this Article that has had its plan of conversion approved by the Commissioner under subsection (e) and that has actually converted to a mutual nonstock or stock accident and health insurance company or life insurance company.

(c) A corporation may amend its charter pursuant to this Article to convert the corporation to a mutual nonstock or stock health and accident insurance company or life insurance company subject to Articles 1 through 64 of this Chapter. The amended charter shall be filed with the Commissioner for approval pursuant to G.S. 58-65-130(3), together with a plan for conversion setting forth provisions for fulfilling the conditions necessary to effect the conversion and a designated date upon which the conversion shall become effective if these conditions are fulfilled. Upon the designated date set forth in the plan, the corporation shall become subject to the applicable laws as provided in subsection (h) of this section and shall no longer be subject to this Article and Article 66 of this Chapter.

(d) A corporation subject to this Article shall file a plan for conversion with the Commissioner at least 120 days before the proposed date of conversion. The corporation shall reimburse the Department for the actual cost of reviewing, analyzing, and processing the application. The Commissioner may contract with experts or consultants to assist in reviewing the application. Contract costs for these personal professional services shall not exceed an amount which is reasonable and necessary for the review of the application. A personal professional services contract entered into under this subsection is exempt from Article 3C of Chapter 143 of the General Statutes. The corporation filing an application for conversion shall promptly pay, upon request, for all costs of these personal professional services.

1 (e) A corporation that has amended its charter to convert the corporation to a
2 mutual nonstock or stock accident and health insurance company or life insurance
3 company shall fulfill the conditions necessary to effect the conversion if the plan of
4 conversion sets forth with specificity the following terms and conditions of the
5 proposed conversion:

- 6 (1) The purpose of the conversion.
- 7 (2) The articles of incorporation of the new corporation, including a
8 description of the classes of policyholders or shareholders.
- 9 (3) The bylaws of the new corporation.
- 10 (4) A description of any changes in the new corporation's mode of
11 operations after conversion.
- 12 (5) A statement describing the manner in which the plan provides for
13 the protection of all existing contractual rights of the corporation's
14 subscribers or certificate holders for medical, hospital, or dental
15 service or claims for reimbursement for those services, and the
16 manner in which the plan protects the public interest.
- 17 (6) A statement that the new corporation assumes all assets and
18 liabilities of the previous corporation.
- 19 (7) Documentation showing that the corporation, its board of
20 directors, trustees or other governing authority and its subscribers
21 or certificate holders have approved the plan in accordance with
22 the corporation's articles of incorporation and bylaws.
- 23 (8) The business plan of the new corporation, including, but not
24 limited to, a comparative premium rate analysis of the new
25 corporation's major plans and product offerings, that, among other
26 things, compares actual premium rates for the three-year period
27 before the filing of the application for conversion and forecasted
28 premium rates for a three-year period following the proposed
29 conversion. This rate analysis shall address the forecasted effect, if
30 any, of the proposed conversion on the cost to subscribers or
31 policyholders of the new corporation and on the new corporation's
32 underwriting profit, investment income, and loss and claim
33 reserves, including the effect, if any, of adverse market or risk
34 selection upon these reserves. Any information provided under
35 this subsection shall receive confidential treatment pursuant to G.S.
36 58-19-40.
- 37 (9) The plan provides for definite conditions to be fulfilled by a
38 designated early date upon which the conversion will be deemed
39 effective.

40 (f) The Commissioner of Insurance shall approve the plan of conversion and issue
41 a certificate of authority to the filing corporation to transact insurance in this State
42 pursuant thereto if the Commissioner finds all of the following:

- 43 (1) The plan of conversion meets the requirements of subsection (e) of
44 this section.

(2) Upon conversion, the new corporation will meet the applicable standards and conditions under this Chapter, including applicable minimum surplus requirements.

(3) The plan would not be contrary to law nor to the rights of the subscribers or certificate holders in the reserves and capital of the corporation.

(4) No director, officer, or employee of any hospital, medical and dental service corporation will receive:

a. Any fee, commission, compensation or other valuable consideration for aiding, promoting, or assisting in the conversion of the hospital, medical and dental service corporation to a domestic mutual insurer, other than compensation paid to any director, officer, or employee of the corporation in the ordinary course of business; or

b. Any distribution of the assets, surplus, or capital of the corporation as part of a conversion.

(5) The corporation has complied with all applicable requirements of this Chapter, and disciplinary action is not warranted against the corporation.

(6) The plan is fair and equitable, and not prejudicial to the subscribers and certificate holders of the corporation and the subscribers and policyholders of the new corporation.

(7) The plan is in the public interest.

(g) A plan of conversion that meets the requirements of subsection (e) of this section and is approved by the Commissioner pursuant to subsection (f) is rebuttably presumed to protect adequately the rights of the subscribers or certificate holders in the reserves and capital of the corporation and to be fair and equitable and not prejudicial to the subscribers or certificate holders of the corporation, the subscribers or policyholders of the new corporation, and the public interest, except in any declaratory judgment or other legal action brought by the Attorney General.

(h) The Commissioner of Insurance and the Attorney General may seek a declaratory judgment or take any other legal action necessary to enforce the charitable trust provisions of G.S. 58-65-134.

(i) Upon completion of the corporation's conversion as provided for in this section and G.S. 58-65-132 through G.S. 58-65-134, the new corporation shall be subject to and comply with all applicable laws and regulations applicable to domestic insurers.

(j) The provisions of subdivision (f)(4) of this section shall apply to any subsequent conversion by the new corporation.

"§ 58-65-132. Rules and procedures.

(a) Upon receiving an application to convert, the Commissioner shall publish a notice in one or more newspapers of general circulation in the corporation's service area describing the name of the corporation, the nature of the plan filed under G.S. 58-65-131(d), and the date of receipt of the plan. The notice shall indicate that the

1 Commissioner will solicit public comments and hold a public hearing on the
2 application.

3 (b) All applications, reports, plans, or other documents under this section are
4 public records unless otherwise provided in this Chapter. The Commissioner shall
5 provide the public with prompt and reasonable access to public records relating to
6 conversion of the corporation. Access to public records covered by this section shall
7 be made available at least one month before a solicitation for public comments or
8 public hearing scheduled under this section.

9 (c) Before approving a conversion, the Commissioner shall solicit public
10 comments in written form and shall hold at least one public hearing about the
11 corporation's proposal to comply with the requirements for conversion.

12 (d) The Commissioner shall approve a conversion if he finds that the corporation
13 has met all requirements contained in G.S. 58-65-130 through G.S. 58-65-134.

14 "§ 58-65-133. Restructuring of corporation.

15 (a) A corporation that intends to restructure must obtain the prior approval of the
16 Commissioner.

17 (b) For purposes of this section, a 'restructure':

18 (1) Is the sale, lease, conveyance, exchange, transfer, or other similar
19 disposition of a substantial amount of the corporation's assets, as
20 determined by the Commissioner, to an entity other than a
21 nonprofit business or entity. Nothing in this section prohibits the
22 Commissioner from consolidating actions taken by the corporation
23 for the purpose of treating the consolidated actions as a
24 restructuring of the corporation.

25 (2) Does not include any sales or purchases undertaken in the normal
26 and ordinary course of the corporation's business. The
27 Commissioner may request information from the corporation to
28 verify that transactions qualify as occurring in the normal and
29 ordinary course of corporate business.

30 (c) The Commissioner shall not approve any restructuring that in the
31 Commissioner's opinion seeks to effect a conversion unless the provisions of G.S. 58-
32 65-130 through G.S. 58-65-132 and G.S. 58-65-134 are met with respect to the
33 restructuring.

34 "§ 58-65-134. Distribution of assets.

35 In evaluating the interest of the subscribers, policyholders, and the public pursuant
36 to G.S. 58-65-131(f), and after considering the portion of the corporation's surplus, if
37 any, that belongs to the subscribers or policyholders of the corporation and new
38 corporation, the Commissioner, with the advice of the Attorney General, shall
39 consider what portion of the corporation's surplus is subject to a charitable trust for
40 the benefit of the citizens of North Carolina. The corporation shall provide to the
41 Commissioner, at the Commissioner's request, information necessary to determine the
42 appropriate fair market value of any charitable trust amount."

43 Section 3. This act is effective when it becomes law.

Blue Cross Blue Shield
Transcription of Legislative Hearing
Tuesday, June 25, 1997
Rules Committee chaired by Senator Tony Rand

Rand: Good morning. If everybody will take a seat, we're going to get started, if we could.

Hoyle: You could turn it down a little bit.

Rand: Well, we got it on now, we want to, its hard to get it right. Good morning. I appreciate everybody coming. We're here today to discuss the House Committee Substitute Senate Bill 993, the conversion of what is possibly called Blue Cross Hospital Medical and Dental Services Corporation. I understand the Commissioner of Insurance is here. He's been talking about this. Commissioner, would you like to come up and say a few words to the assembled masses?

Commissioner: Mr. Chairman, thank you. I guess Senator Soles this is not on the coastal areas, that was the last meeting, as I recall. Its been one of those mornings. What you have before you, Mr. Chairman, is the House Committee Substitute and the Senate Committee Substitute for Senate Bill 993. As you can tell by the fifth edition you're looking at, it has traveled and been amended over and over in both Chambers. What we would suggest to you this morning and strongly urge you is the Senate would vote not to concur on the House Committee Substitute and I'll tell you why. There are some technical glitches in the language under the Bill as it was amended on the House floor about 2 ½, about 3 weeks ago now. For example, you will find in there the term "surplus," that has a technical definition in the insurance accounting that we have to deal with Senator, and we think some of that language to be cleaned up. Well, we've been working on that, we've been working with Blue Cross folks, with the Attorney General's office, Representative Hurley, Senator Rand, and I think everybody else we could find on that, and kept everybody fully apprised on that. We think we're going to be able to work out that language for your consideration, but we do not have a vote in the General Assembly. Senator Rand has explained that to me for a number of years. It used to be I didn't have a vote in the House, either, Senator Rand, but we would urge you, ha ha, but we would urge you give us that option to come back with you. I think we can make a good bill even better by that language we will suggest to you.

Rand: Thank you. Anybody wish to ask the Commissioner a question? Senator Gulley?

Senator Gulley: Thank you, Mr. Chairman. Commissioner, then what we should understand is the changes that, the only changes we should expect to see in the Bill, vote not to concur and you're involved in would be technical changes only?

Commissioner: Senator, that would be the thrust of what we would suggest to you if you take it to Conference Committee. What was adopted in the House Committee Substitute, including the floor amendments, we think made a Bill even better. We think there's some technical nuances in there that ought to be clarified. What it would do, I told this to Senator Rand, the General Assembly had three options to look at on this Bill. One is there is no charitable trust and that's the law saying that. Or secondly there is a charitable trust and set a dollar amount if you want to, some states have even done that. Or the in-between stage, as you've told the Insurance Commissioner since 1899, you're the Insurance Commissioner, we delegate to you this authority. So the Bill as it currently stands with these technical changes we will suggest to you at a later date, would say Mr. Commissioner, you need to hold a hearing to give Blue Cross first of all the size to convert from its current status to either mutual or stock company, but secondly to determine the rights of the subscribers, those are the ones who've paid in the money and got to have their claims processed and that need the money to do that, obviously, and then thirdly to determine if there is a charitable trust because of tax benefits through the years, or whatever, and if so, how much money should be considered in that. So this will not tie the Commissioner's hands, it would be legislative intent saying, we've not determined if there is a charitable trust, that needs to be determined through evidentiary proceedings and all the processes that you have to go through in something like that, so will not tie my hands either way, but leave us free to make that decision and hope we make the right decision.

Rand: Senator Perdue.

Perdue: I'm not a member of the Committee, but I think...

Rand: You certainly are to me.

Perdue: Thank you. Thank you. Commissioner, I spent some time a couple of weeks ago reading through what other states had done and you summarized it as accurately as I can recall, because in many states the General Assembly gives a whole solution. I'm curious as to a fourth alternative. Why couldn't we give you the authority to hold a hearing and bring back a recommendation to this body in the summer if there is

a conversion and then let this body make the decision about the charitable trust, if there is to be one, how much the money would be, and where the money would go.

Commissioner: Senator, that would presuppose, first of all, that Blue Cross was going to convert. They have told us...

Perdue: Excuse me, it would be based upon the focus on the if clause, if they do, if there is a conversion, that would be the process.

Commissioner: Senator, the problem I would say to you on that is that the normal process, take auto insurance rates or homeowners in your area, for example, you have delegated that authority to another office in the Executive Branch, and I think that would violate that process and I don't know, I'm not a constitutional expert, obviously, but I think you would be better off on a legal standpoint to leave it with the normal process. It is always subject to judicial approval. Either side in the Administrative Hearings can appeal my decision to the Superior Court of Wake County, there's language in there that the Attorney General or the Insurance Commissioner could bring a Declaratory Judgment on whether or not the issue of a charitable trust exists. I think you'd be confusing the issue quite honestly, Senator, with all due respect, and change in proceedings have been in place in this state for a number of years.

Perdue: Mr. Commissioner, with all due respect to you, and I do respect you, I have a real feeling about this and I'm going to argue the point, unless somebody can convince me otherwise, that the General Assembly should be involved if there is a conversion and if the question of money comes up. Because that question is too serious and that conversion too lucrative to delegate that authority and I am interested in having a discussion with you and your folks about that.

Commissioner: We would be pleased to sit down with you Senator.

Rand: Well, of course, Senator, if it goes to conference, conferees would be appointed to do that. You can, you know, say whatever you think and if you find the majority of those agree, what's what would be done. Why we're here this morning is not to talk about what if, but to talk about what we're going to do within the confines of the procedural aspects of the Bill. Then we'll have to develop our negotiating posture, what our position is within conjunction with what the House says, and if we decide to do that, that's what we'll do. But there will be a number of different thoughts and ideas, Senator Wellons.

Senator Wellons: Without this Bill, what would happen if Blue Cross Blue Shield, whoever, decides to convert? Is this, will they need passage of this Bill.

Commissioner: Senator, if the Bill were not enacted, if the Bill had never been introduced under current law, the law, and let me paraphrase this on top of my head, but the law would say the Commissioner shall adopt the rules. The process now in the adoption of rules is such that it is a lengthier process than it used to be. It basically would have to come back to the General Assembly and with due course it would still go necessary procedures.

Wellons: What you're saying, without the laws, you'd just, I mean, without this Bill, if you'd adopt rules and they would go ahead.

Commissioner: Correct.

Wellons: Follow-up. In the rule-making, the assets would be delved up.

Rand: In the rule-making, the conversion plan would be filed, he makes rules and they go forward. I mean, nothing would happen until he made the rules. It would not convert, and would remain in its current state until the rules were adopted, then upon those rules the conversion would go forward. If this Bill is not adopted or some portion.

Rand: Senator Hoyle.

Hoyle: Thank you, Mr. Chairman. Mr. Commissioner, this, this, just for instance, imagine I guess the question, what kind of calls and how many calls is your department getting from the public about this issue? Because I know that us, as legislators, are getting a lot of calls, and obviously, and what is your response? What are you telling those people? What is your department telling folks who call and have a concern, if you do have the general public making calls to your office?

Commissioner: Senator Hoyle, I'm not aware of anybody because it has not reached the level where they tell me we've got a flood of calls coming in on this. Those who we have talked to, we have said that the process is such, its in the legislative prerogative at this point. But what we would do is to say that we think that in the process if the Bill, a properly drawn Bill is inactive, which is our suggestions to some amendments to the House Committee Substitute, we would have the authority to go in and look at 1) should a charitable trust be imposed, and if 2) the amount of that. I can't stand here and tell you today it would take an extensive hearing and a lot of expertise to come in to decide 1) is it a charitable trust and 2) if any, how much should be set aside in a

charitable trust. Its going to take experts to do the evaluation on that. Its going to be a very lengthy, very expensive process.

Hoyle: What I hear you say is that if we proceed, if this does proceed, that your department would hold a public hearing or a series of public hearings with input from ...

Commissioner: Yes, sir. The Bill in current version came out of the House mandates at least one public hearing.

Rand: Senator Horton

Horton: I see in this Section 58:65 on page 5, that we particularly would be able to determine with the advice of the Attorney General what portion is subject to a charitable trust. What is the legal theory about which you can take assets of a corporation legally existing and subject them to a charitable trust. Is there any precedence there at all?

Commissioner: Not in this state that I'm aware of, Senator, but as Senator Perdue mentioned a lot of other states have addressed this issue. 22 states have addressed it so far. The theory is, and I'm not, it would take all morning to give you all the details you want, but the theory is when Blue Cross Blue Shield of North Carolina was established with an enactment of the General Assembly in 1941, it was set up at a premium tax rate of one-third of one percent. That changed in 1973, as I recall, to one-half of one percent. The indemnity writers pay at the rate of 1.9 percent premium tax. So the theory had been that there was a tax benefit in there early on and this had changed through the years, obviously. Blue Cross Blue Shield was a social welfare organization for a while, which qualifies as a 501(c)(4) and that tax exempt status in the Federal law changed in '88, I think it was. That is the theory that monies had been built up, the pot of money at Blue Cross Blue Shield of North Carolina from what subscribers had paid in that was not used to pay claims or administrative expenses, but also tax breaks, if any, and they've varied through the years.

Horton: May I follow up?

Rand: Sure.

Horton: Since there's no precedence, and since no one was aware at the time that there might be a recapture of this, is it subject to, to a constitutional challenge on an ex post facto basis?

Commissioner: It may well be. And that, quite frankly, was some of the reason we had, we would like to have had the legislative input in the process to give us the benefit of your thinking on that, instead of me just having to

adopt rules without any guidance from the General Assembly of North Carolina.

Rand: Senator Cooper.

Cooper: Mr. Commissioner, I think there is some misconception of, from the public, on this issue. There have been a lot of calls saying, "Stop this Bill, go slow on this Bill." There's been some newspaper articles. I think the misconception is that this Bill would allow Blue Cross Blue Shield to convert, and I want to get from you on the record your understanding that it is your understanding that under the current law today, Blue Cross Blue Shield could convert without this Bill. Is that correct?

Commissioner: Exactly right, Senator Cooper. The difference would be the passage of Senate Bill 993 in whatever form is finally adopted, would spell out more of the rules of the game, if you would, than we currently have on law.

Cooper: So this Bill would, if I might, Mr. Chairman, this Bill would allow legislative input in the rule making process that would determine such a conversion if it were to occur. Is that correct?

Commissioner: It would actually go further than that, Senator Cooper, because we would not, I don't believe, have to adopt rules. There is no framework and is the law for the rules currently to be able to deal with this situation, other than the language that Blue Cross may convert, and second, the Commissioner shall adopt rules. What this would do is give us the set of rules by statutory enactment.

Cooper: And in addition, it is my understanding in this legislation would absolutely prohibit any of the officers or directors or anyone from personally profiting from such a conversion. Is that correct?

Commissioner: Yes, sir, that's correct.

Rand: Which is not in current law.

Commissioner: Correct.

Cooper: I mean, that's not current law? And in addition, if we proceed as you have asked us to do in vote not to concur with the House version, this would give us even more time over the next few weeks, and we're going to be here in the next few weeks...

Commissioner: Yes, we understand.

Cooper: ...to, to look at what types of specifics we should get into and to what say so essentially we should give to you.

Commissioner: That's correct, sir.

Rand: Senator Ledbetter.

Ledbetter: Mr. Secretary, we've heard talk of the, this charitable trust, that will take care of the assets now in existence in the corporation. What about a credit to subscribers instead of a charitable trust with that money?

Commissioner: Senator, that would also be covered in the Bill as it currently stands and we would hope to file an enactment. The first obligation is to the subscribers, the policyholders, and any other kind of company subscribers. For example, if Blue Cross were to convert today, there is a certain amount of claims in the pipeline, if you would, and also what's called IBNR, incurred but not reported, claims out there that if Senator Cooper had a Blue Cross policy, he may get ill today and run up a huge medical bill. And those have to be taken care of, so that's part of it. Part of the conversion also is the subscribers to make sure that the monies that they put into the premiums through the years is also recognized, so if its a multi-step process, if you would, and its not an easy one. I can't tell you today what the subscriber's part of the money ought to be, what the charitable trust, if any, ought to be, or where it ought to be. That's the problem. It is so complex, its going to take extensive hearings and as Senator Hoyle pointed out correctly, the Bill mandates a public hearing. That doesn't mean just one public hearing; it doesn't mean a half an hour either. Its going to be a very lengthy process.

Rand: Well, companies are required to have a reserve, are they not?

Commissioner: Yes, sir.

Rand: So they pay the claims.

Commissioner: Yes, sir. In fact, Blue Cross is required to have the normal reserves, and then the statutory enactment of 1941 said that additional reserves are required to have a minimum of three to a maximum of six months reserves on top of that based on the normal claims payments for the preceding year.

Rand: And that's statutory requirement?

Commissioner: That's statutory requirement.

Rand: Senator Ballance.

Ballance: Thank you, Mr. Chairman. Commissioner, the eventuality, as they say, possession is nine-tenths of the law and the public impression has a lot to do with reality. This Bill on page 2, line 1, says, "It is the intent of the General Assembly." So, we would be, even though the law says and Senator Cooper points out, that there can be a conversion now, the impression is going to be that we are setting forth the procedure, so we're taking you off the hook, in a sense, and we're taking the responsibility of the public belief that we're giving up a half billion dollars and a corporation which is going private. Is, what do you say to that?

Commissioner: Senator, that sentence does start off, "It is the intent of the General Assembly," but then it goes on, "by the enactment of this section," and goes on with other statutory cites to create a procedure for corporation to convert. That is current law. They can do it today. What this does is spell out the rules of the game for us to go by.

Ballance: Senator Rand, let me just ask you this question since we passed the Bill, what did the House amendment say?

Rand: Our Bill just said that under the current law that the Commissioner would proceed to adopt regulation and advise the Joint Committee on Government Operations as to what was being done. That's all the Senate Bill said. The Senate Bill was one page. That's not been reported very well, but that's what it was.

Rand: This Bill, of course the House Bill, sets a number of things in place and that's we're here to talk about today, is to our position only.

Ballance: What do you think we need to accomplish?

Commissioner: Well, that's his recommendation. Are you a member of the Committee?

Ballance: No, sir.

Rand: Well, we're delighted to have you here, but that's what we're in the process of deciding. Senator Kinnaird.

Kinnaird: I have followed this, not since its inception in this Committee, but certainly since it did get over to the House and several people became aware of what the potential was. We are talking about half a billion dollars in reserves, but they also have half a billion in stocks and bonds and a lot amounted in infrastructure and buildings, so we're talking about a lot more than this \$500 million. And I think that I would like to ask our Insurance Commissioner how the state of California has set up a trust fund of \$3.2 billion. The question was asked whether this

would pass constitutional muster. What has happened in those other states? Have there been challenges?

Commissioner: Senator, there have been challenges in other states, the most recent on I'm aware of is in New Jersey in which, as I recall, the court in New Jersey said there was legal reasoning for impressing a charitable trust.

Rand: Any others? Senator Gulley.

Gulley: I have a couple of comments that I want the Commissioner to answer. I'm going to say I understand this is a procedural matter and I appreciate your leeway in making these arguments. Mr. Commissioner, I know how anxious you are in proceeding, but the General Assembly's first procedure as well. There's been, the simplest question is there a charitable trust? Its not a legal theory. Social welfare in charitable organizations for years memorial in America, they've wanted to go out of existence, revert to some for-profit, whatever, have to leave their assets, their debt assets, with another charitable enterprise. And that's really all that, that's what lies behind this. It has nothing to do, in fact. its what's required by Federal law and common law for decades and decades. There's, I would ask, Mr. Commissioner, as you look at this legislation, that you try and see if you and your department, and Mr. Chairman, conferees can address this one issue, my understanding that in the state of Missouri, but whether or not this happens in reality is a possibility, that the Blue Cross Blue Shield-like organization there created a for-profit subsidiary and then 80 percent of so of the assets were transferred to that. Whether or not that happened, it is a possibility, perhaps. As I read the bill...

Rand: Couldn't be done under this Bill.

Gulley: And I read the Bill, Mr. Chairman, where restructuring is defined on page 5, it appears to me, Mr. Chairman, I want to tell you that I believe that say they would, would ask your department to understand that as a possibility to try and provide that whatever has happened in other states or whatever might happen under the law, would conform to the process of Senate Hearing and consideration by the parties.

Commissioner: Senator, you're right on that and we've been reviewing and trying to grasp the language to take care of that situation, so its not just a... What you're looking at is not the perview of Senate Bill 993 as it now exists, where it would be just a total conversion or sort of a piecemeal, if you would, of transferring off the assets. And yes, sir, we're aware of that and looking at that situation too.

Rand: On the current Bill, could they do that?

Commissioner: Under current law, yes sir.

Rand: I said under this Bill could they do it?

Commissioner: We think they could not do it, but we think we can tighten that up a little more and give you some better understanding of it.

Gulley: Mr. Chairman, let me add just one other thing, Mr. Commissioner. I think that, as I'm trying to think about this, there are two sets of issues here. One is, are there some amount of net assets, if any, is there some amount of net assets, if any, that ought to be maintained in some kind of trust for some charitable purpose because they seem to derive from the social welfare organization that Blue Cross has been for much of its existence? That's one issue and that's what we've talked about a great deal. There's a separate issue that I've been trying to think the best way to cross, put our arms around this, is this: if Senator Perdue or I wanted to create a for-profit stock-based insurance company tomorrow, it would have reserve requirements, it would have loss reserves, it would have a number of things and we'd have to go out and raise the money, probably do an initial stock offering, capitalize the insurance company, meet those reserve requirements and start doing business.

Rand: Right.

Gulley: And we might sell \$100 million worth of insurance and set up a \$100 million in assets and start doing business. I have a concern that, if there, and again it's theoretical, you're right, but if there was conversion to a for-profit stock based corporation here, and some, whether it was seen as reserves required to do business or whatever, if some, say, \$200 million, moves into that for-profit subsidiary, and that \$100 million initial stock offering is done for the capitalization, the people that own the stock and invested the \$100 million are now owners of the \$300 million corporation through no acts of their own, have doubled or tripled their money. That is an issue that goes beyond, I think, a charitable trust issue perhaps, and is an issue that just to say, well they're going to need reserves anyway, doesn't fully capture the problem. So I would ask you and our conferees as well to look at this and please try to keep that in mind. Mr. Speaker, back to you.

Commissioner: Yes, sir. And when I referred to reserves, I was talking primarily about the run off claims, if you would. That's a different category.

Gulley: The loss reserves.

Commissioner: And we have exactly tried to address the point you raised in your second point is to make sure there is no unjust enrichment, if you would, by the new corporation, the full stock corporation coming in and assuming this block of assets, if you would, and putting \$100 million with gain, just for hypothetical obviously, in addition to \$200 million or \$500 million, whatever. That has been the issue and that's why the charitable trust issue comes along. That plus tax breaks, if any, that the corporation's enjoyed through the years.

Rand: Plus the obligation to the subscribers, as Senator Ledbetter suggests.

Commissioner: Exactly.

Rand: Senator Wellons.

Wellons: I'm familiar with 501(c)(3). Did the Commissioner say that this is formerly a 501(c)(4).

Commissioner: Yes, sir.

Wellons: Is it currently a 501(c)(4)?

Commissioner: I don't recall if it is currently a 501(c)(4), but even if it were, they lost that tax, the Federal tax benefit in 1988, I think it was. The Federal tax law changed and they had to pay a tax on the Federal liability. All the Blues did.

Wellons: At the time they lost the 501(c)(4). Wouldn't that have triggered, a recapture of the assets for charitable purposes?

Commissioner: No, sir. They did not change the tax status in North Carolina. They are still today paying at one-half of one percent a premium tax rate, versus the 1.9 that indemnity writers pay.

Wellons: Back on 501(c)(3), if it is mandatory, if this ever loses its 501(c)(3) status, the assets go to charitable, to a similar charity. How did that change...

Rand: Wait a minute, I want Representative Hurley to say something, he's being called to a House meeting and it was his amendment that a number of you have had calls about.

Hurley: I'm reminded that the House is in session and there are some important bills that I need to vote on so I need to get to the House floor. Thank you for letting me be with you briefly. I'd like to say that since a week ago, since the House put the amendment on the Bill, I've been inundated with calls as many of you have. The House in their action

basically says we're going to slow down, let's look at it a little bit. I have been working in conference with the Commissioner and some other people over the last few days, and I would urge you, we've changed the language in the Bill, we've reached an agreement among ourselves; however, I think that you need to, of course, not to concur so we can get this to the Conference Committee. But thank you for your attention this morning.

Rand: Thank you. Ah, Senator Kinnaird. Go ahead.

Kinnaird: The Blues are converting all across the country, on the east coast, in Virginia most recently. Is there a present suit involved?

Commissioner: Not that I'm aware of, no. And Blue Cross has said consistently to us for over six month, they have no plans to convert, they are not looking at this as an option and we told them, excuse me, its been over a year they've been telling us that consistently, we told them we would like to have the law clarified if and when they decide to convert in North Carolina so the rules are spelled out, instead of just saying the Commissioner shall adopt regulations.

Rand: Blue Cross plans across the United States are not the same, are they?

Commissioner: That's right, they are all independent.

Rand: Senator Phillips.

Phillips: I have a followup to Senator Purdue. You have said in here this morning that you are going to develop rules relating to this issue. All we're doing is giving you the authority to do that, as I understand the Bill.

Commissioner: Senator, I currently have the authority to develop rules. What this would say is these are the rules.

Phillips: This is the procedure.

Commissioner: Yes, sir.

Phillips: You're going to develop them? You're going to put the final touches on what is said here?

Commissioner: I don't know that we'd even have to adopt rules if this Bill were finally enacted.

Phillips: What I'm concerned about, to get to the short point, is that I don't want to see you do anything, your agency do anything, that doesn't

come back to this group. I just think that, as a member of the Senate, that I have some responsibility to look at what you're doing and have some say in what happens in this process. I respect you as a Commissioner, but I don't want to give up my right to have input, and I certainly can't have input if I'm not on the Conference Committee. The only input I'll get is right here as we go through this process and then its delivered to you and ultimately I want some say in what happens to the assets, what happens to the distribution. I've seen the banks and the savings and loans in this state, and I would like to have some say ultimately in this process. I have one vote. Thank you.

Rand: Senator Odom.

Odom: Mr. Chairman, I am not a member of the Committee, but I appreciate your invitation...

Rand: We're glad to have you here.

Odom: ...to be here. Since I may not have another opportunity to ask these two questions, I would like for the Commissioner to speak to these two points, as Senator Ledbetter raised the question about subscribers benefiting in some way, direct or indirect. Through the years there have been literally hundreds and thousands of people who have been subscribers. Years ago for many years, I have paid alot of premiums as a subscriber to Blue Cross Blue Shield. With regard to that part, if there is any renumeration or quid pro quo to subscribers, do you have to go back to the beginning and have to try to figure out due benefits from that? And the second question is, and I'm not speaking for or against the designation or imposition or a charitable trust, but if one is to be considered, who is going to determine what charities are to benefit from the imposition of a charitable trust? Would that be you? Would it be the General Assembly? Would it be every charity, every 501 in the state? Could you speak just to those two points?

Commissioner: Let me tell you in reverse order if I could, Senator. The second point on what charities would receive the charitable trust monies, if any; the Bill does not speak to that. That is an open question; I don't have an answer to that. That's something you need to consider.

Odom: How have the other states done it?

Commissioner: Well, with Virginia's, I recall that \$176 million showed up in the general fund monies one day and they couldn't figure out where it came from. That's an option. Going back to your first question, probably the most equitable way of dealing with this from the subscriber's standpoint is to determine who had a Blue Cross policy in 1943, how

much premium they had paid and how much their prorated share is of the monies we're talking about. That is a fiscal impossibility. It would really enrich this fund for the university's educational system. But that's just totally unworkable. But that also ignores the average citizen in North Carolina who have an interest in this because the theory would be if Blue Cross did not pay the same tax rate as indemnity writers did all these years, or me as a taxpayer as a share in the proceeds, that's the complexity of the thing and that's why the theory of the charitable trust has come about around the country with these conversions, this is an easier way, its not easy, but its an easier way to make that determination and then decide, if any, there is a charitable trust, and if so, how much.

Rand: Senator Hartsell, Senator Russo, Senator Lee, ah yes, Senator Forrester.

Forrester: Mr. Commissioner. Is there any other company other than Blue Cross that will be affected by this proposed legislation, does that fall back on the nonprofits and the dental companies...

Commissioner: Delta Dental Plan, you're correct on that.

Forrester: ...one other company...

Commissioner: Yes sir, they could also be affected if they decide to do a conversion.

Rand: Anybody else have a question for the Commissioner? Thank you, Commissioner.

Commissioner: Thank you, Senator.

Mr. Searing: Mr. Chairman, Adam Searing.

Rand: All right. Let's hold it down. We've got to get out of here in a few minutes. We want to hear what he's got to say.

Mr. Searing: All right, Mr. Chairman, I'd like to thank you for allowing me the opportunity to speak to you all today. My name is Adam Searing. I the director of the North Carolina Health Access Coalition. We're a consumer group with over 50 organizations and individuals, like the March of Dimes, Easter Seals, folks like that. Folks who have people in the organizations who are disabled, have people who do not have health insurance, have people who are concerned about this Bill. I'm also here representing many, many folks across the state in public health departments, in health centers, people who deal with people in this state who do not have access to adequate health care coverage. And these folks are telling me please, let's have more discussion, more

debate about this Bill. That's why I want to urge you today to take the words of Senator Perdue to heart and slow down. Let's have some more discussion, more debate on this Bill, before we go ahead and send it to the Conference Committee and continue the next part of the process. There's been some questions about what's at stake in the Bill and I just want, I think its a fairly simple, simple example. Someone in the not-to-near future is going to sit down and write out a check to Blue Cross Blue Shield for a substantial amount of money to buy that corporation, whether its stockholders in a private stock offering or whether its a big health insurance conglomerate like Columbia HCA. That check is going to be written and its going to be big. The question is, who does that check get made out to? We believe that that check should get made out to a charitable health organization to continue the mission of Blue Cross, which was originally to provide affordable health insurance for everybody in North Carolina. Blue Cross thinks that that check should be made out to them, or to their subscribers, or policyholders. I, I don't really think that that's the right way to go. In any case, that's really what's at stake. The stuff that's being passed around gives a short example of how we feel that the charitable trust doctrine should be applied to Blue Cross and goes into a little more detail. I'm going to give you two reasons why we should slow down on this Bill. The first is, that the House put some pretty good language into that, the Bill before you about charitable trusts. We are afraid that that language is going to get weakened at the moment if that Bill does go to Conference Committee right now and the reason is is that the language I have seen so far from the deal making that has gone on between the Department of Insurance and Blue Cross about this Bill is language that significantly weakens the provisions that are currently in the Bill. We are not, as consumers or members of the public, are not at the table in those negotiations. Those negotiations do not include the taxpayers and consumers of this state who will be so affected by the changes that this Bill will create. In addition, this language is mild. We've talked around this table already about the other states which have actually required that a charitable trust be established with the money from this Bill, or from a conversion of Blue Cross, rather. On the back of one of the sheets I've sent around to you, it details what has happened in other states and how these other states have put language in the Bill that does require that that money go to a charitable trust. Our Bill's mild right now; it doesn't even do that. We don't need to send this Bill to Conference and go backwards on this already-mild language that affects taxpayers. The second reason to go slow on this Bill right now and take no action, is that there is a public outpouring of concern and interest and worry about what is happening with this Bill in the General Assembly. There has not been a single opportunity until today for the public to come to you in their General

Assembly and comment on this Bill. Let me tell you, there has not been a single opportunity until today.

Rand: You understand we haven't had this Bill until today. You understand that?

Mr. Searing: Yes, sir. I do.

Rand: It would have been it hard for you to comment to us while this is not the Bill we initially passed, so it would have been somewhat difficult to have a public hearing on it until we got it back and we could get together.

Mr. Searing: Well, sir. After it was passed in the House Rules Committee with very short time for consideration.

Rand: You understand this is the Senate Committee.

Mr. Searing: No, I understand.

Rand: OK.

Mr. Searing: OK. And I appreciate, Senator Rand, the opportunity to come here today to speak on this Bill, even if it is with less than 24-hours notice, which I will, on the other sheet I'm sending around, there are several people who have gotten in touch with me and said, "We would love to come and come speak to you, but we just simple can't do it with such a short notice."

Rand: If we have a Conference Committee, they will be, you know, they can make arrangements to talk to the Conference Committee because our negotiating position will have to be developed and that would be the appropriate group to speak to, would it not, because they would be the people who would be responsible for recommending to the Senate what position they would develop?

Mr. Searing: Well, Senator, before we take that step, I believe we need to have more of a public comment and public input before we advance the Bill. I mean, there are other options besides going to the Conference Committee. The last reason, I just want to say, two, two, two final things.

Rand: Let's have a little quiet, now let him be heard.

Mr. Searing: Let me just, let me just remind you of the two reasons why I'm standing here and saying, "Come on, let's take it, let's take it easy on this Bill. Let's not shoot it off to Conference right now." The first one

is, the public has not been involved. Our consumer organizations have not been involved in the deals that are going on between D.O.I. and Blue Cross about what should happen to this Bill in Conference. We would like to be heard there. The second reason is, is that the public has not had adequate opportunity to comment on this Bill. That's a good reason to slow it down and let us have more opportunity to comment before we send it to Conference and before we do anything more with it. And I'm happy to answer any questions at all.

Phillips: I have a question.

Mr. Searing: Yes, sir.

Phillips: You make a statement that deals are going on, and I would like to know what kind of deals are going on.

Mr. Searing: Well, its my understanding that there is language being discussed between the Department of Insurance and Blue Cross that affects what the language in this Bill would be and that is my understanding as to what is happening. I don't think that anything has been decided yet.

Phillips: I just think its, you know, I want to know, but at the same time I think its fair to the Commissioners, to the folks, if you say deals are being made, I think you ought to name the deals. I don't think you just ought to come in here and say I think there is a deal being made and then not tell us what the deals are.

Mr. Seaing: OK. There's specific, there's specific discussion on changing on page 5, line, the entire section there's discussion, but if you want a specific example, on page 5, line 39, there's discussion at changing the words that say, "Consider what portion of the corporation's surplus is subject to a charitable trust," there's discussion at adding the words, "if any," to that sentence, which would severely weaken the Bill in our view because that, that makes it clear that there could be no money at all going to that charitable trust in this Bill, whereas as it reads right now, its saying that yes, there should be some money going to the charitable trust. So that's a specific deal.

Rand: That's being discussed?

Mr. Searing: That is being discussed. Its my understanding that nothing has been worked out and I would like to say, I mean, you know, consumers could be at the table and involved in the process, that I think all the organizations I represent would feel a lot better about what's going on. That's all we're asking for. We're not asking for absolute, specific language or anything like that.

Commissioner: Well I'm glad Mr. Searing admitted there is no deal because I can tell you quite frankly that as of this morning, there is no deal. Now I resent him saying there's been a deal. There is no deal and let me be real emphatic on that. Secondly, Mr. Searing has had a copy of every change that we have proposed up and to yesterday. There is a package sitting in our office right now waiting for you to pick it up as of overnight you didn't come get that, but I think you got it from Mr. Fobes. So we have kept him fully informed the entire process day in and day out for whatever period of time we've been dealing with this thing, Senator Phillips.

Kinnaird: Senator, I believe that the word deal came from Senator Phillips and I think Adam was saying negotiations.

Phillips: No, he said a deal.

Blust: Mr. Chairman.

Rand: Senator Blust.

Blust: I don't know what's going on with this deal, but I know that my own reaction given the way its gone to the Legislature, has raised my, questions in my mind. I don't know what the answers are and I'm not making any accusations, but don't you feel that given the legislative history that you could cause some to have some questions as to whether something fishy is going on or not? It just doesn't seem to be the normal way in which a Bill moves through the Legislature.

Rand: Well if you have any evidence of anything fishy going on, I suggest you call the District Attorney, the Attorney General, the Federal authorities, your mother, and anybody else you'd like to speak with.

Blust: I'm not saying...

Rand: But that doesn't add much to what we're talking about. If you do think so, let's talk about it.

Blust: I don't think so, it just doesn't seem to be the way an ordinary Bill in this fashion would move through the Legislature. I think I understand why some members of the public might have some questions about what could be going on, not to say anything is going on.

Rand: You're here representing a large number of the public. Do you have any questions you'd like to ask?

Blust: I'll certainly take a close look at it and try to do that.

Rand:

We would like to. That's why, you are a member of the Committee, I believe. We're delighted to have you here and this is the first time you've had the opportunity to see this Bill and the question is now what do we do with it and that's why we're here this morning. We've got to determine what our negotiating position is going to be or what we're going to do. And that's why we're here. Now if there is anything funny about that...well, I drew the rules so I guess I would be the one to complain to...but there has not been any complainings about that before. If you want to change the rules, we'll talk about that. But we've got to, if we don't do anything and we adjourn, you understand that the Commissioner has the authority to...

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Transcription of Side B
Rules Committee
Tuesday June 25, 1997

Winner: It seems to me that the bill out of the house does a good job of addressing those three concerns. Because Representative Hurley's amendment was written rather quickly it may have some technical language problems in putting it into operation properly.

Rand: That's my understanding.

Winner: It seems to me that we have to not concur but I hope that when we not concur that we will do this with the idea of fixing the technical problem to the bill and not with the idea of diminishing the protections of the public.

Rand: That is why we had the commissioner here. Senator ?

_____ I am not a member of the committee either.

Rand: Well, we are glad to have you. That is why you were invited.

_____ It seems that the comment you made just a few minutes ago has not been considered as one of the options and maybe I missed that earlier but one of the options would be to write a bill that says that says the commissioner no longer has the authority that the commissioner currently has so if we really wanted to slow this down we would not have to do anything in this session but we could take away the authority that the commissioner has and there by slow the process down. Is that not another option?

Rand: You would have to find the bill that was eligible on the rules. That was a cross-over thing to do. You could not amend this bill because this bill is now to the point were you concur or not concur and appoint conferees. You negotiate on those same things in controversy that would not under anybody's rules be eligible for consideration. I don't believe we could effect that even you should find the majority of each house will to go with you. It would be difficult to do that.

Mr. Searing:

My personal opinion would be before you decide to concur or not concur is that there be more input. I realize that procedurally right now we can't make any more changes to the bill than when it does go to the conference committee but because of all the public interest in the bill and our fear that if it does go to the conference committee that views that you would like to be put forward would not adequately represent. What has happened to the bill gives us pause.

Okay yes. We would accept this bill as it is right now.

Dr. Rolerson:

We would like a much stronger clause on charitable contributions that exist currently in this bill and I am not a legal specialist. What I would like you to do is that which will protect the public interest and see that assets are not privatized that should in fact remain public. Thank you.

Rand:

What is the rule of the committee?

Plyler:

We do not concur.

Rand:

Senator Plyler moves that we not concur.

Dr. Rolerson:

You can call a public hearing at your discretion, could you not?

Rand:

I don't know that I have anything to do with it. Whoever is on the conference committee can do such things as they deem in the best interest to continue the process. We've got at some point to have conferees continue this discussion.

Rand:

Committee in favor of motion say Aye.

Committee:

Aye.

Rand:

Ayes have it. We are adjourned.

Kerr:

Chairman, I appreciate the opportunity to be in here but I think we have got to look at the historical time frame that we were operating on when we introduced this bill. Everybody thought we were going to be out of here by June 15th and we are waiting for July the 4th. And the budget has been over from the house since May the 20th, I think. Appears now we will have more time. It would benefit from more time. Go slow and work it out.

Rand:

I am not aware of any rush. I would assume the public is being represented. Now lets give Doctor Michael Rolerson, who is the President of the North Carolina Consumer Council, a chance to speak on the bill.

Dr. Rolerson:

Thank you Senator Rand. I appreciate the chance to appear before you and various members and the public. On behalf of the North Carolina Consumer Council, I want to say that we have heard this morning a plethora of good questions from various members of the General Assembly. To me it speaks clearly that this bill has been on a fast track. It is my understanding it did not follow the usual procedure of going through an insurance committee although I think it deals with insurance some how or other. We are concerned that there is exactly too much pressure to move it forward. On a second thought, you know that the public is always late coming to these dinners. It takes time for the public to understand what is going on and sometimes other forces like to take advantage of that so we think that things will slow this down and leave it for considered action that would be desirable. We think that a charitable trust is most necessary. There appears to be legal precedent for it. We know that the Californians precedent for it managed to get such a trust with many billions of dollars in it. We know the Virginians, next door, lost that battle and lost those assets. And we think that there are values beyond those of what the private marketplace, the free market, can do. We think you are elected to look after those values on be half of us, the public, and we hope you will. Thank you.

Rand:

Thank you Doctor. Thank you very much. Senator Miller.

Miller:

I just. Mr. Rolerson, a question for you and Mr. Searing as well. I understand everyone has said this is an important issue. We want there to be careful consideration. We don't want a back room deal. We want something that is open. The only thing we can do immediately id concur, not concur. Do you agree that we should not concur? Do you agree we should not concur with the bill from the house.



POLICY BRIEF

THE NORTH CAROLINA HEALTH ACCESS COALITION
A Project of the North Carolina Justice and Community Development Center

P.O. Box 28068 • Raleigh, NC, 27611 • 919/856-2568 • fax: 919/856-2175 • health@ncjustice.org

SENATE BILL 993 -- BLUE CROSS CONVERSIONS

WHAT IS HAPPENING IN OTHER STATE LEGISLATURES?

OTHER STATES HAVE ENACTED OR HAVE PROPOSED LEGISLATION REQUIRING BLUE CROSS BLUE SHIELD TO DEPOSIT ALL PROCEEDS (AS DETERMINED AT FAIR MARKET VALUE) FROM CONVERSION TO A FOR-PROFIT INTO A CHARITABLE HEALTH CARE FOUNDATION. NORTH CAROLINA'S BILL, WHILE IT DOES PROVIDE SOME PROTECTIONS, DOES NOT GO THIS FAR.

SUMMARY

North Carolina's Blue Cross conversion bill, as amended after public pressure, provides additional protections for taxpayers by allowing the Commissioner of Insurance and the Attorney General to consider what amount of the surplus resulting from a conversion of Blue Cross should be dedicated for charitable purposes. However, a number of states have enacted laws or are considering legislation requiring Blue Cross to deposit all proceeds that result from a conversion into a charitable trust dedicated for health care purposes. These states have gone far beyond the protections in SB993.

ENACTED LEGISLATION

| State | Bill Requirements | Status |
|--------------|--|--------------|
| California | Proceeds from conversion (at fair market value) set aside for charitable health care purposes in a 501(c)(3) nonprofit. | Passed: 1995 |
| Colorado | Proceeds from conversion (at fair market value) set aside for charitable health care purposes in a 501(c)(3) or 501(c)(4) if most (c)(3) requirements met. | Passed: 1996 |
| North Dakota | Declares every nonprofit mutual insurance company a "charitable and benevolent" organization subject to all laws applicable to charitable organizations. | Passed: 1997 |
| Ohio | Proceeds from conversion (at fair market value) set aside for charitable health care purposes in a 501(c)(3) or 501(c)(4) if most (c)(3) requirements met. | Passed: 1997 |

PROPOSED LEGISLATION

| State | Bill Requirements |
|------------|---|
| Kansas | Proceeds from conversion (at fair market value) set aside for charitable health care purposes in a 501(c)(3) nonprofit. |
| New Jersey | Proceeds from conversion (at fair market value) set aside for charitable health care purposes in a nonprofit. |
| Texas | Any charitable assets in a conversion must be distributed to a charitable health care organization. |

For more information contact Adam Searing, JD, MPH, NCHAC Project Director, at (919) 856-2568.



P O L I C Y B R I E F

THE NORTH CAROLINA HEALTH ACCESS COALITION

A Project of the North Carolina Justice and Community Development Center

P.O. Box 28068 • Raleigh, NC, 27611 • 919/856-2568 • fax:919/856-2175 • health@ncjustice.org

BLUE CROSS 101 - THE STAKES FOR NC IN A BLUE CROSS CONVERSION

THREE EASY STEPS TO UNDERSTAND WHY BLUE CROSS SHOULD BE REQUIRED TO SET UP A CHARITABLE HEALTH CARE FOUNDATION IF THEY CONVERT TO A FOR-PROFIT CORPORATION

I. The non-profit corporation NC Blue Cross Blue Shield (Blue Cross) has received substantial tax breaks from three generations of taxpayers as a “social welfare organization” and a “charitable and benevolent corporation.” A non-profit corporation is responsible to the public and not private interests or investors.

- From 1941 to 1986, Blue Cross paid NO federal income tax. Blue Cross claimed this tax exemption as a “social welfare organization” under IRS 501(c)(4). By definition, a social welfare organization exists for the public good or benefit.
- North Carolina taxpayers have given Blue Cross huge breaks in state tax rates over the years. From 1941 until 1973 Blue Cross, as a “charitable and benevolent” corporation was “exempt from every State, county, district, municipal and school tax or assessment, and all other taxes and license fees...” (Old NCGS 57-14, 1941.) From 1941 until 1988 Blue Cross has paid bargain premium tax rates of only 1/3 of 1% while private insurers paid substantially more in increasing rates; rates rose from 1% to today’s current 1.9%.
- Blue Cross has used this favorable tax status to become the largest and best known health insurer in North Carolina with huge assets and over a million policyholders. It has huge buildings, top name recognition for its trademark, about half a billion dollars sitting in reserve funds, and another half a billion dollars invested in stocks and bonds. Blue Cross has enjoyed huge advantages over its competitors as a “charitable and benevolent” corporation -- advantages funded over the years by three generations of North Carolina’s taxpayers.

II. Conversion of Blue Cross from a non-profit to a for-profit corporation would mean a private party (a huge private insurer or private stockholders) would buy Blue Cross, a public corporation. When the public sells something the public should get to keep the money - not private investors.

- It makes sense - if the North Carolina Department of Transportation sells a surplus dumptruck (owned by the public) that is no longer needed by DOT the money from that sale goes to the state - the person who buys the dumptruck doesn’t get to keep the money and also get the dumptruck. In the same way when a public non-profit corporation is sold to private investors that money should go to the public to continue the original purposes of the charitable corporation and not remain with the now private corporation.
- Blue Cross, however, denies any obligation whatsoever to set up a charitable health care foundation to enable affordable health care be provided to uninsured children and adults in North Carolina with the hundreds of millions of dollars a sale of the public corporation would bring.

III. Because of the above reasons, other states have required Blue Cross to set up charitable health care foundations with the proceeds from the sale of the non-profit to private investors.

For example, California required Blue Cross upon its conversion to a for-profit to establish two charitable health care foundations worth \$3.2 billion. The proceeds from such conversions will go to continue the original mission of Blue Cross - to provide affordable health coverage for people who simply cannot afford adequate coverage for themselves or their children. Just a few examples of programs such a NC foundation could fund:

- Health insurance for a large percentage of the 200,000 children in North Carolina without coverage.
- Prescription coverage for low-income senior citizens whose Medicare coverage does not cover prescriptions.
- Help for disabled North Carolinians with high health care costs.
- Help working North Carolinians not able to pay high family premiums get affordable family coverage through their workplace.

VISITOR REGISTRATION SHEET

Senate Rules Committee

June 25, 97

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

| | |
|-----------------------|---------------------------------|
| Tom Gray | Business, North Carolina |
| Shirley H. McHenry | NC DOT |
| Richard C Hatch | HAARP NC State Leg. Committee |
| John Hatch | N.C. Senate |
| Bill Breeze | N.C. Medical Board |
| John Bowditch | Zeb Alley P.A. |
| Brenda Dougherty | Sprint |
| Steve Cline | NLM |
| Angie Jo Blair | Smith Anderson |
| Lucia Dell | NC Medical Society |
| Ken Wright | BCRSNC |
| Brad Wilson | BCRSNC |
| Lynn Garrison | BCRSNC |
| Steve Robblee | Triangle Business Journal |
| John T. J. | Interim |
| Thomas H. Clifton | Interim |
| Howard M. Fitts | N.C. Citizens for Public Health |
| George Reed | NC Council of Churches |
| Curt Williams | Governor's Office |
| Granda Summers | NC Equity |
| Deborah Bane | NC Public Health Assoc |
| Clita Covington | Clerk - Rep Health |

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

| | |
|--------------------|--------------------------------|
| <i>[Signature]</i> | SHPA |
| Camie Hardley | Office of Gov |
| T. B. Suggs | Conf. Care Community Residents |
| T. Melhan | JHC |
| Stan Wilkins | HMLD Elder. |
| Paul Mahoney | NC Home Assn |
| <i>[Signature]</i> | Moore & Van Allen |
| Doug Houston | Houston & Williams |
| Billy Patterson | Houston & Williams |
| Roger Bone | Bone & Assoc. |
| Johnny West | Carolina Health Care Sys. |
| Suzanne Williams | Bone & Assoc. |
| Beth Suggs | AGO |
| John Deiss | AGO |
| Evelyn Lawrence | NCHA |
| Amy Thompson | Houston & Williams |
| Jane P. Gray | DOJ |
| Hampton Dellinger | DOJ |

MINUTES

SENATE COMMITTEE ON RULES AND OPERATION OF THE SENATE

August 13, 1997

The Senate Committee on Rules and Operations of the Senate met at 8:30 a.m. on Wednesday, August 13, 1997 in the 300 Conference Room. Eleven members of the committee were present.

Senate Bill 205 - Repeal Retirement Restriction - Senator Rand said that there was a proposed Committee Substitute for this bill. Senator Brad Miller moved for the adoption of the Committee Substitute and this motion was adopted.

Senator Reeves explained his bill which repeals the law providing that members of the consolidated judicial retirement system may not receive full retirement benefits while serving on the Federal Judiciary.

Senator Horton moved for a favorable report for the proposed Committee Substitute and the motion passed the committee. The bill will now go to Pensions and Retirement.

Senate Bill 624 - Sedalia Incorporated - Senator Miller moved for the adoption of a proposed Committee Substitute.

Senator Martin explained his Committee Substitute which changes the boundary description for the proposed town. Prohibits town from annexing until July 1, 2017, and provides that Greensboro may annex satellite areas that are closer to Sedalia than to Greensboro. Permits Guilford County board of elections to establish special election date for 1997 Sedalia elections.

Senator Phillips moved for a favorable report on the Committee Substitute and this motion was adopted by the Committee. The bill has the support of the Guilford County Delegation and will be sent to the Finance Committee.

HB 72 - Oak Ridge Incorporated - Senator Horton moved for the adoption of the proposed Senate Committee Substitute.

Rep. Decker explained the proposed Committee Substitute for HB 72.

Senator Horton moved for a favorable report on the bill and this motion was adopted by the committee and the bill would be sent to the Finance Committee.


Page 2.

Minutes - August 13, 1997

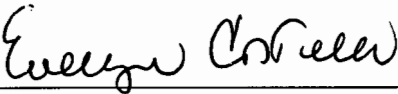
HB 231 - DMV Medical Information Waiver - Senator Forrester moved for the adoption of the Senate Committee Substitute for this bill. Rep. Hiatt explained his bill which basically adds an amendment that the committee had put into SB104 (companion bill) giving civil and criminal immunity to physician who reports to government agency for pilot licenses or for air safety.

Senator Horton moved for a favorable report of the Senate Committee Substitute and the bill was adopted by the Committee.

The meeting adjourned at 9:30 a.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Wednesday, August 13, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

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

| | | | |
|-------------|------------|------------------------------|---------------------------------|
| S.B. | 205 | Amend North Carolina Laws-4. | |
| | | Draft Number: | PCS2795 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | Pensions & Retirement/Insurance |
| | | Long Title Amended: | Yes |

| | | | |
|-------------|------------|----------------------------------|---------|
| S.B. | 624 | Sedalia Incorporated (Guilford). | |
| | | Draft Number: | PCSA774 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | Finance |
| | | Long Title Amended: | No |

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1,
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL**

| | | | |
|--------------------|------------|-----------------------------|---------|
| H.B.(CS #1) | 231 | Medical Information Waiver. | |
| | | Draft Number: | PCS4150 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | None |
| | | Long Title Amended: | Yes |

TOTAL REPORTED: 3

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE BILL 205

Rules and Operations of the Senate Committee Substitute Adopted 8/13/97

Short Title: Repeal Retirement Restriction.

(Public)

Sponsors:

Referred to:

February 20, 1997

- 1 A BILL TO BE ENTITLED
2 AN ACT TO REPEAL THE LAW PROVIDING THAT MEMBERS OF THE
3 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM MAY NOT RECEIVE
4 FULL RETIREMENT BENEFITS WHILE SERVING ON THE FEDERAL
5 JUDICIARY.
6 The General Assembly of North Carolina enacts:
7 Section 1. G.S. 135-72 is repealed.
8 Section 2. This act becomes effective August 1, 1997.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 624
Proposed Committee Substitute S624-PCSA774

Short Title: Sedalia Incorporated (Guilford).

(Local)

Sponsors:

Referred to:

April 1, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCORPORATE THE TOWN OF SEDALIA.

3 The General Assembly of North Carolina enacts:

4 Section 1. A Charter for the Town of Sedalia is enacted to read:

5 "CHARTER OF THE TOWN OF SEDALIA.

6 "CHAPTER I.

7 "INCORPORATION AND CORPORATE POWERS.

8 "Section 1.1. **Incorporation and Corporate Powers.** The inhabitants of the Town
9 of Sedalia are a body corporate and politic under the name 'Town of Sedalia'.
10 Under that name they have all the powers, duties, rights, privileges, and immunities
11 conferred and imposed on cities by the general law of North Carolina.

12 "CHAPTER II.

13 "CORPORATE BOUNDARIES.

14 "Sec. 2.1. **Town Boundaries.** Until modified in accordance with law, the
15 boundaries of the Town of Sedalia are as follows:

16 BEGINNING at a point, said point being in the south right-of-way line of Bethel
17 Church Road, said point being the northwest corner of Guilford County Tax Map
18 ACL 18-1173, Block 242, Lot 24; thence running along said right-of-way line in an
19 easterly direction a distance of approximately 1,500 feet to the northeast corner of
20 Lot 7 on Guilford County Tax Map ACL 18-1173, Block 242; thence along the
21 eastern line of said Lot 7 a distance of approximately 290 feet to a point, said point
22 being in the northern line of Sedalia Country Park Subdivision; thence in an easterly
23 direction along the northern line of Sedalia Country Park Subdivision and the

1 southern property lines of Guilford County Tax Map ACL 18-1173, Block 242, Lots
2 4, 15, and 52 and Block 207, Lot 8 a distance of approximately 3340 feet to a point,
3 said point being the northeast corner of Guilford County Tax Map ACL 18-1173,
4 Block 207, Lot 19; thence along the eastern lines of Lots 19 and 11 of said Block in a
5 southerly direction a distance of approximately 1660 feet to a point, said point being
6 the northwest corner of College Heights Subdivision, said point also being the
7 southwest corner of said Block 207, Lot 12; thence in an easterly direction along the
8 northern line of College Heights Subdivision, as recorded in P.B. 34, Page 54 in the
9 Office of Guilford County Register of Deeds, a distance of approximately 1850 feet to
10 a point in the west right-of-way line of Sedalia Road; thence in an easterly direction a
11 distance of approximately 60 feet to a point in the east right-of-way line of Sedalia
12 Road at the southwest corner of Guilford County Tax Map ACL 18-1173, Block 207,
13 Lot 17; thence in an easterly direction along the southern lines of lots 17 and 2 of
14 said block a distance of approximately 970 feet to a point, said point being the
15 southeast corner of said Lot 2; thence South 84°41' East a distance of 839 feet to a
16 point; thence South 65°46' West a distance of 229 feet to a point; thence South
17 57°03' West a distance of 298 feet to a point; thence South 38°22' West a distance of
18 248 feet to a point; thence South 13°19' West a distance of 136 feet to a point; thence
19 South 63°02' West a distance of 585 feet to a point; thence South 28°14' East a
20 distance of 443 feet to a point; thence South 04°47' West a distance of 1,151 feet to a
21 point, said point being a common corner with Stoney Creek Golf Course; thence
22 South 88°16' East along the western golf course line a distance of 154 feet to a point;
23 thence South 03°06' East a distance of 620 feet to a point; thence South 70°34' West
24 a distance of 234 feet to a point; thence South 30°53' East a distance of 544 feet to a
25 point; thence South 06°26' West a distance of 341 feet to a point; thence South
26 49°11' West a distance of 630 feet to a point; thence South 36°48' East a distance of
27 207 feet to a point; thence South 23°01' West a distance of 1705 feet to a point, a
28 common corner with Totten Subdivision; thence South 60°01' East with the Totten
29 Subdivision a distance of 339 feet to a point; thence North 32°12' East a distance of
30 37 feet to a point; thence South 58°21' East a distance of 387 feet to a point; thence
31 South 36°44' West a distance of 382 feet to a point; thence South 50°12' East a
32 distance of 81 feet to a point; thence South 23°28' West a distance of approximately
33 170 feet to a point on the north right-of-way line of Burlington Road; thence along
34 said right-of-way line in a westerly direction a distance of 124 feet to a point; thence
35 in a southwesterly direction, crossing Burlington Road, a distance of approximately
36 100 feet to the northeast corner of Guilford County Tax Map ACL 18-1175, Block
37 209, Lot 42; thence in a southwesterly direction along the eastern lines of Guilford
38 County Tax Map ACL 18-1175, Block 209, Lots 42, 41, and 40 a distance of
39 approximately 580 feet to a point, said point being the southeast corner of said Lot
40 40; thence in a northwesterly direction along the southern lines of Guilford County
41 Tax Map ACL 18-1175, Block 209, Lots 40, 10, 39, 35, 36, 37, 21 and 56 a distance of
42 approximately 1860 feet to the western line of Lot 15 on said Block 209; thence in a
43 southerly direction of distance of approximately 120 feet along the eastern line of said
44 Lot 15 to the southeast corner of Lot 15; thence in a westerly direction along the

1 southern lines of Lots 15 and 32 of said Block 209 a distance of approximately 690
2 feet to a point, said point being a common corner of Lots 32 and 63 of said Block
3 209, thence in a southerly direction along the western lines of Lots 63 and 4 of said
4 Block 209 a distance of approximately 1100 feet to a point; thence in a westerly
5 direction along a portion of the western line of said Lot 4 a distance of approximately
6 190 feet to a point, said point being the northeast corner of Guilford County Tax
7 Map ACL 18-1175, Block 209, Lot 64; thence in a southerly direction along the
8 eastern line of Lot 64, and a projection of that line crossing Lot 4 of said block, a
9 distance of approximately 460 feet to a point, said point being in the northern line of
10 Guilford County Tax Map ACL 18-1175, Block 209, Lot 51; thence in an easterly
11 direction a distance of approximately 480 feet along the northern line of said Lot 51
12 to a point, said point being the northeast corner of said Lot 51; thence in a southerly
13 direction along the eastern lines of Lots 51, 48, and 61 of said Block 209 a distance of
14 approximately 330 feet to a point, said point being the southeast corner of said Lot
15 61; thence in a westerly direction a distance of approximately 260 feet to a point, said
16 point being the northeast corner of Lot 55 of said Block 209; thence in a
17 southwesterly direction a distance of approximately 260 feet along the eastern line of
18 said Lot 55 to a point; thence in a westerly direction along the southern line of said
19 Lot 55 and crossing Palmer Road, a distance of approximately 240 feet to a point in
20 the west right-of-way line of Palmer Road; thence in a northerly direction along said
21 right-of-way line a distance of approximately 1900 feet to a point, said point being the
22 southeast corner of Guilford County Tax Map ACL 18-1175, Block 240, Lot 24;
23 thence in a westerly direction along the southern line of said Lot 24 a distance of
24 approximately 1100 feet to a point in the eastern line of Lot 8 of said Block 240,
25 thence along the common line of said Lots 8 and 24 in a northerly direction a
26 distance of approximately 460 feet to the northeast corner of said Lot 8; thence in a
27 westerly direction along the northern line of said Lot 8 a distance of approximately
28 1200 feet to a point, said point being the southwest corner of Lot 22 of said Block
29 240; thence in a northerly direction along the common line of Lots 22 and 8 of said
30 block a distance of approximately 1060 feet to a point, said point being in the south
31 right-of-way line of Burlington Road; thence along said right-of-way line in a
32 northwesterly direction a distance of approximately 560 feet to a point in the west
33 right-of-way line of Bloomfield Road; thence in a southerly direction along said west
34 right-of-way line a distance of approximately 220 feet to a point; said point being the
35 northeast corner of Guilford County Tax Map ACL 18-1175, Block 240, Lot 21;
36 thence in a westerly direction along the northern line of said Lot 21 a distance of
37 approximately 580 feet to the northwest corner of said Lot 21; thence in a northerly
38 direction along the western line of Block 241, Lot 41 a distance of approximately 430
39 feet to the northwest corner of said Lot 41; thence in an easterly direction along the
40 northern line of said Lot 41 a distance of approximately 300 feet to a point in the
41 south right-of-way line of Burlington Road; thence along said right-of-way line in a
42 northwesterly direction a distance of approximately 420 feet to a point on the
43 southern line of Guilford County Tax Map ACL 18-1175, Block 241, Lot 28; thence
44 in a westerly direction along the southern lines of Lots 28 and 10 of said Block 241 a

1 distance of approximately 970 feet to the southwest corner of said Lot 10; thence in a
2 northerly direction along the western lines of Lots 10 and 25 of said Block 241 a
3 distance of approximately 450 feet to a point; thence in a northwesterly direction
4 along the southwestern line of Lot 24 of said Block 241 a distance of approximately
5 90 feet to a point; thence in a northeasterly direction along the northwestern line of
6 said Lot 24 a distance of approximately 380 feet to a point, said point being in the
7 south right-of-way line of Burlington Road; thence in a southeasterly direction along
8 said right-of-way line a distance of approximately 230 feet to a point, said point being
9 on a common property line of Lots 25 and 24 of said block; thence in a northeasterly
10 direction, crossing Burlington Road, a distance of approximately 60 feet to the
11 westernmost corner of Lot 26 of said Block 241; thence following the northern line of
12 said Lot 26 a distance of approximately 680 feet in a northeasterly direction to a
13 point, said point being the southwest corner of Imperial Estates Subdivision; thence
14 in a northerly direction along the western line of Imperial Estates Subdivision a
15 distance of approximately 990 feet to a point; thence along the northwestern line of
16 said subdivision a distance of approximately 1,040 feet in a northeasterly direction to
17 the northwest corner of said subdivision; thence in a westerly direction along the
18 southern line of Guilford County Tax Map ACL 18-1173, Block 242, Lot 46 a
19 distance of approximately 50 feet to a point; thence along the southwestern lines of
20 Lots 46, 14 and 13 of said Block 242 in a northwesterly direction a distance of
21 approximately 600 feet to a point; thence along the southern line of said Lot 13 in a
22 westerly direction a distance of approximately 390 feet to a point, said point being the
23 southwest corner of Lot 13; thence in a northerly direction along the western lines of
24 Guilford County Tax Map ACL Map 18-1173, Block 242, Lots 13, 12, 11, 10, 35 and
25 30 a distance of approximately 1700 feet to a point, said point being the southeast
26 corner of Lot 23 of said Block 242; thence in a southwesterly direction along the
27 south line of said Lot 23 a distance of approximately 430 feet to the southwest corner
28 of said Lot 23; thence in a northerly direction along the western lines of Lots 23, 28
29 and 24 of said Block 242 a distance of approximately 1140 to a point; thence in a
30 westerly direction a distance of approximately 100 feet along said Lot 24 to a point;
31 thence in a northerly direction a distance of approximately 140 feet along the western
32 line of said Lot 24 to a point in the south right-of-way line of Bethel Church Road,
33 said point being the POINT OF BEGINNING.

34 "Sec. 2.2. **Annexations.** (a) Article 4A of Chapter 160A of the General Statutes
35 does not apply to the Town of Sedalia until July 1, 2017.

36 (b) G.S. 160A-58.1(b)(2) shall not apply to the City of Greensboro as it relates to
37 the Town of Sedalia.

38 "CHAPTER III.

39 "GOVERNING BODY.

40 "Sec. 3.1. **Structure of Governing Body; Number of Members.** The governing body
41 of the Town of Sedalia is the Town Council, which has five members.

42 "Sec. 3.2. **Manner of Electing Council.** The qualified voters of the entire Town
43 elect the members of the Council.

1 "Sec. 3.3. **Term of Office of Council Members.** Members of the Council are
2 elected to four-year terms. In 1997 and quadrennially thereafter, three members of
3 the Council shall be elected for four-year terms. In 1999 and quadrennially
4 thereafter, two members of the Council shall be elected for four-year terms.

5 "Sec. 3.4. **Election of Mayor; Term of Office.** At the organizational meeting of the
6 Council following each election, the Council shall elect one of its members to serve
7 as Mayor. The Mayor serves as such at the pleasure of the Council.

8 "CHAPTER IV.

9 "ELECTIONS.

10 "Sec. 4.1. **Conduct of Town Elections.** Town officers shall be elected on a
11 nonpartisan basis. Elections shall be conducted in accordance with Chapter 163 of
12 the General Statutes.

13 "Sec. 4.2. **Determination of Election Results.** The results of election of officers
14 shall be determined by a plurality as provided in G.S. 163-292.

15 "CHAPTER V.

16 "ADMINISTRATION.

17 "Sec. 5.1. **Town to Operate Under Mayor-Council Plan.** The Town of Sedalia
18 operates under the Mayor-Council plan as provided in Part 3 of Article 7 of Chapter
19 160A of the General Statutes."

20 Section 2. (a) Until the organizational meeting of the Town Council of
21 Sedalia following the 1997 municipal election, Ruth Smith, Skip Corley, Myra Lynn,
22 Henry Blackmon, and Duane Bryant shall serve as members of the Town Council.
23 Ruth Smith, Henry Blackmon, and Duane Bryant serve until the organizational
24 meeting after the 1997 election. Skip Corley and Myra Lynn serve until the
25 organizational meeting after the 1999 election.

26 (b) Ruth Smith shall serve as Mayor until the organizational meeting of
27 the Town Council after the 1997 election, except that she shall serve at the pleasure
28 of the Town Council as if she had been chosen by them under Section 3.4 of the
29 Charter.

30 (c) The initial meeting of the Town Council shall be called by the clerk
31 to the Guilford County Board of Commissioners.

32 Section 3. From and after the effective date of this act, the citizens and
33 property in the Town of Sedalia shall be subject to municipal taxes levied for the
34 year beginning July 1, 1997, and for that purpose the Village shall obtain from
35 Guilford County a record of property in the area herein incorporated which was
36 listed for taxes as of January 1, 1997; and the businesses in the town shall be liable for
37 privilege license tax from the effective date of the privilege license tax ordinance.
38 The Town may adopt a budget ordinance for fiscal year 1997-98 without following
39 the timetable in the Local Government Budget and Fiscal Control Act, but shall
40 follow the sequence of actions in the spirit of the act insofar as is practical. For fiscal
41 year 1997-98, ad valorem taxes may be paid at par or face amount within 90 days of
42 adoption of the budget ordinance, and thereafter in accordance with the schedule in
43 G.S. 105-360 as if the taxes had been due and payable on September 1, 1997. The

1 Town of Sedalia is eligible to receive distributions of State funds during fiscal year
2 1997-98.

3 Section 4. (a) The Guilford County Board of Elections shall establish a
4 special candidate filing period for the Town of Sedalia for the 1997 municipal
5 election.

6 (b) The Guilford County Board of Elections may establish a special
7 election date for the 1997 municipal election for the Town of Sedalia.

8 Section 5. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 72

Proposed Senate Committee Substitute H72-CSLM-1
WARNING: LINE NUMBERS MAY CHANGE AFTER ADOPTION

Short Title: Oak Ridge Incorporated.

(Local)

Sponsors:

Referred to: Local and Regional Government II, if favorable,
Finance.

February 6, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO INCORPORATE THE TOWN OF OAK RIDGE, SUBJECT TO A
3 REFERENDUM.

4 The General Assembly of North Carolina enacts:

5 Section 1. A charter is enacted for the Town of Oak
6 Ridge to read:

7 "CHARTER OF THE TOWN OF OAK RIDGE.

8 "CHAPTER 1.

9 "INCORPORATION AND CORPORATE POWERS.

10 "Section 1.1. The inhabitants of the Town of Oak Ridge are a
11 body corporate and politic under the name 'Town of Oak Ridge'.
12 Under that name they have all the rights, powers, duties,
13 privileges and immunities conferred and imposed upon cities by
14 the general law of North Carolina.

15 "Section 1.2. (a) Article 4A of Chapter 160A of the General
16 Statutes does not apply to the Town of Oak Ridge until July 1,
17 2017.

18 (b) G.S. 160A-58.1(b)(2) shall not apply to the City of
19 Greensboro as it relates to the Town of Oak Ridge.

20

21

"CHAPTER 2.

1 "CORPORATE BOUNDARIES.

2 "Section 2.1. Until changed in accordance with law, the
3 boundaries of the Town of Oak Ridge are as follows:
4 From the southwestern boundary of the Stokesdale City Limits,
5 south on the east side of the Haw River Road to Pepper Road,
6 south on the east side of Pepper Road to NC Hwy. 150, east on NC
7 Hwy. 150 to Beason Road, south on the east side of Beason Road to
8 Reedy Fork Creek, east on Reedy Fork Creek to NC Hwy. 68, south
9 on Hwy. 68 to the Oak Ridge Township line, east on the Oak Ridge
10 Township line to Golden Acre Road, north on Golden Acre Road to
11 the intersection with Alcorn Road (includes all properties known
12 as the Golden Acre Subdivision), north on Alcorn Road to Reedy
13 Fork Creek, east on Reedy Fork Creek to the Oak Ridge & Bruce
14 Township line, north to the southern boundary of Stokesdale City
15 Limits, west following the southern boundary of Stokesdale City
16 Limits to the Guilford County line.

17
18 "CHAPTER 3.

19 "GOVERNING BODY.

20 "Section 3.1. The governing body of the Town of Oak Ridge is
21 the Town Council, which has five members.

22 "Section 3.2. The qualified voters of the entire Town elect
23 the members of the Town Council.

24 "Section 3.3. From the effective date of this charter until
25 the organizational meeting of the Town Council after the 1999
26 municipal elections the Mayor, Mayor Pro Tem, and the other three
27 members of Town Council will be:

| | |
|------------------|----------------|
| 28 Interim Mayor | Bill Parrish |
| 29 Mayor Pro Tem | Gary Blackburn |
| 30 Council | Mack Peoples |
| 31 Council | Greg Bissett |
| 32 Council | Roger Howerton |

33 The Interim Mayor and Mayor Pro Tem named by this section shall
34 only serve as such if another council member is not chosen for
35 that position as provided by Section 3.5 of this Charter.

36 "Section 3.4. At the regular Town election in 1999, five
37 council members shall be elected. The persons receiving the
38 three highest numbers of votes shall be elected for four-year
39 terms, and the two persons receiving the next highest numbers of
40 votes shall be elected for two-year terms. In 2001 and
41 quadrennially thereafter, two council members shall be elected
42 for four-year terms. In 2003 and quadrennially thereafter, three
43 council members shall be elected for four-year terms.

1 "Section 3.5. At the organizational meeting of the initial
2 council and at the organizational meeting after each election,
3 the council shall elect one of its members to serve at its
4 pleasure as Mayor.

5 "CHAPTER 4.

6 "ELECTIONS.

7 "Section 4.1. The Town Council shall be elected by the
8 nonpartisan plurality method as provided by G.S. 163-292.
9 Elections shall be governed by general law except as provided
10 otherwise by this Charter.

11 "CHAPTER 5.

12 "ADMINISTRATION.

13 "Section 5.1. The Town of Oak Ridge shall operate under the
14 Mayor-Council plan as provided in Part 3 of Article 7 of Chapter
15 160A of the General Statutes.

16 "CHAPTER 6.

17 "TAXATION.

18 "Section 6.1. Notwithstanding G.S. 160A-209(d), except with
19 the approval of the qualified voters of the Town in a referendum
20 under G.S. 160A-209, the Town may not levy ad valorem taxes in
21 excess of twenty cents (20¢) on the one hundred dollars (\$100.00)
22 valuation. This section does not limit taxation to pay the debt
23 service on general obligation indebtedness incurred by the Town
24 in accordance with law."

25 Section 2. From and after the effective date of the
26 incorporation, the citizens and property in the Town of Oak Ridge
27 shall be subject to municipal taxes levied for the year beginning
28 July 1, 1997, and for that purpose the Town shall obtain from
29 Guilford County a record of property in the area herein
30 incorporate which was listed for taxes as of January 1, 1997, and
31 the businesses in the Town shall be liable for privilege license
32 tax from the effective date of the privilege license tax
33 ordinance. The Town may adopt a budget ordinance for fiscal year
34 1997-98, without following the timetable in the local government
35 budget and fiscal control act, but shall follow the sequence of
36 actions in the spirit of the act insofar as is practical. For
37 fiscal year 1997-98 ad valorem taxes may be paid at par or face
38 amount within 90 days of adoption of the budget ordinance, and
39 thereafter in accordance with the schedule in G.S. 105-36 as if
40 taxes had been due and payable on September 1, 1997.

41 Section 3. (a) The Guilford County Board of Elections,
42 shall conduct an election on the Tuesday after the first Monday
43 in November of 1997 for the purpose of submission of the proposed
44 Charter to the qualified voters of the area described in Section

1 2.1 of the Charter of the Town of Oak Ridge. Registration for
2 the election shall be conducted in accordance with G.S. 163-
3 288.2.

4 (b) In the election, the question on the ballot shall
5 be:

6 "[] FOR [] AGAINST

7 Incorporation of the Town of Oak Ridge".

8 Section 4. In such election if a majority of the votes
9 cast are not cast "For incorporation of the Town of Oak Ridge",
10 then Sections 1 and 2 of this act shall have no force or effect.

11 Section 5. In such election, if a majority of the votes
12 cast shall be cast "For incorporation of the Town of Oak Ridge",
13 then Sections 1 and 2 of this act shall become effective on the
14 date that the Guilford County Board of Elections determines the
15 result of the election.

16 Section 6. This act is effective when it becomes law.

MINUTES

SENATE COMMITTEE ON RULES AND
OPERATION OF THE SENATE

August 14, 1997

The Senate Committee on Rules and Operations of the Senate met at 9:55 a.m. on Thursday, August 14, 1997 around the Chamber Desk of Senator Tony Rand. Eight members of the committee were present.

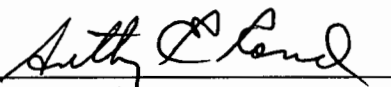
The purpose of the meeting was to reconsider Senate Committee Substitute for House Bill 72 - Oak Ridge Incorporated. (new Paragraph inserted on Line 16 of Page 1: or (ii) the Town of Kernersville as it relates to the Town of Oak Ridge or to property in the Oak Ridge Fire District) which was passed out of the Rules Committee on August 13, 1997.

Senator Ledbetter moved that the committee reconsider the vote. This motion was adopted by the committee.

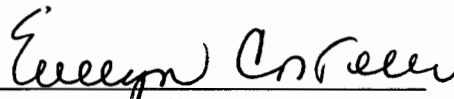
Senator Horton moved for adoption of the new proposed Committee Substitute for HB 72 - Oak Ridge Incorporated. The motion passed.

Senator Hoyle moved for a favorable report of the new Committee Substitute for HB -72 Oak Ridge Incorporated. The Committee Substitute received a favorable report by the committee.

The meeting adjourned at 10:10 a.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Thursday, August 14, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

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

| | | | |
|------|----|-------------------------|---------|
| H.B. | 72 | Oak Ridge Incorporated. | |
| | | Draft Number: | PCS4153 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | Finance |
| | | Long Title Amended: | No |

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 72
Proposed Senate Committee Substitute H72-PCS4153

Short Title: Oak Ridge Incorporated.

(Local)

Sponsors:

Referred to:

February 6, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO INCORPORATE THE TOWN OF OAK RIDGE, SUBJECT TO A
3 REFERENDUM.

4 The General Assembly of North Carolina enacts:

5 Section 1. A charter is enacted for the Town of Oak Ridge to read:

6 "CHARTER OF THE TOWN OF OAK RIDGE.

7 "CHAPTER 1.

8 "INCORPORATION AND CORPORATE POWERS.

9 "Section 1.1. The inhabitants of the Town of Oak Ridge are a body corporate and
10 politic under the name 'Town of Oak Ridge'. Under that name they have all the
11 rights, powers, duties, privileges and immunities conferred and imposed upon cities
12 by the general law of North Carolina.

13 "Section 1.2. (a) Article 4A of Chapter 160A of the General Statutes does not
14 apply to the Town of Oak Ridge until July 1, 2017.

15 (b) G.S. 160A-58.1(b)(2) does not apply to (i) the City of Greensboro as it relates
16 to the Town of Oak Ridge or (ii) the Town of Kernersville as it relates to the Town
17 of Oak Ridge or to property in the Oak Ridge Fire District.

18 "CHAPTER 2.

19 "CORPORATE BOUNDARIES.

20 "Section 2.1. Until changed in accordance with law, the boundaries of the Town of
21 Oak Ridge are as follows:

22 From the southwestern boundary of the Stokesdale City Limits, south on the east side
23 of the Haw River Road to Pepper Road, south on the east side of Pepper Road to NC

1 Hwy. 150, east on NC Hwy. 150 to Beason Road, south on the east side of Beason
2 Road to Reedy Fork Creek, east on Reedy Fork Creek to NC Hwy. 68, south on
3 Hwy. 68 to the Oak Ridge Township line, east on the Oak Ridge Township line to
4 Golden Acre Road, north on Golden Acre Road to the intersection with Alcorn
5 Road (includes all properties known as the Golden Acre Subdivision), north on
6 Alcorn Road to Reedy Fork Creek, east on Reedy Fork Creek to the Oak Ridge &
7 Bruce Township line, north to the southern boundary of Stokesdale City Limits, west
8 following the southern boundary of Stokesdale City Limits to the Guilford County
9 line.

10 "CHAPTER 3.

11 "GOVERNING BODY.

12 "Section 3.1. The governing body of the Town of Oak Ridge is the Town Council,
13 which has five members.

14 "Section 3.2. The qualified voters of the entire Town elect the members of the
15 Town Council.

16 "Section 3.3. From the effective date of this charter until the organizational
17 meeting of the Town Council after the 1999 municipal elections the Mayor, Mayor
18 Pro Tem, and the other three members of Town Council will be:

| | |
|------------------|----------------|
| 19 Interim Mayor | Bill Parrish |
| 20 Mayor Pro Tem | Gary Blackburn |
| 21 Council | Mack Peoples |
| 22 Council | Greg Bissett |
| 23 Council | Roger Howerton |

24 The Interim Mayor and Mayor Pro Tem named by this section shall only serve as
25 such if another council member is not chosen for that position as provided by Section
26 3.5 of this Charter.

27 "Section 3.4. At the regular Town election in 1999, five council members shall be
28 elected. The persons receiving the three highest numbers of votes shall be elected for
29 four-year terms, and the two persons receiving the next highest numbers of votes shall
30 be elected for two-year terms. In 2001 and quadrennially thereafter, two council
31 members shall be elected for four-year terms. In 2003 and quadrennially thereafter,
32 three council members shall be elected for four-year terms.

33 "Section 3.5. At the organizational meeting of the initial council and at the
34 organizational meeting after each election, the council shall elect one of its members
35 to serve at its pleasure as Mayor.

36 "CHAPTER 4.

37 "ELECTIONS.

38 "Section 4.1. The Town Council shall be elected by the nonpartisan plurality
39 method as provided by G.S. 163-292. Elections shall be governed by general law
40 except as provided otherwise by this Charter.

41 "CHAPTER 5.

42 "ADMINISTRATION.

43 "Section 5.1. The Town of Oak Ridge shall operate under the Mayor-Council
44 plan as provided in Part 3 of Article 7 of Chapter 160A of the General Statutes.

"CHAPTER 6.

"TAXATION.

"Section 6.1. Notwithstanding G.S. 160A-209(d), except with the approval of the qualified voters of the Town in a referendum under G.S. 160A-209, the Town may not levy ad valorem taxes in excess of twenty cents (20¢) on the one hundred dollars (\$100.00) valuation. This section does not limit taxation to pay the debt service on general obligation indebtedness incurred by the Town in accordance with law."

Section 2. From and after the effective date of the incorporation, the citizens and property in the Town of Oak Ridge shall be subject to municipal taxes levied for the year beginning July 1, 1997, and for that purpose the Town shall obtain from Guilford County a record of property in the area herein incorporate which was listed for taxes as of January 1, 1997, and the businesses in the Town shall be liable for privilege license tax from the effective date of the privilege license tax ordinance. The Town may adopt a budget ordinance for fiscal year 1997-98, without following the timetable in the local government budget and fiscal control act, but shall follow the sequence of actions in the spirit of the act insofar as is practical. For fiscal year 1997-98 ad valorem taxes may be paid at par or face amount within 90 days of adoption of the budget ordinance, and thereafter in accordance with the schedule in G.S. 105-36 as if taxes had been due and payable on September 1, 1997.

Section 3. (a) The Guilford County Board of Elections, shall conduct an election on the Tuesday after the first Monday in November of 1997 for the purpose of submission of the proposed Charter to the qualified voters of the area described in Section 2.1 of the Charter of the Town of Oak Ridge. Registration for the election shall be conducted in accordance with G.S. 163-288.2.

(b) In the election, the question on the ballot shall be:

"[] FOR [] AGAINST

Incorporation of the Town of Oak Ridge".

Section 4. In such election if a majority of the votes cast are not cast "For incorporation of the Town of Oak Ridge", then Sections 1 and 2 of this act shall have no force or effect.

Section 5. In such election, if a majority of the votes cast shall be cast "For incorporation of the Town of Oak Ridge", then Sections 1 and 2 of this act shall become effective on the date that the Guilford County Board of Elections determines the result of the election.

Section 6. This act is effective when it becomes law.

MINUTES

SENATE COMMITTEE ON RULES AND
OPERATIONS OF THE SENATE

August 26, 1997

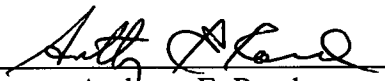
The Committee on Rules and Operations of the Senate met during a recess of the North Carolina Senate at Senator Anthony E. Rand's desk in the chamber. Twelve members of the committee were present.

The first bill to be taken up was SB 815 - Pro Tem Appointments. Senator Rand presented a proposed committee substitute. Senator Gulley moved for adoption of the committee substitute and this motion was adopted by the committee. Senator Plyler moved for a favorable report of the committee substitute for SB 815 and this motion was adopted by the committee and the bill was given a favorable report.

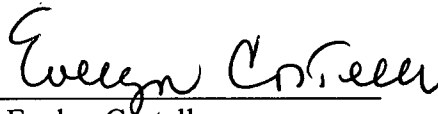
H.B. (CS#1) 435 - State Health Plan Tech. Amds/AB.

Sam Byrd of Fiscal Research explained the changes in the proposed Senate Committee Substitute for House Committee Substitute for HB 435: Deletes provision that a medical service or supply meeting any one of the criteria in revised GS 135-40.1 (7.1) are thereby experimental/investigational, and replaces it with a general statement that the criteria are the basis for determining whether a service or supply is investigational. Requires (was allowed) State Health Plan to consider views of experts and assessments of nationally recognized review organizations on whether item is experimental or investigational. Senator Miller moved for adoption of the proposed Senate Committee Substitute and this motion was adopted by the committee. Senator Hoyle moved for a favorable report of the Senate Committee Substitute for House Committee Substitute for HB 435 and the bill received a favorable report.

There being no further business, the meeting was adjourned.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Tony Rand, Chairman

AMENDED REPORT

Tuesday, August 26, 1997

SENATOR RAND,

submits the following with recommendations as to passage:

**UNFAVORABLE AS TO COMMITTEE SUBSTITUTE BILL NO. 1,
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL**

H.B.(CS #1)435

State Health Plan Tech Amds/AB.

| | |
|-----------------------|---------|
| Draft Number: | PCS6323 |
| Sequential Referral: | None |
| Recommended Referral: | None |
| Long Title Amended: | No |

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 435

Committee Substitute Favorable 8/18/97

Proposed Senate Committee Substitute H435-PCS6323

Short Title: State Health Plan Tech Amds/AB.

(Public)

Sponsors:

Referred to:

March 10, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE TECHNICAL CHANGES IN THE TEACHERS' AND
3 STATE EMPLOYEES' COMPREHENSIVE MAJOR MEDICAL PLAN.
4 The General Assembly of North Carolina enacts:
5 Section 1. G.S. 135-40.1(1a) reads as rewritten:
6 "(1a) Covered Services. -- Any medically necessary, reasonable, and
7 customary items of service, at least a portion of the expense of
8 which is covered under at least one of the plans covering the
9 person for whom claim is made or service provided. ~~To the extent~~
10 ~~legally possible, it~~ It shall be synonymous with allowable expenses.
11 expenses, and with benefit or benefits."
12 Section 2. G.S. 135-40.1(7.1) reads as rewritten:
13 "(7.1) Experimental/Investigational Medical Procedures. -- ~~The use of any~~
14 ~~treatment, procedure, facility, equipment, drug, device, or supply~~
15 ~~not recognized as having scientifically established medical value~~
16 ~~nor accepted as standard medical treatment for the condition being~~
17 ~~treated as determined by the Executive Administrator and Board~~
18 ~~of Trustees upon the advice of the Claims Processor, nor any such~~
19 ~~items requiring federal or other governmental agency approval not~~
20 ~~granted at the time services were rendered. The Executive~~
21 ~~Administrator and Board of Trustees may overturn the advice of~~
22 ~~the Claims Processor upon convincing evidence from the American~~

1 ~~Medical Association, North Carolina Medical Society, the United~~
2 ~~States Health Care Financing Administration, medical~~
3 ~~technological journals, associations of health care providers, and~~
4 ~~other major United States insurers of health care expenses on a~~
5 ~~consensus of medical value and accepted standard medical~~
6 ~~treatment. The use of a service, supply, drug, or device not~~
7 ~~recognized as standard medical care for the condition, disease,~~
8 ~~illness, or injury being treated as determined by the Executive~~
9 ~~Administrator and Board of Trustees upon the advice of the~~
10 ~~Claims Processor. Determinations are made after independent~~
11 ~~review of scientific data. Opinions of experts in a particular field~~
12 ~~and opinions and assessments of nationally recognized review~~
13 ~~organizations shall also be considered by the Plan but are not~~
14 ~~determinative or conclusive. The fact that an~~
15 ~~experimental/investigational treatment is the only available~~
16 ~~treatment for a particular condition will not result in coverage if~~
17 ~~the treatment is experimental/investigational in the treatment of the~~
18 ~~particular condition, nor is it relevant for purposes of coverage that~~
19 ~~the member has tried other more conventional therapies without~~
20 ~~success. The following criteria are the basis for determination that~~
21 ~~a service or supply is investigational:~~

- 22 a. Services or supplies requiring federal or other governmental
23 body approval, such as drugs and devices that do not have
24 market approval from the Food and Drug Administration
25 (FDA) or final approval from any other governmental
26 regulatory body for use in treatment of the condition being
27 treated, or are not recognized for the treatment of a
28 condition in one of the standard reference compendia or in
29 generally accepted peer-reviewed medical literature;
30 b. There is insufficient or inconclusive scientific evidence in
31 peer review medical literature to permit the Plan's
32 evaluation of the therapeutic value of the service or supply;
33 c. There is inconclusive evidence that the service or supply has
34 a beneficial effect on health outcomes;
35 d. Is provided as part of a research or clinical trial;
36 e. Are provided pursuant to a written protocol or other
37 document that lists an evaluation of the service's safety,
38 toxicity, or efficacy as among its objectives;
39 f. Are subject to approval or review of an Institutional Review
40 Board or other body that approves or reviews research; or
41 g. Are provided pursuant to informed consent documents that
42 describe the service as experimental, investigational, or part
43 of a research study."

44 Section 3. G.S. 135-40.6(6)i. reads as rewritten:

"i. No benefits are payable for organ transplants not listed in G.S. 135-40.6(5)a, nor will benefits be payable for surgical procedures or organ transplants determined in the opinion of the by the Executive Administrator and Board of Trustees upon the advice of the Claims Processor to be experimental."

Section 4. G.S. 135-40.7 is amended by adding the following subdivisions:

"(19) Any service, treatment, facility, equipment, drug, supply, or procedure that is experimental or investigational as defined in G.S. 1350-40.1(7.1).

(20) Complications arising from noncovered services known at the time the noncovered services were provided.

(21) Charges related to a noncovered service, even if the charges would have been covered if rendered in connection with a covered service."

Section 5. G.S. 135-40.6(6)j. reads as rewritten:

"j. No benefits are payable for radial keratotomy surgical ~~procedures~~ procedures or for services to correct vision when performed in lieu of the use of corrective lenses."

Section 6. G.S. 135-40.6A(c) reads as rewritten:

"(c) No procedure for prior approval may be established except as provided by this ~~section~~ Article as it may be amended from time to time."

Section 7. G.S. 135-40.6(1) reads as rewritten:

"(1) In-Hospital Benefits. -- The Plan pays in-hospital benefits for each single confinement, when charged by a hospital, for room accommodations, including bed, board and general nursing care, but not to exceed the charge for semiprivate room or ward accommodations, or the rate negotiated for the Plan. Under the DRG reimbursement system, the coinsurance shall be based on the lower of the DRG amount or charges.

The Plan will pay the following covered charges, when charged by a hospital, for each confinement.

- a. Intensive and cardiac nursing care.
- b. All recognized drugs and medicines for use in the hospital.
- c. Radiation services, including diagnostic x-rays, x-ray therapy, radiation therapy and treatment.
- d. Clinical and pathological laboratory examinations.
- e. Electrocardiograms and electroencephalograms.
- f. Physical therapy.
- g. Intravenous solutions.
- h. Oxygen and oxygen therapy, plus the use of equipment.
- i. Dressings, ordinary splints, plaster casts and sterile supplies.

- j. Use of operating, delivery, recovery and treatment rooms and equipment.
- k. Routine nursery charges, if the mother is eligible to receive maternity benefits.
- l. Anesthetics and the administration thereof by the hospital's employee anesthesiologist.
- m. Devices or appliances surgically inserted within the body.
- n. Processing and administering of blood and blood plasma.
- o. Children are entitled to benefits for treatment of illnesses or congenital defect, incubation or isolette care, and treatment of prematurity or postmaturity.

If the mother is a covered individual, benefits are provided for the newborn's circumcision and routine nursery care.

- p. When a covered individual is admitted to or transferred to a section of a hospital providing ambulant, convalescent, or rehabilitative care, benefits are provided up to the average number of days of service for treatment of the particular diagnosis or condition involved, or more if medical necessity requires.

- q. The Plan pays benefits for laboratory testing and administration of blood provided to a covered individual.

When a covered individual is the recipient of transplanted organs or bones, benefits are provided for services to the donor which are directly and specifically related to the transplantation.

- r. Repealed by Session Laws 1991, c. 427, s. 31.

- s. The use of nebulizers when authorized as medically necessary by the attending physician."

Section 8. G.S. 135-40.6(2)f. reads as rewritten:

- "f. Prior to admission for scheduled inpatient hospitalization, the admitting physician shall contact the Plan and secure approval certification for an inpatient admission, including a length of stay, based upon clinical criteria established by the medical community, before any in-hospital benefits are allowed under G.S. 135-40.8(a). Immediately following an emergency or unscheduled inpatient hospitalization, the admitting physician shall contact the Plan and secure approval certification for the admission's length of stay before any in-hospital benefits are allowed under G.S. 135-40.8(a). ~~Effective January 1, 1987, failure~~ Failure to secure certification, or denial of certification, shall result in ~~in-hospital benefits being allowed at the rate maximum amount of out-of-pocket expenses established by G.S.~~

1 135-40.8(b). a penalty of fifty percent (50%) of the eligible
2 expenses up to five hundred dollars (\$500.00) per admission
3 and the denial of services that were not medically necessary
4 or appropriate, as determined by the Claims Processor.
5 Denial of certification by the Plan shall be made only after
6 contact with the admitting physician and shall be subject to
7 appeal to the Executive Administrator and Board of
8 Trustees. Inpatient hospital admission and length of stay
9 certifications required by this subdivision do not apply to
10 inpatient admissions outside of the United States. While
11 approval certification for inpatient admissions is required to
12 be initiated by the admitting physician, the employee or
13 individual covered by the Plan shall be responsible for
14 insuring that the required certification is secured. Failure to
15 secure certification for inpatient hospitalization shall not
16 result in a penalty to the employee or individual when
17 approval would have been given if requested. Denial of
18 services under this subsection shall be done only after
19 notification of the Plan member of his or her personal
20 financial responsibility for such services."

21 Section 9. G.S. 135-40.1 is amended by adding a new subdivision to read:

22 "(17a) Skilled Care. -- Medically necessary services that can only be
23 rendered under State law or regulation by licensed health
24 professionals such as a medical doctor, physician's assistant,
25 physical therapist, occupational therapist, speech therapist, certified
26 clinical social worker, certified nurse midwife, licensed practical
27 nurse, or registered nurse."

28 Section 10. G.S. 135-40.6(3) reads as rewritten:

29 "(3) Skilled Nursing Facility Benefits. -- The Plan will pay benefits in a
30 skilled nursing facility licensed under applicable State laws as
31 follows:

32 After discharge from a hospital for which inpatient hospital
33 benefits were provided by this Plan for a period of not less than
34 three days, and treatment consistent with the same illness or
35 condition for which the covered individual was hospitalized, the
36 daily charges will be paid for room and board in a semiprivate
37 room or any multibed unit up to the maximum benefit specified in
38 subsection (1) of this section, less the days of care already provided
39 for the same illness in a hospital. Plan allowances for total daily
40 charges may be negotiated but will not exceed the daily
41 semiprivate hospital room rate as determined by the Plan.

42 Credit will be allowed toward private room charges in an
43 amount equal to the facility's most prevalent charge for
44 semiprivate accommodations. Charges will also be paid for general

nursing care and other services which would ordinarily be covered in a general hospital. In order to be eligible for these benefits, admission must occur within 14 days of discharge from the hospital.

In order to qualify for benefits provided by a skilled nursing facility, the following stipulations apply:

- a. The services are medically required to be given on an inpatient basis because of the covered individual's need for medically necessary skilled nursing care on a continuing daily basis for any of the conditions for which he or she was receiving inpatient hospital services prior to transfer from a hospital to the skilled nursing facility or for a condition requiring such services which arose after such transfer and while he or she was still in the facility for treatment of the condition or conditions for which he or she was receiving inpatient hospital services,
- b. Only on prior referral by and so long as, the patient remains under the active care of an attending doctor ~~who certifies that~~ and the patient requires continual hospital confinement ~~would be required~~ without the care and treatment of the skilled nursing facility, and
- c. Approved in advance by the Claims Processor.

For facilities not qualified for delivery of services covered by the benefits of Title XVIII of the Social Security Act (Medicare), neither the Plan nor any of its members shall be billed or held liable by such facilities for charges that otherwise would be covered by Medicare."

Section 11. G.S. 135-40.6(8)c. reads as rewritten:

- "c. Home Health Agency Services: Services provided in a covered individual's home, when ordered by the attending physician ~~who certifies that~~ and hospital or skilled nursing facility confinement would be required for the patient without such treatment and cannot be readily provided by family members. Services may include medical supplies, equipment, appliances, therapy services (when provided by a qualified speech therapist or licensed physiotherapist), and nursing services. Nursing services will be allowed for:
 1. Services of a registered nurse (RN); or
 2. Services of a licensed practical nurse (LPN) under the supervision of a RN; or
 3. Services of a home health aide which are an adjunct to or extension of concurrent medically necessary skilled services under the supervision of a RN, limited to four hours a day.

Home health services shall be limited to 60 days per fiscal year, except that additional home health services may be provided on an individual basis if prior approval is obtained from the Claims Processor. Plan allowances for home health services shall be limited to licensed or Medicare certified home health agencies and shall not exceed ninety percent (90%) of the skilled nursing facility semiprivate rates as determined by the Plan, or charges negotiated by the Plan."

Section 12. G.S. 135-40.1(11) reads as rewritten:

"(11) Home Health Care Coverage. -- Coverage for home care and treatment established and approved in writing by a physician ~~who certifies that~~ for an individual whom continual hospital confinement would be required without the care and treatment specified by this coverage."

Section 13. G.S. 135-40.7(5) reads as rewritten:

"(5) Charges for any care, treatment, services or supplies other than those which are certified by a physician who is attending the individual as being required for the medically necessary treatment of the injury or ~~disease~~ disease and are deemed medically necessary and appropriate for the treatment of the injury or disease by the Executive Administrator and Board of Trustees upon the advice of the Claims Processor. This subdivision shall not be construed, however, to require certification by an attending physician for a service provided by an advanced practice registered nurse acting within the nurse's lawful scope of practice, subject to the limitations of G.S. 135-40.6(10)."

Section 14. G.S. 135-40.7B reads as rewritten:

"§ 135-40.7B. Special provisions for chemical dependency and mental health benefits.

(a) Except as otherwise provided in this section, benefits for the treatment of mental illness and chemical dependency are covered by the Plan and shall be subject to the same deductibles, durational limits, and coinsurance factors as are benefits for physical illness generally.

(b) Notwithstanding any other provision of this Part, the following necessary services for the care and treatment of chemical dependency and mental illness shall be covered under this section: allowable institutional and professional charges for inpatient ~~psychiatric~~ care, outpatient ~~psychotherapy, care,~~ intensive outpatient ~~crisis management, program services,~~ partial hospitalization treatment, and residential care and treatment: treatment:

(1) For mental illness treatment:

- a. Licensed psychiatric hospitals;
- b. Licensed psychiatric beds in licensed general hospitals;
- c. Licensed residential treatment facilities;

- 1 d. Area Mental Health, Developmental Disabilities, and
2 Substance Abuse Authorities;
3 e. Licensed intensive outpatient treatment programs; and
4 f. Licensed partial hospitalization programs.
5 (2) For chemical dependency treatment:
6 a. Licensed chemical dependency units in licensed psychiatric
7 hospitals;
8 b. Licensed chemical dependency hospitals;
9 c. Licensed chemical dependency treatment facilities;
10 d. Area Mental Health, Developmental Disabilities, and
11 Substance Abuse Authorities;
12 e. Licensed intensive outpatient treatment programs;
13 f. Licensed partial hospitalization programs; and
14 g. Medical detoxification facilities or units.

15 ~~The benefits provided by this section are separate and apart from those provided by~~
16 ~~G.S. 135-40.7A.~~

17 (c) Notwithstanding any other provisions of this Part, the following providers ~~are~~
18 ~~authorized to and no others may~~ provide necessary care and treatment for mental
19 ~~illness health~~ under this section:

- 20 (1) ~~Licensed psychiatrists;~~ Psychiatrists who have completed a
21 residency in psychiatry approved by the American Council for
22 Graduate Medical Education and who are licensed as medical
23 doctors or doctors of osteopathy in the state in which they perform
24 and services covered by the Plan;
25 (2) Licensed or certified doctors of psychology;
26 (3) Certified clinical social workers;
27 (3a) Licensed professional counselors;
28 (4) ~~Psychiatric nurses;~~ Certified clinical specialists in psychiatric and
29 mental health nursing;
30 (4a) Nurses working under the employment and direct supervision of
31 such physicians, psychologists, or psychiatrists;
32 (5) ~~Other social workers under the direct employment and supervision~~
33 of a licensed psychiatrist or licensed doctor of psychology;
34 (6) Psychological associates with a master's masters degree in
35 psychology under the direct employment and supervision of a
36 licensed psychiatrist or licensed or certified doctor of psychology;
37 and
38 (7) ~~Licensed psychiatric hospitals and licensed general hospitals~~
39 providing psychiatric treatment programs;
40 (8) ~~Certified residential treatment facilities, community mental health~~
41 centers, and partial hospitalization facilities; and
42 (9) Certified fee-based practicing pastoral counselors.

(c1) Notwithstanding any other provisions of this Part, the following providers and no others may provide necessary care and treatment for chemical dependency under this section:

(1) The following providers with appropriate substance abuse training and experience in the field of alcohol and other drug abuse as determined by the mental health case manager, in facilities described in subdivision (b)(2) of this section, in day/night programs or outpatient treatment facilities licensed after July 1, 1984, under Article 2 of Chapter 122C of the General Statutes or in North Carolina area programs in substance abuse services are authorized to provide treatment for chemical dependency under this section:

- a. Licensed physicians including, but not limited to, physicians who are certified in substance abuse by the American Society of Addiction Medicine (ASAM);
- b. Licensed or certified psychologists;
- c. Psychiatrists;
- d. Certified substance abuse counselors working under the direct supervision of such physicians, psychologists, or psychiatrists;
- e. Psychological associates with a masters degree in psychology working under the direct supervision of such physicians, psychologists, or psychiatrists;
- f. Nurses working under the direct supervision of such physicians, psychologists, or psychiatrists;
- g. Certified clinical social workers;
- h. Certified clinical specialists in psychiatric and mental health nursing;
- i. Licensed professional counselors; and
- j. Certified fee-based practicing pastoral counselors until July 1, 1999.

(2) The following providers with appropriate substance abuse training and experience in the field of alcohol and other drug abuse as determined by the mental health case manager are authorized to provide treatment for chemical dependency in outpatient practice settings:

- a. Licensed physicians who are certified in substance abuse by the American Society of Addiction Medicine (ASAM);
- b. Licensed or certified psychologists;
- c. Psychiatrists;
- d. Certified substance abuse counselors working under the employment and direct supervision of such physicians, psychologists, or psychiatrists;

- 1 e. Psychological associates with a masters degree in psychology
2 working under the employment and direct supervision of
3 such physicians, psychologists, or psychiatrists;
4 f. Nurses working under the employment and direct
5 supervision of such physicians, psychologists, or psychiatrists;
6 g. Certified clinical social workers;
7 h. Certified clinical specialists in psychiatric and mental health
8 nursing;
9 i. Licensed professional counselors;
10 j. Licensed fee-based practicing pastoral counselors until July
11 1, 1999; and
12 k. In the absence of meeting one of the criteria above, the
13 Mental Health Case Manager could consider, on a case-by-
14 case basis, a provider who supplies:
15 1. Evidence of graduate education in the diagnosis and
16 treatment of chemical dependency, and
17 2. Supervised work experience in the diagnosis and
18 treatment of chemical dependency (with supervision
19 by an appropriately credentialed provider), and
20 3. Substantive past and current continuing education in
21 the diagnosis and treatment of chemical dependency
22 commensurate with one's profession.

23 Provided, however, that nothing in this subsection shall prohibit the Plan from
24 requiring the most cost-effective treatment setting to be utilized by the person
25 undergoing necessary care and treatment for chemical dependency.

26 (d) ~~Benefits provided under this section shall be subject to a managed,~~
27 ~~individualized care component case management program for medical necessity and~~
28 ~~medical appropriateness consisting of (i) precertification of outpatient visits beyond~~
29 ~~26 visits each Plan year, (ii) all electroconvulsive treatment, (iii) inpatient utilization~~
30 ~~review through preadmission and length-of-stay certification for scheduled inpatient~~
31 ~~nonemergency admissions to the following levels of care: inpatient units, partial~~
32 ~~hospitalization programs, residential treatment centers, chemical dependency~~
33 ~~detoxification and treatment programs, and intensive outpatient programs, (iv) and~~
34 ~~length-of-stay reviews for unscheduled certification of emergency inpatient~~
35 ~~admissions, and (ii) (v) a network of qualified, available providers of inpatient and~~
36 ~~outpatient psychiatric and chemical dependency treatment psychotherapy: treatment.~~
37 ~~Care which is not both medically necessary and medically appropriate will be~~
38 ~~noncertified, and benefits will be denied.~~ Where qualified preferred providers of
39 inpatient and outpatient care are reasonably available, use of providers outside of the
40 preferred network shall be subject to a twenty percent (20%) coinsurance rate up to
41 five thousand dollars (\$5,000) per fiscal year to be assessed against each covered
42 individual in addition to the general coinsurance percentage and maximum fiscal year
43 amount specified by G.S. 135-40.4 and G.S. 135-40.6.

1 (e) For the purpose of this section, 'emergency' is the sudden and unexpected
2 onset of a condition manifesting itself by acute symptoms of sufficient severity that, in
3 the absence of an immediate psychiatric or chemical dependency inpatient admission,
4 could imminently result in injury or danger to self or others."

5 Section 15. G.S. 135-40.7A is repealed.

6 Section 16. G.S. 135-40.1(7) reads as rewritten:

7 "(7) Enrollment. -- New employees must enroll themselves and their
8 dependents within 30 days from the date of ~~employment.~~
9 employment or from first becoming eligible on a noncontributory
10 basis. Coverage may become effective on the first day of the month
11 following date of entry on payroll or on the first day of the
12 following month. New employees not enrolling themselves and
13 their dependents within 30 days, or not adding dependents when
14 first eligible as provided herein may enroll on the first day of any
15 month but will be subject to a 12-month waiting period for
16 preexisting health conditions, except for employees who elect to
17 change their coverage in accordance with rules established by the
18 Executive Administrator and Board of Trustees for optional
19 prepaid hospital and medical benefit plans. Children born to
20 covered employees having coverage type (2), or (3), as outlined in
21 G.S. 135-40.3(d) shall be automatically covered at the time of birth
22 without any waiting period for preexisting health conditions.
23 Children born to covered employees having coverage type (1) shall
24 be automatically covered at birth without any waiting period for
25 preexisting health conditions so long as the Claims Processor
26 receives notification within 30 days of the date of birth that the
27 employee desires to change from coverage (1) to coverage type (2),
28 or (3), provided that the employee pays any additional premium
29 required by the coverage type selected retroactive to the first day
30 of the month in which the child was born.

31 Newly acquired dependents (spouse/child) enrolled within
32 30 days of becoming an eligible dependent will not be subject to
33 the 12-month waiting period for preexisting conditions. A
34 dependent can become qualified due to marriage, adoption,
35 entering a foster child relationship, due to the divorce of a
36 dependent child or the death of the spouse of a dependent child,
37 and at the beginning of each legislative session (applies only to
38 enrolled legislators). Effective date for newly acquired dependents
39 if application was made within the 30 days can be the first day of
40 the following month. Effective date for an adopted child can be
41 date of adoption, or date of placement in the adoptive parent's
42 home, or the first of the month following the date of adoption or
43 placement."

1 Section 17. G.S. 135-40.2(a) is amended by adding new subdivisions to
2 read:

3 "(7) Any member enrolled pursuant to subdivision (1) or (1a) of this
4 subsection who is on approved leave of absence with pay or
5 receiving workers' compensation.

6 "(8) Employees on approved Family and Medical Leave."

7 Section 18. G.S. 135-40.1(8) reads as rewritten:

8 "(8) Health Benefits Representative. -- The employee designated by the
9 employing unit to administer the Comprehensive Major Medical
10 Plan for the unit and its employees. The HBR is responsible for
11 enrolling new employees, reporting changes, explaining benefits,
12 reconciling group statements and remitting group fees. The State
13 Retirement System is the Health Benefits Representative for retired
14 members."

15 Section 19. G.S. 135-40.2(b)(2a) reads as rewritten:

16 "(2a) For enrollments after September 30, 1986, former members of the
17 General Assembly if covered under the Plan at termination of
18 membership in the General Assembly. To be eligible for coverage
19 as a former member of the General Assembly, application must be
20 made within 30 days of the end of the term of office. Only
21 members of the General Assembly covered by the Plan at the end
22 of the term of office are eligible. If application is not made within
23 the specified time period, the member forfeits eligibility."

24 Section 20. G.S. 135-40.2(b)(5) reads as rewritten:

25 "(5) The spouses and eligible dependent children of enrolled teachers,
26 State employees, retirees, former members of the General
27 Assembly, former employees covered by the provisions of G.S.
28 135-40.2(a)(6), Disability Income Plan beneficiaries, enrolled
29 continuation members, and members of the General Assembly.
30 Spouses of surviving dependents are not eligible, nor are
31 dependent children if they were not covered at the time of the
32 member's death. Surviving spouses may cover their dependent
33 children provided the children were enrolled at the time of the
34 member's death or enroll within 30 days of the member's death."

35 Section 21. G.S. 135-40.2(b)(6) reads as rewritten:

36 "(6) Blind persons licensed by the State to operate vending facilities
37 under contract with the Department of Human Resources, Division
38 of Services for the Blind and its successors, who are:

39 a. Operating such a vending facility;

40 b. Former operators of such a vending facility whose service as
41 an operator would have made these operators eligible for an
42 early or service retirement allowance under Article 1 of this
43 Chapter had they been members of the Retirement System;
44 and

1 c. Former operators of such a vending facility who attain five
2 or more years of service as operators and who become
3 eligible for and receive a disability benefit under the Social
4 Security Act upon cessation of service as an operator.

5 Spouses, dependent children, surviving spouses, and surviving
6 dependent children of such members are not eligible for coverage."

7 Section 22. G.S. 135-40.2(b)(4a) is repealed.

8 Section 23. G.S. 135-40.2(b)(10) reads as rewritten:

9 "(10) Any eligible dependent child of the deceased retiree, teacher, State
10 employee, ~~or~~ member of the General Assembly, Assembly, former
11 member of the General Assembly, or Disability Income Plan
12 beneficiary, provided the child was covered at the time of death of
13 the retiree, teacher, State employee, ~~or~~ member of the General
14 Assembly Assembly, former member of the General Assembly, or
15 Disability Income Plan beneficiary, (or was in posse at the time
16 and is covered at birth under this Part), or was covered under the
17 Plan on September 30, 1986. ~~Any eligible spouse or dependent~~
18 ~~child of a person eligible under subdivision (8) of this subsection if~~
19 ~~the spouse or dependent child was enrolled before October 1,~~
20 ~~1986. An eligible surviving dependent child can remain covered~~
21 ~~until age 19, or age 26 if a full-time student, or indefinitely if~~
22 ~~certified as incapacitated under G.S. 135-40.1(3)b."~~

23 Section 24. G.S. 135-40.2(c) reads as rewritten:

24 "(c) No person shall be eligible for coverage as ~~an employee or retired employee~~
25 ~~and as a dependent of an employee or retired employee at the same time. a~~
26 dependent if eligible as an employee or retired employee, except when a spouse is
27 eligible on a fully contributory basis. In addition, no person shall be eligible for
28 coverage as a dependent of more than one employee or retired employee at the same
29 time."

30 Section 25. G.S. 135-40.2(d) reads as rewritten:

31 "(d) Former employees who are receiving disability retirement benefits or
32 disability income benefits pursuant to Article 6 of Chapter 135 of the General
33 Statutes, provided the former employee has at least five years of retirement
34 membership service, shall be eligible for the benefit provisions of this Plan, as set
35 forth in this Part, ~~on the same basis as a retired employee. a noncontributory basis.~~
36 Such coverage shall terminate as of the end of the month in which such former
37 employee is no longer eligible for disability retirement benefits or disability income
38 benefits pursuant to Article 6 of this Chapter."

39 Section 26. G.S. 135-40.2 is amended by adding a new subsection to
40 read:

41 "(i) Any employee receiving benefits pursuant to Article 6 of this Chapter when
42 the employee has less than five years of retirement membership service, or an
43 employee on leave without pay due to illness or injury for up to 12 months, is

1 entitled to continued coverage under the Plan for the employee and any eligible
2 dependents by paying one hundred percent (100%) of the cost."

3 Section 27. G.S. 135-40.2(g) reads as rewritten:

4 "(g) An eligible surviving spouse and any eligible surviving dependent child of a
5 deceased retiree, teacher, State employee, ~~or~~ member of the General Assembly
6 Assembly, former member of the General Assembly, or Disability Income Plan
7 beneficiary shall be eligible for group benefits under this section without waiting
8 periods for preexisting conditions provided coverage is elected within 90 days after
9 the death of the former plan member. Coverage may be elected at a later time, but
10 will be subject to the 12-month waiting period for preexisting conditions and will be
11 effective the first day of the month following receipt of the application."

12 Section 28. G.S. 135-40.3(b)(4) reads as rewritten:

13 "(4) Employees and dependents ~~reenrolled~~ enrolling or reenrolling
14 within 12 months after a termination of enrollment; enrollment or
15 employment that were not enrolled at the time of this previous
16 termination, regardless of the employing units involved, shall not
17 be considered as newly-eligible employees or dependents for the
18 purposes of waiting periods and preexisting conditions. Employees
19 and dependents transferring from optional prepaid plans in
20 accordance with G.S. 135-39.5B; employees and dependents
21 immediately returning to service from an employing unit's
22 approved periods of leave without pay for illness, injury,
23 educational improvement, workers' compensation, parental duties,
24 or for military reasons; employees and dependents immediately
25 returning to service from a reduction in an employing unit's work
26 force; retiring employees and dependents reenrolled in accordance
27 with G.S. 135-40.3(b)(3); formerly-enrolled dependents reenrolling
28 as eligible employees; formerly-enrolled employees reenrolling as
29 eligible dependents; and employees and dependents reenrolled
30 without waiting periods and preexisting conditions under specific
31 rules and regulations adopted by the Executive Administrator and
32 Board of Trustees in the best interests of the Plan shall not be
33 considered reenrollments for the purpose of this subdivision.
34 Furthermore, employees accepting permanent, full-time
35 appointments who had previously worked in a part-time or
36 temporary position and their qualified dependents shall not be
37 covered by waiting periods and preexisting conditions under this
38 division provided enrollment as a permanent, full-time employee is
39 made when the employee and his dependents are first eligible to
40 enroll."

41 Section 29. G.S. 135-40.3(c)(3) reads as rewritten:

42 "(3) Employees and retired employees may change from individual or
43 parent/child(ren) coverage to parent/child(ren) or family coverage
44 or add dependents to existing family or parent/child(ren) coverage

1 upon acquiring a dependent without a waiting period for
2 preexisting conditions, and such dependents will be covered under
3 the Plan the first of the month or the first of the second month
4 following the dependent's eligibility for coverage, provided upon
5 written application at any time after acquiring a dependent, and
6 such dependent will be covered under the Plan beginning the first
7 of the next calendar month following receipt of such application by
8 the Claims Processor. is submitted to the Health Benefits
9 Representative within 30 days of becoming eligible."

10 Section 30. G.S. 135-40.3(c)(4) reads as rewritten:

11 "(4) Employees or retired employees who wish to change from family
12 coverage to parent/child(ren) or individual or from
13 parent/child(ren) to individual coverage shall give written notice to
14 the Claims Processor within 31 their Health Benefits
15 Representative within 30 days after any change in the status of
16 dependents, (resulting from death, divorce, etc.) which that
17 requires a change from family coverage to individual coverage. in
18 contract type. The effective date will be the first of the month
19 following the dependent's ineligibility event. If notification was
20 not made within the 30 days following the dependent's ineligibility
21 event, the dependent will be retroactively removed the first of the
22 month following the dependent's ineligibility event, and the
23 coverage type change will be the first of the month following
24 written notification, except in cases of death, in which case the
25 coverage type change will be made retroactive to the first of the
26 month following the death."

27 Section 31. G.S. 135-40.3(c) is amended by adding two new subdivisions
28 to read:

29 "(6) Employees or retired employees who wish to change from family
30 to parent/child(ren) or individual coverage or from
31 parent/child(ren) to individual coverage, even though their
32 dependents continue to be eligible, shall give written notification to
33 their Health Benefits Representative. Effective date of this type
34 change will be the first of the month following written notification
35 or any first of the month thereafter as desired by the employee.

36 (7) The effective date for newborns or adopted children will be date of
37 birth, date of adoption, or placement with adoptive parent
38 provided member is currently covered under a family or
39 parent/child(ren) coverage. If the member wishes to add a
40 newborn or adopted child and is currently enrolled on individual
41 coverage, the member must submit application for coverage and a
42 coverage type change within 30 days of the child's birth or date of
43 adoption or placement. Effective date for the coverage type
44 change is the first of the month in which the child is born,

1 adopted, or placed. Adopted children may also be covered the
2 first of the month following placement or adoption."

3 Section 32. G.S. 135-40.11(a)(7) reads as rewritten:

4 "(7) The last day of the month in which an employee who is Medicare-
5 eligible selects Medicare to be the primary payer of medical
6 benefits. Coverage for a Medicare-eligible spouse of an employee
7 shall also cease the last day of the month in which Medicare is
8 selected to be the primary payer of medical benefits for the
9 Medicare-eligible spouse. Such members are eligible to apply for
10 conversion coverage."

11 Section 33. G.S. 135-40.11(b) is amended by adding a new subsection to
12 read:

13 "(b1) Coverage under the Plan as a surviving dependent child whether covered as
14 a dependent of a surviving spouse, or as an individual member (no living parent),
15 ceases when the child ceases to be a dependent child as defined by G.S. 135-40.1(3),
16 except coverage may continue under the Plan on a fully contributory basis for a
17 period of not more than 36 months after loss of dependent status."

18 Section 34. G.S. 135-40.11(c)(1) reads as rewritten:

19 "(1) In the event of termination for any reason other than death,
20 coverage under the Plan for an employee and his or her eligible
21 spouse or dependent children, provided the eligible spouse or
22 dependent children were covered under the Plan at termination of
23 employment ~~or were covered on September 30, 1986,~~ may be
24 continued for a period of not more than 18 months following
25 termination of employment on a fully contributory basis.
26 Employees who were covered under the Plan at termination of
27 employment may be continued for a period of not more than 18
28 months or 29 months if determined to be disabled under the Social
29 Security Act, Title II, OASDI or Title XVI, SSI."

30 Section 35. G.S. 135-40.11(h) reads as rewritten:

31 "(h) Continuation coverage under this Plan shall not be continued past the
32 occurrence of any one of the following events:

33 (1) The termination of the Plan.

34 (2) Failure of a Plan member to pay monthly in advance any required
35 premiums.

36 (3) A member person becomes a covered employee or a dependent of
37 a covered employee under any group health plan or, in the case of
38 a surviving spouse, when the surviving spouse remarries and
39 becomes covered under a group health plan; and that group health
40 plan has no restrictions or limitations on benefits.

41 (4) A member person becomes eligible for Medicare benefits; benefits
42 on or after the effective date of the continuation coverage.

43 (5) The person was determined to be no longer disabled, provided the
44 18-month coverage was extended to 29 months due to having been

determined to be disabled under the Social Security Act, Title II, OASDI or Title XVI, SSI.

(6) The person reaches the maximum applicable continuation period of 18, 29, or 36 months."

Section 36. G.S. 135-40.6(8)i. reads as rewritten:

"i. Physical Therapy: Recognized forms of physical therapy for restoration of bodily function, provided by a doctor, hospital, ~~or by a~~ licensed professional ~~physiotherapist~~ physiotherapist, or certified physical therapy assistant. No benefits are provided for eye exercises or visual training."

Section 37. G.S. 135-40.6(8)r. reads as rewritten:

"r. Occupational Therapy: Recognized forms of occupational therapy provided by a doctor, hospital, ~~or by a~~ licensed professional occupational therapist, or certified occupational therapy assistant to restore fine motor skills for the resumption of bodily functions."

Section 38. (a) G.S. 135-40.6(8)o. reads as rewritten:

"o. Foot Surgery: ~~All foot~~ Foot surgery on bones and ~~joints in excess of one thousand dollars (\$1,000), except for emergencies, shall require prior approval from the Claims Processor.~~ joints."

(b) G.S. 135-40.6A(a)(7) is repealed.

Section 39. G.S. 135-40.6A(b)(5) and G.S. 135-40.6A(b)(6) are repealed.

Section 40. Effective July 1, 1997, G.S. 135-40.3(b)(5) reads as rewritten:

"(5) To administer the 12-month waiting period for preexisting conditions under this Article, the Plan must give credit against the 12-month period for the time that a person was covered under a previous plan if the previous plan's coverage was continuous to a date not more than ~~60~~ 63 days before the effective date of coverage. As used in this subdivision, a 'previous plan' means any policy, certificate, contract, or any other arrangement provided by any accident and health insurer, any hospital or medical service corporation, any health maintenance organization, any preferred provider organization, any multiple employer welfare arrangement, any self-insured health benefit arrangement, any governmental health benefit or health care plan or program, or any other health benefit arrangement."

Section 41. This act becomes effective October 1, 1997, unless otherwise specified.

Summary of House Bill 435

State Health Plan Technical Amendments

The bill is the recommendation of the Executive Administrator and Board of Trustees of the Plan. Most of the bill involves codification of administrative policies previously adopted by the Plan. Consequently, these changes do not involve changes in the Plan's claim costs.

Chemical Dependency Limits Removed

This is the most significant change which removes the limits on chemical dependency and subjects it to case management as was done for mental health in 1991. The Plan's actuaries have determined that this would result in a negligible cost.

Penalty for not securing Hospital Stay Certification

In addition to the current \$500 penalty for not obtaining pre-admission certification of hospital benefits the Plan could also deny benefits for a hospital stay that is not medically necessary. This is estimated by the Plan's actuaries to save approximately \$2 million annually.

Clarification to definitions for experimental/investigational procedures, prior approval of services, coinsurance for DRG reimbursement system, and skilled care.

The clarification will strengthen the Plan's legal position when challenged.

Codification of membership and eligibility policies

Codification is provided for membership and eligibility policies adopted to handle situations that are not currently considered or clear in the General Statutes. For example, dependents of persons on the Disability Income Program, continuation coverage and former legislators have the same eligibility as dependents of active employees.

Update for Federal Legislation

Federal legislation such as the Family and Medical Leave Act (FMLA), Health Insurance Portability and Accountability Act (HIPAA), and the Consolidation Omnibus Budget Reconciliation Act (COBRA) require updating the General Statutes to comply with those provisions.

The Bill has received input from and is supported by the State Employees Association of North Carolina, NC Association of Educators, NC Retired Governmental Employees Association and the Retired School Personnel Association.

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATION OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Tuesday, August 26, 1997

SENATOR RAND,

submits the following with recommendations as to passage:

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

| | | | |
|-------------|------------|-----------------------|---------|
| S.B. | 815 | Pro Tem Appointments. | |
| | | Draft Number: | PCSA773 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | None |
| | | Long Title Amended: | No |

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 815
Proposed Committee Substitute S815-PCSA773

Short Title: Pro Tem Appointments.

(Public)

Sponsors:

Referred to:

April 14, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO APPOINT PERSONS TO VARIOUS PUBLIC OFFICES UPON THE
3 RECOMMENDATION OF THE PRESIDENT PRO TEMPORE OF THE
4 SENATE.

5 Whereas, G.S. 120-121 authorizes the General Assembly to make certain
6 appointments to public offices upon the recommendation of the President Pro
7 Tempore of the Senate; and

8 Whereas, the President Pro Tempore of the Senate has made
9 recommendations; Now, therefore,

10 The General Assembly of North Carolina enacts:

11 Section 1. Charles Hayes of Guilford County is appointed to the North
12 Carolina Global TransPark Authority for a term to expire on June 30, 1999. Frank
13 Holding of Mecklenburg County and Howard Chapin of Beaufort County are
14 appointed to the North Carolina Global TransPark Authority for terms expiring on
15 June 30, 2001.

16 Section 2. Russell Mohn Hull, Jr., of Pasquotank County, Eugene Price
17 of Wayne County, and John Edward Pechmann of Cumberland County, are
18 appointed to the North Carolina Wildlife Resources Commission for terms expiring
19 on April 24, 1999.

20 Section 3. Anita C. McCorkle of Mecklenburg County and Rebekah
21 Beerbower of Catawba County are appointed to the Child Day-Care Commission for
22 terms expiring on June 30, 1999.

1 Section 4. William F. Forsyth of Cherokee County, Sam Neill of
2 Henderson County, and David Reeves of Henderson County are appointed to the
3 Western North Carolina Regional Economic Development Commission for terms
4 expiring on June 30, 2001.

5 Section 5. Thomas J. Burgin, Jr., of Lincoln County and William A.
6 Allen of Pasquotank County are appointed to the Private Protective Services Board
7 for terms expiring on June 30, 1999.

8 Section 6. Dr. Patricia A. Chamings of Guilford County is appointed to
9 the North Carolina Center for Nursing for a term expiring June 30, 1999. Barbara
10 Morris of Cumberland County and Henson Barnes of Bladen County are appointed
11 to the North Carolina Center for Nursing for terms expiring on June 30, 2000.

12 Section 7. Thomas Mehder of Mecklenburg County, Douglas E. Howey
13 of Wake County, Anne Coan of Wake County, Bill Weatherspoon of Wake County,
14 and Russ Stephenson of Wake County are appointed to the North Carolina
15 Petroleum Underground Storage Tank Funds Council for terms expiring on June 30,
16 1999.

17 Section 8. Margaret Arbuckle of Guilford County and Mayor Jerry
18 Campbell of Lincoln County are appointed to the Watershed Protection Advisory
19 Council for terms expiring on June 30, 1999.

20 Section 9. Wayne Louis Lofton of New Hanover County and Anthony
21 M. Copeland of Wake County are appointed to the North Carolina Agency for Public
22 Telecommunications for terms expiring on June 30, 1999.

23 Section 10. John Phillips of Wake County is appointed to the North
24 Carolina Board for Licensing of Soil Scientists for a term to expire on June 30, 1999.

25 Section 11. Paul Brooks of Robeson County is appointed to the North
26 Carolina State Commission of Indian Affairs for a term to expire on June 30, 1999.

27 Section 12. John H. Cilley, IV, of Catawba County is appointed to the
28 Board of Trustees Teachers' and State Employees' Retirement System for a term to
29 expire on June 30, 1999.

30 Section 13. The Honorable Terry Sanford of Durham County and Linda
31 Godwin Murphy of Duplin County are appointed to the Board of Trustees of the
32 North Carolina Museum of Art for terms expiring on June 30, 1999.

33 Section 14. Rick Lee of Haywood County is appointed to the North
34 Carolina Code Officials Qualification Board for a term to expire on June 30, 2001.

35 Section 15. Lisa Eberhart of Wake County and Sheila Garner of Carteret
36 County are appointed to the North Carolina Board of Dietetics/Nutrition for terms to
37 expire on June 30, 2000.

38 Section 16. Robert Epting of Orange County and Jeffrey V. Morse of
39 Burke County are appointed to the Environmental Management Commission for
40 terms expiring on June 30, 1999.

41 Section 17. Russell Howard Langley of Dare County is appointed to the
42 North Carolina Seafood Industrial Park Authority for a term to expire on June 30,
43 1999.

1 Section 18. Richard Lee Frye of Alamance County is appointed to the
2 North Carolina Sheriffs' Education and Training Standards Commission for a term to
3 expire on June 30, 2000.

4 Section 19. Stewart Bryan Coleman of Buncombe County is appointed to
5 the North Carolina State Ports Authority for a term to expire on June 30, 1999.

6 Section 20. Ann McArthur of Dare County and Carol Newman of
7 Mecklenburg County are appointed to the North Carolina Center for the
8 Advancement of Teaching Board of Trustees for terms expiring on June 30, 2001.

9 Section 21. Jimmy Hughes of Pitt County is appointed to the North
10 Carolina Home Inspector Licensure Board for a term to expire on July 1, 1998.

11 Section 22. Kathy Weeks of Harnett County and Virginia Adams of New
12 Hanover County are appointed to the North Carolina Nursing Scholars Commission
13 for terms expiring on June 30, 2001.

14 Section 23. Kenneth Robinette of Richmond County, Jane Smith of
15 Robeson County, and William Phipps of Columbus County are appointed to the
16 Southeastern North Carolina Regional Economic Development Commission for terms
17 expiring on June 30, 2001.

18 Section 24. R. B. Heater of Wake County and Ingram Walters of Union
19 County are appointed to the North Carolina Low-Level Radioactive Waste
20 Management Authority for terms expiring on June 30, 2001.

21 Section 25. Dr. Leroy Walker of Durham County is appointed to the
22 North Carolina Teaching Fellows Commission for a term to expire on June 30, 2001.

23 Section 26. Jeffrey A. Nelson of Martin County is appointed to the Local
24 Government Commission for a term to expire on June 30, 2001.

25 Section 27. Terry Waterfield of Pasquotank County is appointed to the
26 North Carolina Criminal Justice Education and Training Standards Commission for a
27 term to expire on June 30, 1999.

28 Section 28. William Earl Antone, Sr., of Robeson County and Walter
29 Clark of Lincoln County are appointed to the North Carolina Housing Finance
30 Agency for terms expiring on June 30, 1999.

31 Section 29. Randy Gregory of Cumberland County is appointed to the
32 North Carolina School of Science and Mathematics Board of Trustees for a term that
33 expires on June 30, 2001.

34 Section 30. Clay Ferebee of Camden County and Reef Ivey of Wake
35 County are appointed to the Centennial Authority for terms expiring on June 30,
36 2001.

37 Section 31. Mary Lilley of Martin County is appointed to the
38 Northeastern North Carolina Regional Economic Development Commission for a
39 term that expires on June 30, 1999. Ray Hollowell of Dare County is appointed to
40 the Northeastern North Carolina Regional Economic Development Commission for a
41 term that expires on June 30, 2001. Bob Spivey of Bertie County (county
42 commissioner) is appointed to the Northeastern North Carolina Regional Economic
43 Development Commission for a term that expires on June 30, 2001. Charlie Shaw of
44 Chowan County is appointed to the Northeastern North Carolina Regional Economic

1 Development Commission for a term expiring June 30, 1999, in accordance with G.S.
2 158-8.2(b)(2). Ernie Bowden of Currituck County is appointed to the Northeastern
3 North Carolina Regional Economic Development Commission for a term expiring
4 June 30, 2001.

5 Section 32. Hank Debnam of Cumberland County is appointed to the
6 North Carolina State Board of Therapeutic Recreation Certification for a term that
7 expires on June 30, 2001.

8 Section 33. Jo Anne Jeffries of Hertford County (at large), Richard Clark
9 of Buncombe County, Jim Scarborough of Wake County, Nancy McKeel of
10 Buncombe County, Bobby Bollinger of Mecklenburg County, Emily Moore of Lenoir
11 County (at large), Donald Hines of Mecklenburg County (representative of persons
12 with mental illness) are appointed to the Governor's Advocacy Council for Persons
13 with Disabilities for terms expiring on June 30, 1999.

14 Section 34. Christie Knittel Mabry of Wake County and Althea Calloway
15 of Mecklenburg County are appointed to the Board of Trustees of the Teachers' and
16 State Employees' Comprehensive Major Medical Plan for terms expiring on June 30,
17 1999.

18 Section 35. Jim Funderburke of Gaston County and David Ray Twiddy
19 of Chowan County are appointed to the Rules Review Commission for terms expiring
20 on June 30, 1999.

21 Section 36. Drew King, Sr., of Durham County is appointed to the Board
22 of Trustees of the North Carolina Public Employee Deferred Compensation Plan for
23 a term that expires on June 30, 1999.

24 Section 37. Beverly McCracken of Guilford County is appointed to the
25 Board of Trustees of the University of North Carolina Center for Public Television
26 for a term that expires on June 30, 1999.

27 Section 38. Charles E. Truelove, Jr., of Wake County is appointed to the
28 State Building Commission for a term that expires June 30, 2000.

29 Section 39. Martha Smith Ragsdale of Lee County is appointed to the
30 State Health Plan Purchasing Alliance Board for a term that expires on July 1, 2001.

31 Section 40. Dr. Larry W. Watson of Wake County is appointed to the
32 North Carolina Board of Science and Technology for a term that expires on June 30,
33 1999.

34 Section 40.1. Henry E. Faircloth of Sampson County is appointed to the
35 North Carolina Appraisal Board for a term that expires June 30, 1999.

36 Section 40.2. Rick Proctor of Davidson County and Florence C. Moses of
37 Wake County are appointed to the North Carolina Board of Athletic Trainer
38 Examiners for terms to expire July 31, 2000. Dr. Donald D'Allesandro of
39 Mecklenburg County is appointed to the North Carolina Board of Athletic Trainer
40 Examiners for a term to expire July 31, 1998.

41 ECONOMIC DEVELOPMENT COMMISSIONS

42 Section 41. Article 2 of Chapter 158 of the General Statutes is amended
43 by adding a new section to read:

44 "**§ 158-8.4. Removal of commission members.**

1 A commission created under G.S. 158-8.1, 158-8.2, or 158-8.3 may, by majority
2 vote, remove a member of the commission if that member does not attend at least
3 eighty percent (80%) of the regularly scheduled meetings of the commission during
4 any full year of service of that member on the board, except that absences excused by
5 the commission due to serious medical or family circumstances shall not be
6 considered. If the commission votes to remove a member under this section, the
7 vacancy will be filled in the same manner as the original appointment."

8 Section 42. (a) G.S. 158-8.2(b) reads as rewritten:

9 "(b) The Commission shall consist of ~~17~~ 18 ~~members appointed~~ appointed
10 members and two ex officio members, as follows:

11 (1) ~~Five~~ Six members shall be appointed by the Governor, including
12 one developer of northeastern North Carolina, one banker, one
13 county commissioner from Camden, Currituck, Pasquotank, or
14 Perquimans Counties, or from the county or counties assigned to
15 the Commission by the Department of Commerce as authorized by
16 law, and one county commissioner from Beaufort, Bertie, Chowan,
17 or Martin Counties, or from the county or counties assigned to the
18 Commission by the Department of Commerce as authorized by
19 ~~law;~~ law.

20 (2) ~~Five~~ Six members shall be appointed by the General Assembly
21 upon the recommendation of the President Pro Tempore of the
22 Senate in accordance with G.S. 120-121, including one developer
23 of northeastern North Carolina, one banker, and one county
24 commissioner from Dare, Hyde, Tyrrell, or Washington ~~Counties;~~
25 Counties.

26 (3) ~~Five~~ Six members shall be appointed by the General Assembly
27 upon the recommendation of the Speaker of the House of
28 Representatives in accordance with G.S. 120-121, including one
29 developer of northeastern North Carolina, one banker, and one
30 county commissioner from Halifax, Hertford, Gates, or
31 Northampton ~~Counties;~~ Counties.

32 (4) The Secretary of ~~Commeree or a designee;~~ and Commerce, or a
33 designee.

34 (5) The Secretary of ~~Environment, Health, and Natural~~ Cultural
35 Resources, or a designee.

36 Any person appointed to the Commission in a categorical appointment as a county
37 commissioner may hold such office in addition to the offices permitted by G.S. 128-
38 1.1. The appointing authorities are encouraged to discuss and coordinate their
39 appointments in an effort to ensure as many counties served by the Commission are
40 represented among the membership of the Commission."

41 (b) The additional appointments made under subsection (a) of this
42 section shall be for initial terms expiring June 30, 1999.

43 BOARD OF TRANSPORTATION

44 Section 43. (a) G.S. 143B-350(d) reads as rewritten:

1 "(d) The Board of Transportation shall have ~~two~~ four members appointed by the
2 General Assembly. ~~One~~ Two of these members shall be appointed upon the
3 recommendation of the Speaker of the House of Representatives, and ~~one~~ two shall
4 be appointed upon the recommendation of the President Pro Tempore of the Senate
5 in accordance with G.S. 120-121. The initial members appointed by the General
6 Assembly shall serve for terms expiring June 30, 1983. Thereafter, their successors
7 shall serve for two-year terms beginning July 1 of odd-numbered years. Vacancies in
8 appointments made by the General Assembly shall be filled in accordance with G.S.
9 120-122."

10 (b) The additional two members appointed by the General Assembly
11 under this section shall serve for terms expiring June 30, 1999.

12 (c) Michael Mills of Columbus County is appointed to the Board of
13 Transportation for a term expiring June 30, 1999.

14 TRAVEL AND TOURISM BOARD

15 Section 44. (a) G.S. 143B-434.1(c) reads as rewritten:

16 "(c) The Board shall consist of ~~25~~ 27 members as follows:

- 17 (1) The Secretary of Commerce, who shall not be a voting member.
- 18 (2) The Director of the Division of Travel and Tourism, who shall not
19 be a voting member.
- 20 (3) Two members designated by the Board of Directors of the North
21 Carolina Hotel and Motel Association.
- 22 (4) Two members designated by the Board of Directors of the North
23 Carolina Restaurant Association.
- 24 (5) Three Directors of Convention and Visitor Bureaus designated by
25 the Board of Directors of the North Carolina Association of
26 Convention and Visitor Bureaus.
- 27 (6) The Chairperson of the Travel and Tourism Coalition.
- 28 (7) The President of the Travel Council of North Carolina.
- 29 (8) A member designated by the Board of Directors of the Travel
30 Council of North Carolina.
- 31 (9) The President of North Carolina Citizens for Business and
32 Industry.
- 33 (10) One member designated by the North Carolina Petroleum
34 Marketers Association.
- 35 (11) One person associated with tourism attractions in North Carolina,
36 appointed by ~~the General Assembly, upon recommendation of the~~
37 Speaker of the House of Representatives. One person who is not a
38 member of the General Assembly, appointed by the Speaker of the
39 House of Representatives.
- 40 (12) One person associated with the tourism-related transportation
41 industry, appointed by ~~the General Assembly upon~~
42 recommendation of the President Pro Tempore of the Senate. One
43 person who is not a member of the General Assembly, appointed
44 by the President Pro Tempore of the Senate.

- 1 (13) Four public members each interested in matters relating to travel
2 and tourism, two appointed by the Governor (one from a rural
3 area and one from an urban area), one appointed by ~~the General~~
4 ~~Assembly upon recommendation of~~ the Speaker of the House, and
5 one appointed by ~~the General Assembly upon recommendation of~~
6 the President Pro Tempore of the Senate.
- 7 (14) One member associated with the major cultural resources and
8 activities of the State in North Carolina, appointed by the
9 Governor.
- 10 (15) Two members of the House of Representatives, appointed by ~~the~~
11 ~~General Assembly upon recommendation of~~ the Speaker of the
12 House of Representatives.
- 13 (16) Two members of the Senate, appointed by the ~~General Assembly~~
14 ~~upon recommendation of~~ the President Pro Tempore of the
15 Senate."
- 16 (b) The two additional appointments authorized by this section are for
17 terms expiring December 31, 1998.

18 RULES REVIEW COMMISSION

19 Section 45. (a) G.S. 143B-30.1(a) reads as rewritten:

20 "(a) The Rules Review Commission is created. The Commission shall consist of
21 ~~eight~~ 10 members to be appointed by the General Assembly, ~~four~~ five upon the
22 recommendation of the President Pro Tempore of the Senate, and ~~four~~ five upon the
23 recommendation of the Speaker of the House of Representatives. These appointments
24 shall be made in accordance with G.S. 120-121, and vacancies in these appointments
25 shall be filled in accordance with G.S. 120-122. Except as provided in subsection (b)
26 of this section, all appointees shall serve two-year terms.

27 (b) Initial appointments authorized by this section are for terms expiring
28 June 30, 1999.

29 JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE

30 Section 46. (a) G.S. 120-70.80 reads as rewritten:

31 "**§ 120-70.80. Creation and membership of Joint Legislative Education Committee.**

32 The Joint Legislative Education Committee is established. The Committee consists
33 of ~~16~~ 18 members as follows:

- 34 (1) ~~Eight~~ Nine members of the Senate appointed by the President Pro
35 Tempore of the Senate, at least two of whom are members of the
36 minority party; and
- 37 (2) ~~Eight~~ Nine members of the House of Representatives appointed by
38 the Speaker of the House of Representatives, at least three of
39 whom are members of the minority party.

40 Terms on the Committee are for two years and begin on the convening of the
41 General Assembly in each odd-numbered year, except the terms of the initial
42 members, which begin on appointment and end on the day of the convening of the
43 1991 General Assembly. Members may complete a term of service on the Committee
44 even if they do not seek reelection or are not reelected to the General Assembly, but

1 resignation or removal from service in the General Assembly constitutes resignation
2 or removal from service on the Committee.

3 A member continues to serve until his successor is appointed. A vacancy shall be
4 filled within 30 days by the officer who made the original appointment."

5 (b) The additional appointments authorized by this section are for terms
6 expiring on convening of the 1999 General Assembly.

7 JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS

8 Section 47. G.S. 120-74 reads as rewritten:

9 "§ 120-74. Appointment of members; terms of office.

10 The Commission shall consist of ~~26~~ 30 members. The President pro tempore of the
11 Senate, the Speaker pro tempore of the House, and the Majority Leader of the Senate
12 and the Speaker of the House shall serve as ex officio members of the Commission.
13 The Speaker of the House of Representatives shall appoint ~~eleven~~ 13 members from
14 the House. The President pro tempore of the Senate shall appoint ~~eleven~~ 13 members
15 from the Senate. Vacancies created by resignation or otherwise shall be filled by the
16 original appointing authority. Members shall serve two-year terms beginning and
17 ending on January 15 of the odd-numbered years, except that initial appointments
18 shall begin on July 1, 1975. Members shall not be disqualified from completing a term
19 of service on the Commission because they fail to run or are defeated for reelection.
20 Resignation or removal from the General Assembly shall constitute resignation or
21 removal from membership on the Commission. The terms of the initial members of
22 the Commission shall expire January 15, 1977."

23 Section 48. Unless otherwise specified, all appointments made by this act
24 are for terms to begin when this act becomes law.

25 Section 49. This act is effective when it becomes law.

MINUTES

SENATE COMMITTEE ON RULES AND
OPERATIONS OF THE SENATE

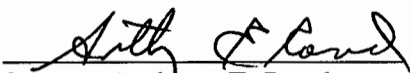
August 28, 1997

The Senate Committee on Rules and Operations of the Senate met during a recess of the Senate on Thursday, August 28, 1997 around the Senate Desk of Senator Anthony E. Rand. Thirteen members of the committee were present.

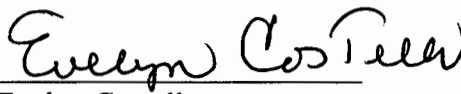
Senator Rand presided and presented the committee with a proposed Committee Substitute for SB 32 - Job Training Study. This bill authorizes the Legislative Research Commission to study issues listed in the bill.

Senator Plyler moved for the adoption of the Committee Substitute. This motion was adopted by the committee. Senator Gulley moved for a favorable report of the Committee Substitute and this was adopted by the committee.

The meeting adjourned at 12:40 p.m.



Senator Anthony E. Rand,
Chairman



Evelyn Costello,
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY
SENATE**

RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT
Senator Rand, Chairman

Thursday, August 28, 1997

SENATOR RAND,
submits the following with recommendations as to passage:

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

| | | | |
|-------------|-----------|----------------------------|---------|
| S.B. | 32 | Job Training Study. | |
| | | Draft Number: | PCS7877 |
| | | Sequential Referral: | None |
| | | Recommended Referral: | None |
| | | Long Title Amended: | Yes |

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 32*
Corrected Copy 2/4/97
Proposed Committee Substitute S32-PCS7877

Short Title: Studies Act.

(Public)

Sponsors:

Referred to:

February 3, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH
3 COMMISSION, TO CREATE VARIOUS COMMISSIONS, TO CONTINUE A
4 COUNCIL, TO DIRECT STATE AGENCIES AND LEGISLATIVE
5 OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED
6 ISSUES, AND TO AMEND CERTAIN LAWS.

7 The General Assembly of North Carolina enacts:

8

9 PART I.-----TITLE

10 Section 1. This act shall be known as "The Studies Act of 1997".

11

12 PART II.-----LEGISLATIVE RESEARCH COMMISSION

13 Section 2.1. The Legislative Research Commission may study the topics
14 listed below. When applicable, the bill or resolution that originally proposed the
15 issue or study and the name of the sponsor is listed. Unless otherwise specified, the
16 listed bill or resolution refers to the measure introduced in the 1997 Regular Session
17 of the 1997 General Assembly. The Commission may consider the original bill or
18 resolution in determining the nature, scope, and aspects of the study.

19 (1) Bingo regulation (Weinstein).

20 (2) Building code issues (S.B. 820 - Shaw of Cumberland; H.B. 47 -
21 Davis).

22 (3) Coastal beach movement issues including, but not limited to:

- 1 a. Beach renourishment; the value cost, level of need, return
- 2 on investment, and eligible participants.
- 3 b. Storm hazard mitigation (S.B. 432 - Odom and Horton).
- 4 (4) Dispute Resolution Commission revision and expansion of
- 5 authority (S.B. 1021 - Rand).
- 6 (5) Domestic Violence (S.B. 753 - Lucas; H.B. 909 - Bowie).
- 7 (6) Financial institutions including, but not limited to:
- 8 a. Branch banking law in North Carolina (S.B. 901 - Warren).
- 9 b. Consumer finance industry issues (S.B. 777 - Lee; H.B. 356 -
- 10 Tallent).
- 11 c. Robbery witness protection (S.B. 384 - Dalton).
- 12 (7) Future of the courts (Ballance; H.B. 1192 - Daughtry, Neely, and
- 13 Baddour).
- 14 (8) Guardian Ad Litem Program (S.J.R. 24 - Ballance; H.J.R. 107 -
- 15 Hiatt).
- 16 (9) Health care information privacy issues (S.B. 1005 - Gulley; H.B.
- 17 925 - Reynolds).
- 18 (10) Lien issues including, but not limited to:
- 19 a. Laws related to liens due medical providers for medical
- 20 services provided and to the assignment of proceeds (S.B.
- 21 156 - Hartsell; H.B. 199 - Culpepper).
- 22 b. Allowing statutory liens for fees owed to commercial real
- 23 estate brokers (S.B. 923 - Odom).
- 24 (11) Lobbying issues including, but not limited to:
- 25 a. Lobbyists waiting period for former legislators, former
- 26 members of the Council of State, or other officers or
- 27 employees of State government (S.B. 3 - Jenkins).
- 28 b. No State agency contract lobbying (Section 7.17, 5th Edition
- 29 of S.B. 352).
- 30 c. No State funds for lobbying (Section 11.73, 5th Edition of
- 31 S.B. 352).
- 32 d. Governor's Highway Safety Program is not to hire paid
- 33 lobbyists (Section 29.29, 5th Edition of S.B. 352).
- 34 (12) Municipalities annexation and incorporation issues including, but
- 35 not limited to:
- 36 a. Incorporation process and requirements for new
- 37 municipalities (S.J.R. 61 - Hartsell; H.B. 93 - Ellis; H.J.R.
- 38 163 - Cole).
- 39 b. Annexation, incorporation, and land-use planning (S.B. 903
- 40 - Hartsell).
- 41 (13) Temporary employees in State agencies including, but not limited
- 42 to:
- 43 a. Number of temporary employees and the positions in which
- 44 employed.

1 b. Current tracking and monitoring under budget continuation
2 resolutions (Ballance).

3 Section 2.2. Administration of Rabies Vaccine (Kerr). The Legislative
4 Research Commission may study issues related to the administration of the rabies
5 vaccine to dogs, including whether owners of dogs who are not veterinarians or
6 certified rabies vaccinators should be authorized to administer vaccines to their own
7 dogs and, if so, pursuant to what statutory or administrative guidelines, conditions,
8 and authority.

9 Section 2.3. Administrative Hearings (Hartsell; 2nd Edition of S.B. 725 -
10 Miller). The Legislative Research Commission may study the current conduct of and
11 procedural requirements for administrative hearings under Articles 3 and 3A of
12 Chapter 150B of the General Statutes, the current scope of review of these
13 administrative hearings, the current scope of judicial review under Article 4 of
14 Chapter 150B of the General Statutes, and the authority and jurisdiction of the Office
15 of Administrative Hearings to act as a deferral agency for cases deferred by the Equal
16 Employment Opportunity Commission under G.S. 7A-759. The study shall consider
17 whether any changes in any of these current provisions are warranted. The study
18 may consider any or all proposed amendments to Chapter 150B of the General
19 Statutes as set forth in Part XIV of House Bill 515 (5th Edition) of the 1997 Session
20 of the General Assembly.

21 Section 2.4. Competition to Improve State Government Services. The
22 Legislative Research Commission may study methods and initiatives to cause the use
23 of competition to improve the delivery of State government services, to make State
24 government more effective and efficient, and to reduce the costs of government to
25 taxpayers.

26 Section 2.5. Dedicated Sources of Revenue (Rand). The Legislative
27 Research Commission may study the use of dedicated funding including the
28 establishment of dedicated sources of revenue for the North Carolina Housing Trust
29 Fund and other sources of low-income housing, Legal Services of North Carolina,
30 and professional firefighter retirement benefits including the appropriate length of
31 service required to receive such benefits.

32 Section 2.6. Garnishment of Wages (S.B. 740 - Rand). The Legislative
33 Research Commission may study issues relating to garnishment of wages to satisfy
34 debts for which garnishment is not currently an option including the impact general
35 wage garnishment would have on employers, employees, personal bankruptcies,
36 credit, and the judicial system, and the extent to which out-of-state creditors would
37 seek wage garnishment. The Commission may consider appointing to the committee a
38 representative from each of the following groups: (i) employers; (ii) employees; (iii)
39 clerks of court; (iv) creditors; and (v) a business-related section of the North Carolina
40 Bar Association.

41 Section 2.7. State and Local Government Fiscal Reform and
42 Intergovernmental Relations (Perdue). The Legislative Research Commission may
43 study emerging issues in fiscal reform and intergovernmental relations including the
44 fiscal relationship between the State and its local governments by examining State

1 revenue sources and the allocation of responsibility among the State and its local
2 governments for financing and performing government services. The Commission
3 may study and examine the following:

- 4 (1) Issues related to urban development, including comprehensive
5 land-use planning, annexation and incorporation of new
6 municipalities, and the development of municipalities in an
7 environmentally sound manner.
- 8 (2) Whether State and local responsibilities for providing government
9 services should be reallocated, including an evaluation of the
10 current means of delivering education and health care services to
11 the citizens of the State and the desirability and feasibility of
12 developing new methods for providing citizens in the rural as well
13 as the urban areas of the State with a quality, competitive
14 education and comprehensive, state-of-the-art health care.
- 15 (3) Whether the State should provide local governments with
16 additional revenue options.
- 17 (4) The most efficient and effective means for financing local
18 government tax sharing and tax reimbursements and for providing
19 local government services.
- 20 (5) Whether taxes should be earmarked for specific purposes.
- 21 (6) The desirability of developing a long-term, structured, strategic
22 planning process that will focus on the economic development
23 needs and goals of the rural and urban local governments located
24 across the State.
- 25 (7) Whether certain State services and programs should be privatized
26 and, if so, the proper criteria for determining which services and
27 programs should be privatized and in what manner.
- 28 (8) Any other issues related to the desirability of reorganizing,
29 restructuring, and downsizing State government.
- 30 (9) The extent to which State policy on the financing of water supply
31 and sewage infrastructure through grant and loan programs
32 promotes orderly development that optimizes the expenditure of
33 these State revenues.
- 34 (10) The extent to which local governments have employed long-range
35 planning to guide and encourage cost-efficient development
36 patterns.
- 37 (11) The extent to which local governments have utilized subdivision
38 regulation, zoning ordinances, and other statutory powers to
39 promote orderly development.
- 40 (12) The feasibility of using positive State incentives to encourage
41 greater utilization of land-use management by local governments.
- 42 (13) The impact land transfer taxes and impact fees have had on
43 development and on the financing of infrastructure to sustain
44 rational growth.

(14) The desirability of the legislature authorizing counties to enact certain optional local taxes and fees, such as land transfer taxes and impact fees, to fund capital needs.

(15) The extent to which environmental regulatory programs administered by State agencies might be delegated in whole or in part to local governments.

Section 2.8. Pharmacy Practice Act Revision (S.B. 1039 - Perdue). The Legislative Research Commission may study revising and updating the Pharmacy Practice Act including the following: (i) whether a pharmacist should be allowed to monitor drug therapy under specific guidelines established by a physician; (ii) designing a process for the electronic transmission of prescriptions between doctors and pharmacists; and (iii) establishing procedures for the distribution of prescriptions during an emergency or natural disaster. The Commission may consider appointing to the Committee a representative from each of the following groups: (i) the North Carolina Medical Association; (ii) the North Carolina Hospital Association; (iii) the North Carolina Pharmacy Association; (iv) the North Carolina Health Care Facilities Association; and (v) the North Carolina HMO Association.

Section 2.9. Public Transit (Gulley). The Legislative Research Commission may study public transit in the State including the following: (i) review and validate present and future public transit funding needs; (ii) evaluate the economic impact of public transit on the State and its various regions; (iii) evaluate the appropriate roles of local, regional, State, and federal governments in funding public transit; and (iv) short- and long-range funding solutions.

Section 2.10. Relationship of the Open Meetings Law and the Public Records Law to Institutions of The University of North Carolina (Lee; H.B. 898 - Daughtry). The Legislative Research Commission may study the relationship of the Open Meetings Law, as set forth in Article 33C of Chapter 143 of the General Statutes, and the Public Records Law, as set forth in Chapter 132 of the General Statutes, to The University of North Carolina and its constituent institutions. The study shall include at least the following:

(1) Whether to exclude from the definition of public records, attorney work product, certain donor and alumni records, and drafts of certain documents;

(2) Whether to include faculty as professional staff under the Open Meetings Law; and

(3) Other ways to assist the University system to best serve its educational purposes within the public purposes of the Open Meetings Law and the Public Records Law.

Section 2.11. Substance Abuse Aftercare (Martin of Guilford). The Legislative Research Commission may study substance abuse aftercare. The study may include the following:

(1) The underlying issues relative to substance abuse, such as the economic, social, psychological, and cultural reasons for obstacles to success in remaining drug free;

- (2) Approaches to overcoming those obstacles to success;
- (3) Better processes and methods for aftercare, rehabilitation, and readjustment to societal norms and expectations; and
- (4) Review of programs that have proven to be successful over the long-term in working with recovering addicts in nonclinical settings.

Section 2.12. Committee Membership. For each Legislative Research Commission committee created during the 1997-98 biennium, the cochairs of the Legislative Research Commission shall appoint the committee membership.

Section 2.13. Reporting Date. For each of the topics the Legislative Research Commission decides to study under this Part or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1997 General Assembly, 1998 Regular Session, or the 1999 General Assembly.

Section 2.14. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

PART III.-----LEGISLATIVE STUDY COMMISSION ON CHILDREN AND YOUTH MEMBERSHIP CHANGE (Rand)

Section 3.1. Effective August 13, 1997, G.S. 120-210(a), as is found in Section 11 of S.L. 1997-390, reads as rewritten:

"(a) The Commission shall consist of ~~23~~ 25 members, as follows:

- (1) ~~Ten~~ Eleven members appointed by the Speaker of the House of Representatives, ~~as follows:~~ among them:
 - a. Four shall be members of the House of Representatives at the time of their appointment,
 - b. One shall be the director of a local health department,
 - c. One shall be the director of a county department of social services,
 - d. One shall be a representative of the general public who has knowledge of issues relating to children and youth,
 - e. One shall be a licensed physician who is knowledgeable about the health needs of children and youth, and
 - f. One shall be a chief district court judge recommended by the Council of Chief District Judges.
 - g. One shall be a representative from the Covenant with North Carolina Children.
- (2) ~~Ten~~ Eleven members appointed by the President Pro Tempore of the Senate, as follows:
 - a. Four shall be members of the Senate at the time of their appointment,
 - b. One shall be the director of a mental health area authority,

- c. One shall be a representative of the Association of County Commissioners,
 - d. One shall be a representative of the general public who has knowledge of issues relating to children and youth,
 - e. One shall be a licensed attorney whose practice includes the representation of parents accused of criminal or civil abuse or neglect, and
 - f. One shall be a chief district court judge recommended by the Council of Chief District Judges.
 - g. One shall be a representative from the North Carolina Child Advocacy Institute.
 - h. One shall be a representative from the North Carolina Child Fatality Task Force.
- (3) The following shall serve ex officio as nonvoting members of the Commission:
- a. The Secretary of Human Resources, or the Secretary's designee,
 - b. The State Superintendent of Public Instruction, or the Superintendent's designee, ~~and~~
 - c. The Secretary of Administration, or the Secretary's ~~designee. designee, and~~
 - d. The Director of the Administrative Office of the Courts, or the Director's designee."

PART IV.-----JOINT LEGISLATIVE CORRECTIONS OVERSIGHT COMMITTEE
TO STUDY CORRECTION ENTERPRISES SIGN SHOP (S.B. 860 - Lee)

Section 4.1. The Joint Legislative Corrections Oversight Committee shall study the operation of Correction Enterprises industries, including the sign shop and furniture and upholstery plants, with a review of, among other issues, the (i) pricing structure in relation to private companies and (ii) job placement opportunities for prison apprentices upon release.

Section 4.2. The Committee may file an interim report with the 1997 General Assembly, 1998 Regular Session, and shall file a final report with the 1999 General Assembly upon its convening. The reports shall be filed no later than the dates on which those sessions respectively convene.

PART V.-----GOVERNOR'S CRIME COMMISSION TO STUDY DOMESTIC
VIOLENCE CRIME CATEGORIES (Rand)

Section 5.1. The Governor's Crime Commission of the Department of Crime Control and Public Safety shall coordinate a study of the incidence of domestic violence and identify the felonies and misdemeanors that may be categorized as domestic violence. The study shall include participation by the North Carolina Conference of District Attorneys and the seven prosecutorial districts that are currently receiving funds from the Violence Against Women Act, administered

1 through the Governor's Crime Commission. The study shall also include
2 participation of other prosecutorial districts which volunteer their participation in
3 providing necessary information. The Commission shall recommend a statutory
4 definition of domestic violence crimes that will be sufficiently clear so that it can be
5 used by law enforcement officers and prosecutors to determine eligibility of victims
6 of these crimes for victims' assistance services. The Commission shall also
7 recommend whether any crimes that are currently misdemeanors should be
8 reclassified as felonies when committed as crimes of domestic violence. The
9 Commission shall forward its recommendations to the North Carolina Sentencing and
10 Policy Advisory Commission. The Sentencing and Policy Advisory Commission shall
11 analyze the recommendations for impact on the length of time for which persons are
12 incarcerated and the number of persons incinerated. The Commission shall report
13 the findings of its study and its recommendations, including the analyses from the
14 Sentencing and Policy Advisory Commission, to the 1997 General Assembly, 1998
15 Regular Session, on or before its convening date.

16 Section 5.2. The Governor's Crime Commission shall conduct this study
17 within available funds.

18
19 PART VI.-----COURTS COMMISSION TO STUDY DIVISION OF 30TH
20 DISTRICT COURT AND 30TH PROSECUTORIAL DISTRICTS (Section 15.11A,
21 5th Edition of S.B. 352)

22 Section 6.1. The Courts Commission shall study, if any, the benefits and
23 disadvantages of the proposed division of the 30th District Court District and the 30th
24 Prosecutorial District.

25 Section 6.2. The Courts Commission may report its findings and
26 recommendations to the 1997 General Assembly, 1998 Regular Session, upon its
27 convening, or to the 1999 General Assembly, upon its convening.

28
29 PART VII.-----EDUCATION OVERSIGHT STUDIES

30 Section 7.1. The Joint Legislative Education Oversight Committee may
31 study the following matters:

- 32 (1) The issue of the gap in student academic achievement between
33 racial and socioeconomic groups (S.B. 640 - Rucho). To assist the
34 Education Oversight Committee in this study, the Committee's
35 cochair may appoint an advisory subcommittee on this matter.
36 The subcommittee shall consist of equal numbers of members
37 appointed by the Senate cochair and the House cochair. Either
38 cochair may appoint to the subcommittee members, including
39 public members who are not also members of the Committee.
40 Members of the subcommittee who are not members of the
41 Committee may participate fully in all subcommittee business,
42 including all deliberations and votes; however, these members are
43 not members of the Committee for any other purpose. The
44 subcommittee members shall receive no salary for serving. All

subcommittee members shall receive necessary subsistence and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6 as applicable. In particular, the Committee may examine:

- a. Whether student assignment plans increase, decrease, or have no effect on the academic achievement gap.
- b. The effect of increased parental and community involvement on the academic achievement gap.
- c. The relationship, if any, between the distribution of resources and student achievement.
- d. Mechanisms to distribute personnel and financial resources to provide a quality educational opportunity for all students.
- e. The relationship, if any, between student achievement and factors such as teacher turnover, teacher attendance, and teacher assignment outside the teacher's area of certification.
- f. The extent to which preservice and continued professional development for educational personnel should be modified in order to address the needs of students who are not making adequate academic progress.
- g. The extent to which curriculum content and delivery should be modified in order to address the needs of students who are not making adequate academic progress.
- h. The relationship between kindergarten readiness and subsequent academic success.
- i. Proven and proposed mechanisms for decreasing the academic achievement gap.

(2) The issue of developing a child welfare training institute in the university and community college system (Perdue).

(3) The issues of recruiting, training, and retaining qualified child welfare staff (Perdue).

(4) Adding additional paid days when considering teachers' salaries.

(5) Noninstructional duties of teachers. The study may include, but not be limited to, noninstructional duties during the workday, noninstructional duties outside of the workday, pay for noninstructional duties, and the relationship between athletic duties and other duties such as club advisors' pay and equitable pay.

(6) The role of the student member of the Board of Governors of The University of North Carolina and real and perceived conflicts of interests by members of the Board of Governors (S.B. 1058 - Kinnaird).

(7) Salary schedules for noncertified public school employees. In the course of the study, the Committee may consider the current salary schedules and salary ranges for noncertified public school

employees, the need for minimum salary schedules for noncertified public school employees, and the cost of implementing minimum salary schedules. In its review of salary schedules, the Committee may consider years of experience and levels of training and education.

(8) The impact on small school systems of large losses of administration due to increases in charter school enrollment.

Section 7.2. The Joint Legislative Education Oversight Committee may report its findings and recommendations on each of the studies authorized by this Part to the 1997 General Assembly, 1998 Regular Session, or the 1999 General Assembly. The reports may be filed no later than the dates on which those sessions respectively convene.

PART VIII.-----LEGISLATIVE STUDY COMMISSION ON PUBLIC SCHOOL EQUITY (Lee)

Section 8.1. The Legislative Study Commission on Public Schools Equity is established. The Commission shall consist of 16 members: eight Senators appointed by the President Pro Tempore of the Senate and eight Representatives appointed by the Speaker of the House of Representatives.

Vacancies shall be filled by the person who made the initial appointment.

Section 8.2. The Commission shall study issues relating to equity for public school systems, including, but not limited to, small school and low-wealth schools funding, personnel distribution, distribution of Teaching Fellows Scholarship recipients, uneven distribution of the children with special needs population, the need of further resources for English as a second language, and university scholarship resources and needs for public school students.

Section 8.3. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair of the Commission. The Commission shall meet upon the call of the cochairs. A quorum of the Commission is nine members. While in the discharge of its official duties, the Commission may exercise all the powers provided under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

Section 8.4. Members of the Commission shall receive subsistence and travel allowances in accordance with G.S. 120-3.1.

Section 8.5. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign appropriate professional staff from the Legislative Services Office of the General Assembly to assist with the study. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, upon the direction of the Legislative Services Commission. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission.

Section 8.6. The Commission shall submit an interim report to the 1997 General Assembly, 1998 Regular Session, upon its convening. The Commission shall

1 submit a final report to the General Assembly upon the convening of the 1999
2 General Assembly. The Commission shall terminate upon filing its final report.

3 Section 8.7. From appropriations to the General Assembly, the
4 Legislative Services Commission may allocate funds for the expenses of the
5 Legislative Study Commission on Public Schools Equity.

6
7 PART IX.-----UNC BOARD OF GOVERNORS AND STATE BOARD OF
8 COMMUNITY COLLEGES TO STUDY AMERICAN SIGN LANGUAGE (S.B.
9 889 - Martin of Guilford)

10 Section 9.1. The Board of Governors of The University of North
11 Carolina and the State Board of Community Colleges shall study methods to assure
12 that faculty members teaching American Sign Language are highly qualified and
13 competent. The Board of Governors and the State Board of Community Colleges
14 shall report their findings and recommendations prior to March 1, 1998, to the
15 Appropriations Subcommittees on Education and Human Resources and to the Joint
16 Legislative Education Oversight Committee.

17 Section 9.2. The Board of Governors of The University of North
18 Carolina and the State Board of Community Colleges shall conduct this study within
19 available funds.

20
21 PART X.-----ENVIRONMENTAL REVIEW COMMISSION STUDIES

22 Section 10.1. The Environmental Review Commission may study the
23 following matters:

- 24 (1) The impact of air pollutant emissions from asphalt plants on public
25 health and the environment (S.B. 1022 - Kinnaid and Foxx).
26 (2) The remediation and reuse of brownfields property, as defined in
27 G.S. 130A-310.31(b)(3), as enacted by the Brownfields Property
28 Reuse Act of 1997, S.L. 1997-357. To assist the Environmental
29 Review Commission in this study, the Commission's cochairs may
30 appoint an advisory subcommittee on this matter. Members of the
31 advisory subcommittee who are State employees shall receive per
32 diem and necessary travel and subsistence expenses in accordance
33 with G.S. 138-6. Members of the advisory subcommittee who are
34 not State employees shall receive per diem and necessary travel
35 and subsistence expenses in accordance with G.S. 138-5.
36 (3) The administration of the emissions inspection and maintenance
37 program for motor vehicles under G.S. 20-128.2 and Part 2 of
38 Article 3A of Chapter 20 of the General Statutes and whether that
39 program should be transferred from the Division of Motor Vehicles
40 of the Department of Transportation to the Environmental
41 Management Commission and the Division of Air Quality in the
42 Department of Environment, Health, and Natural Resources (S.B.
43 845 - Odom; S.B. 671 - Albertson).

- (4) The transfer of surface waters between river basins in the State (S.B. 947 - Cochrane). As a part of this study, the Environmental Review Commission may consider whether, and on what basis, the total volume of water that may be transferred from any river basin should be limited and whether the Environmental Management Commission should be authorized to issue special orders to remedy violations of laws or rules regulating transfers.
- (5) The feasibility and desirability of establishing a voluntary education program designed to educate members of the public who maintain residential lawns or gardens concerning the impact nutrients and pesticides have on the environment of the State, the responsible use of nutrients and pesticides, and ways to reduce excessive inputs of nutrients and pesticides into the surface and groundwaters of the State (Albertson). In conjunction with this study, the Environmental Review Commission may study the feasibility and desirability of directing the North Carolina Cooperative Extension Service to develop and implement such a voluntary education program.
- (6) The preliminary evaluation of proposed sites for wastewater systems (S.B. 671 - Albertson). The study may address whether local health departments should conduct preliminary evaluations of proposed sites for wastewater systems; how preliminary evaluations conducted by local health departments might be made more reliable; the extent to which an applicant may rely on a preliminary evaluation; and liability in instances where the State fails to issue an improvement permit for a site for which a local health department has concluded that the site is appropriate for construction of a wastewater system.
- (7) Evaluate all State-funded water quality studies conducted since 1992 (Kerr).

Section 10.2. Upon request, all State departments, agencies, commissions, and councils shall cooperate with the Commission on the studies authorized by this Part.

Section 10.3. The Environmental Review Commission may report its findings and recommendations on each of the studies authorized by this Part to the 1997 General Assembly, 1998 Regular Session, or the 1999 General Assembly.

PART XI.-----ENVIRONMENTAL MANAGEMENT COMMISSION AND DEHNR TO STUDY EMISSIONS INSPECTION AND MAINTENANCE (S.B. 845 - Odom; S.B. 671 - Albertson)

Section 11.1. The Environmental Management Commission and the Division of Air Quality of the Department of Environment, Health, and Natural Resources, with the assistance and cooperation of the Division of Motor Vehicles of the Department of Transportation, shall study whether the emissions inspection and

1 maintenance program for motor vehicles administered under G.S. 20-128.2 and Part 2
2 of Article 3A of Chapter 20 of the General Statutes should be expanded to include
3 all metropolitan counties. The study shall evaluate the costs and benefits of
4 expanding the program, including the benefits resulting from a reduction in the
5 likelihood that those counties will not meet the national ambient air quality standards
6 for ozone and carbon monoxide in the future, thereby incurring the restrictions on
7 industries, power plants, vehicles, and other activities that apply to nonattainment
8 counties. Beginning 1 January 1998, the Environmental Management Commission
9 shall report its findings, recommendations, and any legislative proposals regarding the
10 matters to be evaluated pursuant to this section to the Environmental Review
11 Commission as part of the quarterly report the Environmental Management
12 Commission is required to make to the Environmental Review Commission by G.S.
13 143B-282(b).

14 Section 11.2. The Environmental Management Commission, the Division
15 of Air Quality of the Department of Environment, Health, and Natural Resources,
16 and the Division of Motor Vehicles of the Department of Transportation shall take
17 appropriate steps to ensure that the current emissions inspection and maintenance
18 program for motor vehicles administered under G.S. 20-128.2 and Part 2 of Article
19 3A of Chapter 20 of the General Statutes is effectively implemented and enforced.
20 Beginning 1 October 1997, the Environmental Management Commission shall report
21 its findings, recommendations, and any legislative proposals regarding the
22 implementation and enforcement of the emissions inspection and maintenance
23 program to the Environmental Review Commission as part of the quarterly report the
24 Environmental Management Commission is required to make to the Environmental
25 Review Commission by G.S. 143B-282(b). The Division of Motor Vehicles shall
26 report on its progress in meeting the requirements of this section to the
27 Environmental Review Commission on a quarterly basis beginning 1 October 1997.

28
29 PART XII.-----STUDY COMMISSION ON THE FUTURE OF ELECTRIC
30 SERVICE IN NORTH CAROLINA REIMBURSEMENT OF EXPENSES (Rand)

31 Section 12.1. Notwithstanding G.S. 62-302(d), all expenses during the
32 1997-98 and the 1998-99 fiscal years of the Study Commission on the Future of
33 Electric Service in North Carolina, established in S.L. 1997-40, shall be reimbursed
34 from funds in the Utilities Commission and Public Staff Fund. There is allocated
35 initially one hundred thousand dollars (\$100,000) from the Utilities Commission and
36 Public Staff Fund to the General Assembly for the purpose of enabling the Study
37 Commission on the Future of Electric Service in North Carolina to organize and
38 begin its work. Upon the certification of the need for additional funds by the
39 cochair of the Study Commission on the Future of Electric Service in North
40 Carolina for the work of the Commission, the Utilities Commission shall transfer the
41 additional funds from the Utilities Commission and Public Staff Fund to the General
42 Assembly for that purpose.

43

1 PART XIII.-----HOSPITAL, MEDICAL, AND DENTAL SERVICE
2 CORPORATION CHARTER CONVERSION STUDY COMMISSION (S.B. 993 -
3 Rand)

4 Section 13.1. (a) There is established the Hospital, Medical, and Dental
5 Service Corporation Charter Conversion Study Commission. The Commission shall
6 consist of 14 members appointed as follows:

7 (1) Six members appointed by the Speaker of the House of
8 Representatives, four of whom shall be members of the House of
9 Representatives. Of the remaining two members:

- 10 a. One shall be a representative of Blue Cross Blue Shield of
11 North Carolina, Incorporated; and
12 b. One shall be a representative of a philanthropic
13 organization, incorporated in North Carolina.

14 (2) Six members appointed by the President Pro Tempore of the
15 Senate, four of whom shall be members of the Senate. Of the
16 remaining two members:

- 17 a. One shall be a representative of the North Carolina Citizens
18 for Business and Industry; and
19 b. One shall be a representative of the hospital or medical
20 community; and

21 (3) The following ex officio, nonvoting members:

- 22 a. The Attorney General, or the Attorney General's designee;
23 and
24 b. The Insurance Commissioner, or the Commissioner's
25 designee.

26 Vacancies shall be filled by the person making the initial appointment.

27 (b) The Commission shall conduct a study of all aspects of conversion of
28 a hospital, medical, and dental service corporation to a mutual nonstock or stock
29 accident and health insurance company or life insurance company subject to Articles
30 1 through 64 of Chapter 58 of the General Statutes. The study shall include, but is
31 not limited to, the following:

- 32 (1) The status, results, and public or private ownership interests, as
33 may exist, in conversions by medical, hospital, and dental service
34 corporations or similar entities in North Carolina and other states;
35 (2) The direct and indirect effects of any change in the structure of the
36 hospital, medical, and dental service corporations on State health
37 programs, such as Medicaid, payment programs within the
38 Department of Human Resources, and the North Carolina
39 Teachers' and State Employees' Major Medical Plan;
40 (3) The charitable trust obligations, if any, of nonprofit medical,
41 hospital, and dental service corporations upon conversion and their
42 obligations to their members and subscribers; and
43 (4) Anti-inurement restrictions on officers and directors involved in
44 conversions.

(c) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair of the Commission. The Commission shall meet upon the call of the cochairs. A quorum of the Commission is nine members. While in the discharge of its official duties, the Commission has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1.

Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign appropriate professional staff of the General Assembly to assist the Commission. Clerical staff shall be assigned to the Commission through the Offices of the Supervisor of Clerks of the Senate and Supervisor of Clerks of the House of Representatives.

(d) The Commission shall make its final report to the 1997 General Assembly, 1998 Regular Session, upon its convening. The Commission shall terminate upon filing its final report.

Section 13.2. From appropriations to the General Assembly, the Legislative Services Commission may allocate funds for the expenses of the Hospital, Medical, and Dental Service Corporation Charter Conversion Study Commission under this Part.

PART XIV.-----MORATORIUM ON CONVERSION OF HOSPITAL, MEDICAL, AND DENTAL SERVICE CORPORATION CHARTERS (Rand)

Section 14.1. Notwithstanding any other provision of law, no hospital, medical, and dental service corporation may convert to a mutual nonstock or stock accident and health insurance company or life insurance company prior to August 1, 1998. For the purposes of this section, "convert to a mutual nonstock or stock accident and health insurance company or life insurance company" includes a restructuring that is determined by the Commissioner of Insurance to constitute the disposition of a substantial amount of the corporation's assets to an entity other than a nonprofit entity, except for the disposition of assets in the ordinary course of business.

PART XV.-----INDUSTRIAL COMMISSION ADVISORY COUNCIL EXTENDED (Kerr)

Section 15.1. Section 11.1 of Chapter 679 of the 1993 Session Laws (1994 Regular Session) reads as rewritten:

"Sec. 11.1. This act is effective upon ratification, except as follows:

(a) Sections 3.6, 4.1, and G.S. 97-79(d), as contained in Section 5.2, become effective October 1, 1994, and apply to claims pending on or filed after that date.

(b) G.S. 97-26(b) and G.S. 97-26(f), as enacted in Section 2.3, become effective October 1, 1994. G.S. 97-26(a), as enacted in Section 2.3, is effective upon ratification but the provisions of the third paragraph of said subsection shall not apply to the fee schedule in effect as of the date of ratification of this act.

(c) Sections 7.1, 7.2, and 8.1 become effective October 1, 1994, and apply to violations occurring on or after that date.

(d) Sections 2.1, 2.2, 2.4, 3.7, and 5.5 become effective September 1, 1994, and apply to claims pending on or filed after that date.

(e) Section 6.1 and G.S. 97-79(f), as contained in Section 5.2, become effective July 1, 1994.

(f) Sections 3.2, 3.3, 3.4, 3.5, subsections (b), (c), (d), (f), and (g), and the catch line of G.S. 97-18, as contained in Section 3.1, and Section 10.9 become effective January 1, 1995, and apply to claims pending on or filed after that date.

(g) Section 2.5 is effective upon ratification and applies to injuries by accident occurring on or after that date.

(h) Section 2.6 is effective upon ratification and applies to claims pending on or filed after the date of ratification.

(i) Section 8.5 becomes effective September 1, 1994.

Section 5.1 expires ~~July 1, 1997~~: July 1, 2001."

PART XVI.-----REVENUE LAWS STUDY COMMITTEE (S.B. 35 - Kerr)

Section 16.1. Chapter 120 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 12L.

"Revenue Laws Study Committee.

"§ 120-70.105. Creation and membership of the Revenue Laws Study Committee.

The Revenue Laws Study Committee is established. The Committee consists of 16 members as follows:

(1) Eight members appointed by the President Pro Tempore of the Senate; the persons appointed may be members of the Senate or public members.

(2) Eight members appointed by the Speaker of the House of Representatives; the persons appointed may be members of the House of Representatives or public members.

Terms on the Committee are for two years and begin on January 15 of each odd-numbered year, except the terms of the initial members, which begin on appointment. Legislative members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"§ 120-70.106. Purpose and powers of Committee.

(a) The Revenue Laws Study Committee may:

(1) Study the revenue laws of North Carolina and the administration of those laws.

(2) Review the State's revenue laws to determine which laws need clarification, technical amendment, repeal, or other change to

1 make the laws concise, intelligible, easy to administer, and
2 equitable.

3 (3) Call upon the Department of Revenue to cooperate with it in the
4 study of the revenue laws.

5 (4) Report to the General Assembly at the beginning of each regular
6 session concerning its determinations of needed changes in the
7 State's revenue laws.

8 These powers, which are enumerated by way of illustration, shall be liberally
9 construed to provide for the maximum review by the Committee of all revenue law
10 matters in this State.

11 (b) The Committee may make interim reports to the General Assembly on matters
12 for which it may report to a regular session of the General Assembly. A report to the
13 General Assembly may contain any legislation needed to implement a
14 recommendation of the Committee. When a recommendation of the Committee, if
15 enacted, would result in an increase or decrease in State revenues, the report of the
16 Committee must include an estimate of the amount of the increase or decrease.

17 "§ 120-70.107. Organization of Committee.

18 (a) The President Pro Tempore of the Senate and the Speaker of the House of
19 Representatives shall each designate a cochair of the Revenue Laws Study
20 Committee. The Committee shall meet upon the joint call of the cochairs.

21 (b) A quorum of the Committee is nine members. No action may be taken except
22 by a majority vote at a meeting at which a quorum is present. While in the discharge
23 of its official duties, the Committee has the powers of a joint committee under G.S.
24 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

25 (c) The Committee shall be funded by the Legislative Services Commission from
26 appropriations made to the General Assembly for that purpose. Members of the
27 Committee receive subsistence and travel expenses as provided in G.S. 120-3.1 and
28 G.S. 138-5. The Committee may contract for consultants or hire employees in
29 accordance with G.S. 120-32.02. Upon approval of the Legislative Services
30 Commission, the Legislative Services Officer shall assign professional staff to assist
31 the Committee in its work. Upon the direction of the Legislative Services
32 Commission, the Supervisors of Clerks of the Senate and of the House of
33 Representatives shall assign clerical staff to the Committee. The expenses for clerical
34 employees shall be borne by the Committee."

35 Section 16.2. The Revenue Laws Study Committee shall study the
36 following matters:

- 37 (1) The structure of the franchise tax and the feasibility of removing its
38 inventory component;
39 (2) Income tax deductions for health insurance costs of self-employed
40 individuals (S.B. 971 - Reeves);
41 (3) Whether tax credits and other forms of economic development
42 incentives achieve the desired effects and reflect the State's
43 priorities;

- 1 (4) Property tax issues including the assessment and collection of ad
2 valorem taxes under the Machinery Act (H.B. 514 - McMahan;
3 S.B. 365 - Rucho); and

- 4 (5) Effectiveness of long-term care tax credit (H.B. 74 - Cansler).

5 Section 16.3. From appropriations to the General Assembly, the
6 Legislative Services Commission may allocate funds for the expenses of the Revenue
7 Laws Study Committee under this Part.

8
9 PART XVII.-----JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT
10 COMMITTEE STUDIES

11 Section 17.1. The Joint Legislative Transportation Oversight Committee
12 may study the following issues:

- 13 (1) Truck width and length, including the effect on highway safety and
14 traffic engineering (H.B. 142 - Transportation Committee). The
15 Committee may consider all potential effects of allowing industry
16 standard tractor/single trailer combinations of up to 68 feet in total
17 length on additional highways of the State.

- 18 (2) Ways to improve the safety of the operation of trucks in North
19 Carolina and to increase the safety of tires on all motor vehicles
20 (H.B. 142 - Transportation Committee). The study shall include
21 the following:

- 22 a. Truck inspection violations, including operation of a truck
23 without a required inspection sticker;
24 b. Increased penalties for brake safety violations, including
25 strengthening penalties for second or subsequent offenses;
26 c. The need for additional inspectors to follow up on truck
27 safety violations;
28 d. Measures necessary to ensure that trucks and other vehicles
29 are equipped with tires that are safe for the operation of the
30 motor vehicle and that do not expose the public to needless
31 hazard;
32 e. The potential benefit of a commercial graduated drivers
33 license to ensure that a person would have both instruction
34 and experience before obtaining a commercial drivers
35 license;
36 f. Effective enforcement of existing highway safety laws
37 regarding speeding in highway work zones and properly
38 securing loads of gravel, rock, or similar substances on
39 trucks, trailers, or other vehicles;
40 g. The use and potential effectiveness of water and physical
41 element deflectors in reducing truck accidents; and
42 h. The methods of removing unsafe vehicles from the public
43 roads, including authorizing law enforcement officers to
44 order that a vehicle be towed from the highway if the officer

- 1 determines that the continued operation of the vehicle
2 would constitute a hazard to the motoring public.
- 3 (3) Encouraging the growth of the trucking industry in North Carolina
4 through increased truck registrations (S.B. 886 - Jordan; H.B. 1096
5 - Hiatt). The study may include:
- 6 a. The feasibility of removing the highway use tax on vehicles
7 with a gross weight rating of more than 26,000 pounds;
8 b. The replacement of the revenue from the removal of the
9 highway use tax studied in sub-subdivision a. of this
10 subdivision by an increase in registration fees for the same
11 vehicles by ten cents (10¢) per 100 pounds of registered
12 weight; and
13 c. Eliminate the stacking of overweight penalties by restricting
14 the penalties so that they do not exceed the highest axle-
15 group weight that exceeds the allowable limits rather than
16 assessing separate penalties for each axle-group and stacking
17 those penalties for the same weight violations.
- 18 (4) Unpaved secondary roads in North Carolina (S.B. 431 - Odom).
19 The Committee may study the history, the current paving and
20 maintenance programs, and any plans for the future paving and
21 maintenance of secondary roads on the State secondary road
22 system and those not currently on the State system or provided for
23 in existing statutory or administrative programs.

24 Section 17.2. The Joint Legislative Transportation Oversight Committee
25 may report on these studies to the 1997 General Assembly, 1998 Regular Session,
26 upon its convening, or to the 1999 General Assembly, upon its convening.

27
28 PART XVIII.-----VENTURE CAPITAL AND BUSINESS FINANCING STUDY
29 COMMISSION (S.B. 956 - Hoyle and Kerr)

30 Section 18.1. The Venture Capital and Business Financing Study
31 Commission is created. The Commission shall consist of 13 appointed members and
32 two ex officio members as follows:

- 33 (1) Three Senators appointed by the President Pro Tempore of the
34 Senate.
- 35 (2) Two members of the public appointed by the President Pro
36 Tempore of the Senate, both of whom shall be experts in the
37 subject of venture capital and other financing for small and
38 medium-sized businesses.
- 39 (3) Three Representatives appointed by the Speaker of the House of
40 Representatives.
- 41 (4) Two members of the public appointed by the Speaker of the
42 House of Representatives, one of whom shall be an expert in the
43 subject of venture capital and other financing for small and
44 medium-sized businesses and one of whom shall be a professor or

an economist who has expertise in the subject but is not engaged in the business of providing or facilitating financing for businesses.

(5) Three members of the public appointed by the Governor, one of whom shall be an expert in the subject of venture capital and other financing for small and medium-sized businesses, and two of whom shall be professors or economists who have expertise in the subject but are not engaged in the business of providing or facilitating financing for businesses.

(6) The Secretary of Commerce or the Secretary's designee.

(7) The State Treasurer or the Treasurer's designee.

Section 18.2. The President Pro Tempore of the Senate shall designate one Senator as cochair, and the Speaker of the House of Representatives shall designate one Representative as cochair.

Section 18.3. The Commission shall:

(1) Study the availability of and need for venture capital and other types of financing for small and medium-sized businesses in North Carolina, including the distribution of available capital across regions of the State, trends in its availability, factors that affect its availability, and projections for growth in its availability.

(2) Study all existing federal, State, local, and private mechanisms for providing venture capital and other types of financing for small and medium-sized businesses in North Carolina.

(3) Examine and evaluate efforts of other states to increase or affect the availability of venture capital and other types of financing for small and medium-sized businesses.

(4) Examine and evaluate proposals for increasing the availability of venture capital and other types of financing for small and medium-sized businesses, including House Bill 1027 and Senate Bill 956 of the 1997 General Assembly.

Section 18.4. The Commission may make an interim report to the 1997 General Assembly, 1998 Regular Session. The Commission shall submit a final report of its findings and recommendations to the 1999 General Assembly upon its convening by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Upon filing its final report, the Commission shall terminate.

Section 18.5. The Commission, while in the discharge of official duties, may exercise all the powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the State Legislative Building or the Legislative Office Building.

Section 18.6. Members of the Commission shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

1 Section 18.7. The Commission may contract for professional, clerical, or
2 consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative
3 Services Commission, the Legislative Services Officer shall assign professional staff to
4 assist in the work of the Commission. Upon request, the Office of the Governor shall
5 provide additional professional staff support for the Commission. The House of
6 Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to
7 the Commission, upon the direction of the Legislative Services Commission. The
8 expenses relating to clerical employees shall be borne by the Commission.

9 Section 18.8. When a vacancy occurs in the appointed membership of the
10 Commission, the vacancy shall be filled by the same appointing officer who made the
11 initial appointment.

12 Section 18.9. All State departments and agencies and local governments
13 and their subdivisions shall furnish the Commission with any information in their
14 possession or available to them.

15 Section 18.10. From appropriations to the General Assembly, the
16 Legislative Services Commission may allocate funds for the expenses of the Venture
17 Capital and Business Financing Study Commission under this Part.

18

19 **PART XIX.-----BILL AND RESOLUTIONS REFERENCES**

20 Section 19.1. The listing of the original bill or resolution in this act is for
21 reference purposes only and shall not be deemed to have incorporated by reference
22 any of the substantive provisions contained in the original bill or resolution.

23

24 **PART XX.-----EFFECTIVE DATE AND APPLICABILITY**

25 Section 20.1. Except as otherwise specifically provided, this act becomes
26 effective July 1, 1997. If a study is authorized both in this act and the Current
27 Operations Appropriations Act of 1997, the study shall be implemented in
28 accordance with the Current Operations Appropriations Act of 1997 as ratified.