

**1998**

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

**MINUTES**

**SENATE**

**COMMITTEE ON RULES AND OPERATIONS OF THE SENATE**

1998 SESSION

Senator Anthony E. Rand  
Chairman

Evelyn B. Costello  
Clerk

# Senate Rules Committee

1998

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**

1998 SESSION

#### **I N D E X**

May 20, 1998

- SJR 1143 - Exempt Institutionalized Adults  
Favorable Report
- SJR 1155 - School and Activity Buses for Spec. Olympics  
Favorable Report

June 1, 1998

- SR 1189- Recognizing Sir Walter Cabinet  
Unfavorable as to SR, but Favorable as to C.S. Joint Resolution

June 2, 1998

- SJR 1224 - Honoring Life and Memory of J. Ollie Harris  
Unfavorable as to Joint Resolution, Favorable as to C.S.  
Joint Resolution

June 22, 1998

- SB 1157 - 17<sup>th</sup> Senate Dist. Local Act./  
Scotland Stadium Civic Ctr. Funds  
Unfavorable as to Bill, but Favorable as to C.S. Bill
- SB 1261 - Blank Appropriations Bill-3  
Sandhill Regional Library Funds  
Unfavorable as to Bill, but Favorable as to C.S. Bill
- SB 1281 - 22<sup>nd</sup> Senatorial District-1/NC Gold Discovery Funds  
Unfavorable as to Bill, Favorable as to C.S. Bill
- SJR 1084 - Honoring the Life and Memory of J. Melville  
Broughton - Unfavorable as to Joint Resolution,  
Favorable as to C.S. Joint Resolution

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Senate Committee on Rules and  
Operations of the Senate

June 29, 1998

- SB 396 - Cumberland Local Act/Downtown Development Zone Improvement  
Unfavorable as to Bill, but Favorable as to C.S. Bill.

September 2, 1998

- SB 1176 - No Per Diem  
Unfavorable as to Bill, but Favorable as to C.S. Bill.

September 3, 1998

- HB 349 - Salisbury Street Parking  
Unfavorable as to C.S. Bill No. 1, but Favorable as to Senate Committee Substitute Bill No. 2.

October 21, 1998

- HB 74 - PSO Medicare  
Unfavorable as to Senate Committee Substitute Bill No. 1, but Favorable as to Senate Committee Substitute No. 2.

October 27, 1998

- HB 898 - Clarify Records Access - No Action
- SB 1428 - Pro-Tem Appointments -  
Unfavorable as to Bill, but Favorable as to C.S. Bill.

NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session		SENATE: RULES & OPERATION OF THE SENATE		Valid Through 5-NOV-1998		
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	*R -CH. SL 98-0113	04-29-97	08-14-97	
<b>H 74=</b>	<b>CANSLER</b>	<b>PSO MEDICARE LICENSING</b>	<b>*H -PRES. TO GOV. 10-28</b>	<b>10-15-98</b>	<b>10-21-98</b>	
H 231=	HIATT	DMV MEDICAL INFORMATION IMMUNITY	*R -CH. SL 97-0464	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 349	DICKSON	SALISBURY ST. PARKING	*R -CH. SL 98-0156	09-02-98	09-03-98	
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.	*R -CH. SL 97-0512	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		
H 908	BADDOUR	MODIFY RIGHTS OF DECEDENT'S SPOUSE	*S -RE-REF COM ON RULES &	08-18-98		
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	R -CH. RES 98-39	06-25-97	08-03-98	
H1236	WARNER	HONOR CALVIN LEE KOONCE, JR.	R -CH. RES 97-30	08-05-97	08-11-97	
H1497	BUCHANAN	CRANBERRY INCORPORATED	*R -CH. SL 98-0091	07-08-98	08-05-98	
H1498	MORGAN	ADJOURNMENT SINE DIE	*R -CH. RES 98-47	10-28-98	10-29-98	
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		

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BOLDDED LINE INDICATES BILL INDEXED AS AFFECTING APPROPRIATIONS.

NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session

SENATE: RULES & OPERATION OF THE SENATE

Valid Through 5-NOV-1998

BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE
S 32=	RAND	STUDIES ACT	*R -CH. SL 97-0483	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	
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	DOWNTOWN DEVELOPMENT ZONE IMPROVEMEN	*H -REF TO COM ON RULES	03-17-97	06-29-98
S 414	RAND	HONOR DEAN SMITH	*R -CH. RES 97-28	03-18-97	06-16-97

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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	
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	

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BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE
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	<b>RELOCATE ABANDONED CEMETERIES</b>	<b>*S -RE-REF COM ON APPROPR</b>	<b>04-01-97</b>	<b>07-09-97</b>
S 593	SOLES	<b>FUNDS FOR PUBLIC PURPOSES-2</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-01-97</b>	
S 594	RAND	LOCAL SALES TAX FOR SCHOOLS	<b>*H -REF TO COM ON RULES</b>	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	<b>*R -CH. SL 97-0444</b>	04-01-97	08-13-97
S 629=	WELLONS	EXPEDITE JOHNSTON SCHOOL CONSTR.	<b>*S -RE-REF COM ON FINANCE</b>	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 647	ALBERTSON	DUPLIN COUNTY LOCAL ACT	S -REF TO COM ON RULES &	04-02-97	
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	<b>*S -RE-REF COM ON RULES &amp;</b>	05-21-97	
S 672	ODOM	CHARLOTTE-DOUGLAS CONSTRUCTION EXEMT	<b>*R -CH. SL 98-0173</b>	04-02-97	04-21-97
S 696	PERDUE	GRANTSBORO INCORPORATED-1	<b>*H -CAL PURSUANT RULE 36 (A)</b>	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

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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 726=	MILLER B	ESTABLISH SWIFT CREEK JOINT ZONING	*S -REF TO COM ON RULES &	07-16-98	
S 732=	BALLANTINE	SNEADS FERRY INCORPORATED	S -REF TO COM ON RULES &	04-07-97	
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
<b>S 753=</b>	<b>LUCAS</b>	<b>DOMESTIC VIOLENCE STUDY</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-07-97</b>	
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	*R -CH. SL 97-0495	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	*HF-REPTD UNFAV	04-15-97	04-23-97
S 873	KERR	LOCAL GOVERNMENT DEBT CHANGES	*S -PRES. TO GOV. 10-30	04-15-97	07-07-98
<b>S 879</b>	<b>PLYLER</b>	<b>SALARY AND RETIREMENT FUNDS</b>	<b>*R -CH. SL 98-0153</b>	<b>04-15-97</b>	<b>09-22-98</b>
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	
<b>S 901</b>	<b>WARREN</b>	<b>LRC BRANCH BANKING STUDY</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-16-97</b>	
S 903	HARTSELL	MUNICIPAL STUDY	S -REF TO COM ON RULES &	04-16-97	

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S 906	HOYLE	CON EXEMPTION/OPEN HEART SURGERY	S -REF TO COM ON RULES &	04-16-97	
<b>S 912</b>	<b>PERDUE</b>	<b>STATE ENVIRONMENTAL CONCERNS/FUNDS</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-17-97</b>	
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	
<b>S 972</b>	<b>WINNER</b>	<b>MANAGED CARE POLICY BOARD</b>	<b>S -RE-REF COM ON RULES &amp;</b>	<b>05-07-97</b>	
S 984	ALBERTSON	ENVIROMENTAL POLICY	S -RE-REF COM ON AGRICUL&	04-21-97	08-05-97
S 993	RAND	MEDICAL SERVICE CORP. CHARTERS	*R -CH. SL 98-0003	04-21-97	04-29-97
S 993	RAND	MEDICAL SERVICE CORP. CHARTERS	*R -CH. SL 98-0003	06-11-97	
<b>S1003</b>	<b>GULLEY W</b>	<b>HEALTH CARE OVERSIGHT COMM.</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-21-97</b>	
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
<b>S1039</b>	<b>PERDUE</b>	<b>PHARMACY STUDY COMMISSION</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-21-97</b>	
S1055	COOPER	PUBLIC HOSPITAL PERSONNEL ACT	*R -CH. SL 97-0517	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	*R -CH. SL 97-0525	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
<b>S1075=</b>	<b>MARTIN W</b>	<b>MINORITY AND AT-RISK STUDENT STUDY</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>04-21-97</b>	
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	

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NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session		SENATE: RULES & OPERATION OF THE SENATE		Valid Through 5-NOV-1998	
BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE
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.	*H -REF TO COM ON RULES	06-30-97	06-22-98
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	
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
S1094=	FORRESTER	ALLOW INTEREST DEFERRAL BILL	S -REF TO COM ON RULES &	05-12-98	
S1099	SOLES	18TH SENATORIAL DISTRICT-1	S -REF TO COM ON RULES &	05-13-98	
S1100	SOLES	18TH SENATORIAL DISTRICT-2	S -REF TO COM ON RULES &	05-13-98	
S1101	SOLES	18TH SENATORIAL DISTRICT-3	S -REF TO COM ON RULES &	05-13-98	
S1105=	HORTON	ALLOW DAVIS MEMORIAL	S -REF TO COM ON RULES &	05-13-98	
S1111=	HORTON	HONOR ARCHIBALD DAVIS	R -CH. RES 98-43	05-13-98	07-14-98
S1115	MOORE K	ALEXANDER LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1116	MOORE K	AVERY LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1117	MOORE K	BURKE LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1118	MOORE K	CALDWELL LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1119	MOORE K	MITCHELL LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1120	MOORE K	WILKES LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1121	MOORE K	YADKIN LOCAL ACT	S -REF TO COM ON RULES &	05-14-98	
S1125=	LUCAS	MISC. EDUCATION CHANGES	*S -PRES. TO GOV. 10-30	10-27-98	10-27-98
S1137	PLYLER	WESLEY CHAPEL INCORPORATED	*R -CH. SL 98-0043	05-18-98	06-10-98
S1140=	LEE	SCHOOL CONSTRUCTION BIDDING	*S -RE-REF COM ON RULES &	09-01-98	
S1143	MARTIN R	ALLOW BIOMETRICS BILL	H -REF TO COM ON RULES	05-18-98	05-20-98
S1144	MARTIN R	BIOMETRICS EXEMPTION	S -REF TO COM ON RULES &	05-18-98	
S1153=	PLYLER	COMM. COLL. PURCHASING FLEXIBILITY	S -REF TO COM ON RULES &	05-18-98	
S1154=	PLYLER	COMM. COLL. LEASE PURCHASE AUTHORITY	S -REF TO COM ON RULES &	05-18-98	
S1155=	REEVES	ALLOW SPECIAL OLYMPICS BILL	H -REF TO COM ON RULES	05-18-98	05-20-98

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NORTH CAROLINA GENERAL ASSEMBLY  
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1997-98 Regular Session

SENATE: RULES & OPERATION OF THE SENATE

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BILL	INTRODUCER	SHORT TITLE	LATEST ACTION ON BILL	IN DATE	OUT DATE
S1157	PURCELL	SCOTLAND STADIUM-CIVIC CTR FUNDS	*S -RE-REF COM ON APPROPR	05-19-98	06-22-98
S1158	PURCELL	17TH SENATE DIST. LOCAL ACT-2	S -REF TO COM ON RULES &	05-19-98	
S1159	PURCELL	17TH SENATE DIST. LOCAL ACT-3	S -REF TO COM ON RULES &	05-19-98	
S1161	MCDANIEL	20TH SENATE DIST-FORSYTH COUNTY-1	S -REF TO COM ON RULES &	05-19-98	
S1162	MCDANIEL	20TH SENATE DIST-FORSYTH COUNTY-2	S -REF TO COM ON RULES &	05-19-98	
S1163	MCDANIEL	20TH SENATE DIST-FORSYTH COUNTY-3	S -REF TO COM ON RULES &	05-19-98	
S1168	RAND	CUMBERLAND LOCAL ACT	S -REF TO COM ON RULES &	05-19-98	
S1175	PERDUE	BLANK APPROPRAITIONS BILLS-3	S -REF TO COM ON RULES &	05-20-98	
S1176	PERDUE	NO PER DIEM	*H -PASSED 2ND & 3RD READING	05-20-98	09-02-98
S1177	PERDUE	BLANK APPROPRIATIONS BILL-2	S -REF TO COM ON RULES &	05-20-98	
S1178	PERDUE	THIRD SENATORIAL DISTRICT LOCAL ACT	S -REF TO COM ON RULES &	05-20-98	
S1184	RAND	CITY OF FAYETTEVILLE	S -REF TO COM ON RULES &	05-20-98	
S1190	PLYLER	17TH SENATE DIST. LOCAL ACT-4	S -REF TO COM ON RULES &	05-20-98	
S1191	PLYLER	17TH SENATE DIST. LOCAL ACT-5	S -REF TO COM ON RULES &	05-20-98	
S1192	PLYLER	17TH SENATE DIST. LOCAL ACT-6	S -REF TO COM ON RULES &	05-20-98	
S1207	ODOM	BLANK APPROPRIATIONS BILL-4	S -REF TO COM ON RULES &	05-21-98	
S1208	ODOM	BLANK APPROPRIATIONS BILL-5	S -REF TO COM ON RULES &	05-21-98	
S1209	ODOM	BLANK APPROPRIATIONS BILL-6	S -REF TO COM ON RULES &	05-21-98	
S1224	DALTON	HONOR OLLIE HARRIS	*R -CH. RES 98-35	05-21-98	
S1235	REEVES	WAKE LOCAL ACT-1	S -RE-REF COM ON APPROPR	05-21-98	06-09-98
S1236	REEVES	WAKE LOCAL ACT-2	S -REF TO COM ON RULES &	05-21-98	
S1257	ODOM	ALLOW CANCER COMMITTEE BILL	S -REF TO COM ON RULES &	05-21-98	
S1261	PLYLER	SANDHILL REGIONAL LIBRARY FUNDS	*S -RE-REF COM ON APPROPR	05-27-98	06-22-98
S1262	PLYLER	ATTORNEYS FEES/SETTLEMENT FUNDS	*R -CH. SL 98-0164	05-27-98	09-22-98
S1263	PLYLER	UNIONVILLE CHARTER REVISED	*R -CH. SL 98-0151	05-27-98	07-09-98
S1281	HARTSELL	NC GOLD DISCOVERY/FUNDS	*S -RE-REF COM ON APPROPR	05-27-98	06-22-98
S1328	DALTON	JOB TRAINING STUDY COMMISSION	S -REF TO COM ON RULES &	05-27-98	
S1332	HARTSELL	22ND SENATORIAL DISTRICT-2	S -REF TO COM ON RULES &	05-27-98	
S1342	SHAW R	AMEND STATE LAW	S -REF TO COM ON RULES &	05-27-98	
S1343	SHAW R	GUILFORD LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	

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NORTH CAROLINA GENERAL ASSEMBLY  
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S1344	FOXX	ALLEGHANY LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	
S1345	FOXX	ASHE LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	
S1346	FOXX	SURRY LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	
S1347	FOXX	WATAUGA LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	
S1361	PLYLER	17TH SENATE DIST. LOCAL ACT-7	S -REF TO COM ON RULES &	05-27-98	
S1362	PLYLER	17TH SENATE DIST. LOCAL ACT-7	S -REF TO COM ON RULES &	05-27-98	
S1363	PLYLER	17TH SENATE DIST. LOCAL ACT-9	S -REF TO COM ON RULES &	05-27-98	
S1364	PLYLER	17TH SENATE DIST. LOCAL ACT-10	S -REF TO COM ON RULES &	05-27-98	
S1365	PLYLER	17TH SENATE DIST. LOCAL ACT-11	S -REF TO COM ON RULES &	05-27-98	
S1369	BALLANTINE	4TH SENATORIAL DIST. LOCAL ACT-1	S -REF TO COM ON RULES &	05-27-98	
S1370	BALLANTINE	4TH SENATORIAL DIST. LOCAL ACT-2	S -REF TO COM ON RULES &	05-27-98	
S1371	BALLANTINE	4TH SENATORIAL DIST. LOCAL ACT-3	S -REF TO COM ON RULES &	05-27-98	
S1372	BALLANTINE	4TH SENATORIAL DIST. LOCAL ACT-4	S -REF TO COM ON RULES &	05-27-98	
S1374	MARTIN R	6TH SENATE DIST. LOCAL ACT-2	S -REF TO COM ON RULES &	05-27-98	
S1375	MARTIN R	6TH SENATE DIST. LOCAL ACT-1	S -REF TO COM ON RULES &	05-27-98	
<b>S1383</b>	<b>GULLEY W</b>	<b>BLANK APPROPRIATIONS BILL-11</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>05-27-98</b>	
<b>S1384</b>	<b>GULLEY W</b>	<b>BLANK APPROPRIATIONS BILL-12</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>05-27-98</b>	
S1388	ALBERTSON	SAMPSON LOCAL ACT	S -REF TO COM ON RULES &	05-27-98	
S1391=	HOYLE	EXEMPT CERTAIN NONPROFIT COVERAGE	S -REF TO COM ON RULES &	05-27-98	
S1401	WEBSTER	21ST SENATE DIST. LOCAL ACT-1	S -REF TO COM ON RULES &	05-28-98	
S1402	WEBSTER	21ST SENATE DIST. LOCAL ACT-2	S -REF TO COM ON RULES &	05-28-98	
S1403	WEBSTER	21ST SENATE DIST. LOCAL ACT-3	S -REF TO COM ON RULES &	05-28-98	
S1425	FOXX	ROCKINGHAM COUNTY LOCAL BILL	S -REF TO COM ON RULES &	05-28-98	
S1428	RAND	APPOINTMENTS	*S -PRES. TO GOV. 10-29	05-28-98	10-27-98
S1432	HOYLE	AMEND TAX LAW	S -REF TO COM ON RULES &	05-28-98	
<b>S1456</b>	<b>HORTON</b>	<b>LEA'S OPERATE AS CHARTERS STUDY</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>05-28-98</b>	
S1460	WARREN	911 FLEXIBILITY	S -REF TO COM ON RULES &	05-28-98	
S1473	DALTON	CLEVELAND LOCAL ACT-2	S -REF TO COM ON RULES &	05-28-98	
S1474	DALTON	CLEVELAND LOCAL ACT-1	S -REF TO COM ON RULES &	05-28-98	
S1475	COOPER	10TH SENATORIAL DIST. LOCAL ACT	S -REF TO COM ON RULES &	05-28-98	

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NORTH CAROLINA GENERAL ASSEMBLY  
COMMITTEE SUMMARY REPORT

1997-98 Regular Session

SENATE: RULES & OPERATION OF THE SENATE

Valid Through 5-NOV-1998

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<b>S1489</b>	<b>BLUST</b>	<b>AMEND STATE LAW-2</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>05-28-98</b>	
S1516	JORDAN	MAPLE HILL INCORPORATED	S -REF TO COM ON RULES &	05-28-98	
S1537	REEVES	HONOR JAMES POYNER	R -CH. RES 98-42	06-01-98	08-11-98
S1538	REEVES	HONOR "BUCK" HARRIS	S -REF TO COM ON RULES &	06-01-98	
<b>S1559</b>	<b>ALBERTSON</b>	<b>FAMILY FARM PRESERVATION COMMISSION</b>	<b>S -RE-REF COM ON APPROPR</b>	<b>06-01-98</b>	<b>07-29-98</b>
S1571	HOYLE	STUDY TICKET BROKERING	*S -RE-REF COM ON RULES &	08-05-98	
S1588	COOPER	ALLOW COMPUTER OBSCENITY BILL	S -REF TO COM ON RULES &	06-01-98	
<b>S1595</b>	<b>LEE</b>	<b>LOBBYIST GIFTS RESTRICTED</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>06-01-98</b>	
S1603	COCHRANE	HONORING/LILLIAN E. CLEMEN	R -CH. RES 98-41	07-20-98	07-20-98
<b>S1604</b>	<b>BLUST</b>	<b>ALLOW STATE SALARY INCREASE</b>	<b>S -REF TO COM ON RULES &amp;</b>	<b>09-22-98</b>	

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## MINUTES

### SENATE COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

May 20, 1998

The Senate Committee on Rules and Operations of the Senate met at 12:00 Noon on Wednesday, May 20, 1998, in the 300-Conference Room. Eleven members of the committee were present.

**SJR - 1143 - An Act to Exempt Institutionalized Adults From the Biometrics Recipient Identification Requirement of the Work First Program.** This joint resolution was introduced for the purpose of enabling legislation during this session.

Senator Bob Martin explained his joint resolution. It needed to be done this session and would be a statewide bill. The fingerprinting and imaging profile could be done on the premises, thereby saving the state a significant amount money in terms of transporting institutionalized adults.

Senator Soles asked if the bill would be clear as to "institutionalized adults", i.e., prisoners. Senator Rand stated that the bill would differentiate between the two.

Ms. Sharnese Ransome - Social Services - DHHS - stated that institutionalized adults are: Work First Program, Food Stamp Program and Medicaid recipients.

Senator Gulley moved for a favorable report on SJR 1143 and this motion carried.

Senator Rand stated that the rules would be suspended today to allow for the introduction of Senate Joint Resolution 1143.

**SJR 1155 - An Act to Permit the State to Provide School and Activity Buses for the Transportation Needs of the Special Olympics.**

Senator Reeves explained the Joint Senate Resolution.

Senator Plyler moved for a favorable report and this motion carried the committee.



Page 2.

Minutes - May 20, 1998

The meeting adjourned at 12:30 p.m.

Anthony E. Rand  
Senator Anthony E. Rand,  
Chairman

Evelyn Costello  
Evelyn Costello, Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 1155\*

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Sponsors: Senator Reeves.

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Referred to: Rules and Operations of the Senate.

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May 18, 1998

- 1 A JOINT RESOLUTION AUTHORIZING THE 1997 GENERAL ASSEMBLY,  
2 REGULAR SESSION 1998, TO CONSIDER A BILL TO BE ENTITLED AN  
3 ACT TO PERMIT THE STATE TO PROVIDE SCHOOL AND ACTIVITY  
4 BUSES FOR THE TRANSPORTATION NEEDS OF THE SPECIAL  
5 OLYMPICS.  
6 Be it resolved by the Senate, the House of Representatives concurring:  
7       Section 1. The 1997 General Assembly, Regular Session 1998, may  
8 consider "A BILL TO BE ENTITLED AN ACT TO PERMIT THE STATE TO  
9 PROVIDE SCHOOL AND ACTIVITY BUSES FOR THE TRANSPORTATION  
10 NEEDS OF THE SPECIAL OLYMPICS."  
11       Section 2. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 1143

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Sponsors: Senators Martin of Pitt; and Rand.

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Referred to: Rules and Operations of the Senate.

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May 18, 1998

1 A JOINT RESOLUTION AUTHORIZING THE 1997 GENERAL ASSEMBLY,  
2 REGULAR SESSION 1998, TO CONSIDER A BILL TO BE ENTITLED AN  
3 ACT TO EXEMPT INSTITUTIONALIZED ADULTS FROM THE  
4 BIOMETRICS RECIPIENT IDENTIFICATION REQUIREMENT OF THE  
5 WORK FIRST PROGRAM.

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

7 Section 1. The 1997 General Assembly, Regular Session 1998, may  
8 consider "A BILL TO BE ENTITLED AN ACT TO EXEMPT  
9 INSTITUTIONALIZED ADULTS FROM THE BIOMETRICS RECIPIENT  
10 IDENTIFICATION REQUIREMENT OF THE WORK FIRST PROGRAM."

11 Section 2. This resolution is effective upon ratification.

**NORTH CAROLINA GENERAL ASSEMBLY  
SENATE**

**RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT**

Senator Anthony E. Rand, Chairman

Wednesday, May 20, 1998

**SENATOR RAND,**

submits the following with recommendations as to passage:

**FAVORABLE**

S.J.R. 1143	Exempt Institutionalized Adults
	Sequential Referral: None
	Recommended Referral: None
 S.J.R. 1155	 Sch. and Activity Buses for Spec. Olympics
	Sequential Referral: None
	Recommended Referral: None

**TOTAL REPORTED: 2**

Committee Clerk Comment: None

# VISITOR REGISTRATION SHEET

RULES AND OPERATIONS OF THE SENATE.

May 20, 1998

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Don Beera	Special Olympics
Malikson	Special Olympics
Louise W. Miller	XICSBTA
Gene Canady	N.C. M. A.
Helen Lynne	Meck. Co.
Frank Pearson	Special Olympics
Steve Wilford	Subs
Becki Street	PPAB
Jack Ayers	"
Sharonne Ransone	DSS
Bill Scobbia	N.C. BA
JENNIFER KNOX	"

MINUTES

SENATE COMMITTEE ON RULES AND  
OPERATIONS OF THE SENATE

June 1, 1998

The Senate Committee on Rules and Operations of the Senate met at 7:00 p.m. on Monday, June 1, 1998 at Senator Rand's chamber desk. Six members of the committee were present.

**SR 1189 - Recognizing Sir Walter Cabinet**

Senator Rand presented a proposed Committee Substitute - SJR 1189 for the above bill.

Senator Cooper moved for an unfavorable report for Senate Resolution 1189 and favorable as to the Committee Substitute Joint Resolution for Senate Resolution 1189.

Senator Horton moved to adopt the Committee Substitute and the motion carried.

The meeting adjourned at 7:05 p.m.

Anthony E. Rand  
Senator Anthony E. Rand,  
Chairman

Evelyn Costello  
Evelyn Costello  
Committee Clerk

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE JOINT RESOLUTION 1189\*  
Proposed Committee Substitute S1189-PCS3611

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Sponsors:

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Referred to:

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May 20, 1998

1 A JOINT RESOLUTION RECOGNIZING THE HISTORIC ACCOMPLISHMENTS  
2 OF THE SIR WALTER CABINET AND CONGRATULATING THE  
3 ORGANIZATION ON ITS SEVENTY-FIFTH ANNIVERSARY.

4 Whereas, 1998 marks the 75th anniversary of the Sir Walter Cabinet; and  
5 Whereas, the Sir Walter Cabinet has enhanced the social life of legislative  
6 sessions and has worked to advance the cultural, economic, and educational welfare  
7 of the State; and

8 Whereas, since its formation, the Sir Walter Cabinet has promoted  
9 progressive legislation such as the following:

- 10 (1) Aid for the blind and deaf, workers' compensation, better roads,  
11 and highway safety;  
12 (2) Improvements in mental health and the conditions of women  
13 prisoners;  
14 (3) Restoration of Tryon Palace;  
15 (4) Assistance to the North Carolina Symphony;  
16 (5) Establishment of the North Carolina Museum of Art; and  
17 (6) Recognition of children's and women's rights; and

18 Whereas, the Sir Walter Cabinet continues to be a significant part of the  
19 legislative process and contributes to the well-being of the State; Now, therefore,  
20 Be it resolved by the Senate, the House of Representatives concurring:

21 Section 1. The General Assembly recognizes the historic  
22 accomplishments of the Sir Walter Cabinet and congratulates the organization on 75  
23 years of dedicated commitment to the betterment of North Carolina.

24 Section 2. The Secretary of State shall transmit a copy of this resolution  
25 to the Sir Walter Cabinet.

1           Section 3. This resolution is effective upon ratification.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE JOINT RESOLUTION 1189\*

Rules and Operations of the Senate Committee Substitute Adopted 6/1/98

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Sponsors:

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Referred to:

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May 20, 1998

1 A JOINT RESOLUTION RECOGNIZING THE HISTORIC ACCOMPLISHMENTS  
2 OF THE SIR WALTER CABINET AND CONGRATULATING THE  
3 ORGANIZATION ON ITS SEVENTY-FIFTH ANNIVERSARY.

4       Whereas, 1998 marks the 75th anniversary of the Sir Walter Cabinet; and  
5       Whereas, the Sir Walter Cabinet has enhanced the social life of legislative  
6 sessions and has worked to advance the cultural, economic, and educational welfare  
7 of the State; and

8       Whereas, since its formation, the Sir Walter Cabinet has promoted  
9 progressive legislation such as the following:

- 10       (1) Aid for the blind and deaf, workers' compensation, better roads,  
11       and highway safety;  
12       (2) Improvements in mental health and the conditions of women  
13       prisoners;  
14       (3) Restoration of Tryon Palace;  
15       (4) Assistance to the North Carolina Symphony;  
16       (5) Establishment of the North Carolina Museum of Art; and  
17       (6) Recognition of children's and women's rights; and

18       Whereas, the Sir Walter Cabinet continues to be a significant part of the  
19 legislative process and contributes to the well-being of the State; Now, therefore,  
20 Be it resolved by the Senate, the House of Representatives concurring:

21       Section 1. The General Assembly recognizes the historic  
22 accomplishments of the Sir Walter Cabinet and congratulates the organization on 75  
23 years of dedicated commitment to the betterment of North Carolina.

24       Section 2. The Secretary of State shall transmit a copy of this resolution  
25 to the Sir Walter Cabinet.

1           Section 3. This resolution is effective upon ratification.

**NORTH CAROLINA GENERAL ASSEMBLY  
SENATE**

**RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT**  
Senator Anthony E. Rand, Chairman

Monday, June 01, 1998

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

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

S.R.	1189	Recognizing Sir Walter Cabinet	
		Draft Number:	PCS3611
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

TOTAL REPORTED: 1

Committee Clerk Comment: None

MINUTES

SENATE COMMITTEE ON RULES AND  
OPERATIONS OF THE SENATE

June 2, 1998

The Senate Committee on Rules and Operations of the Senate met at 1:00 p.m. on Monday, June 2, 1998 at Senator Rand's chamber desk. Ten members of the committee were present.

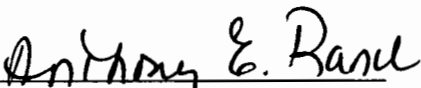
**SJR 1224 - Honoring Life and Memory of J. Ollie Harris**

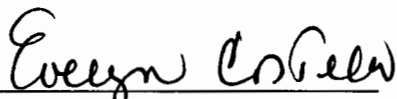
Senator Rand presented a proposed Committee Substitute for SJR 1224.

Senator Plyler moved for an unfavorable report for Senate Joint Resolution 1224 and favorable as to the Committee Substitute for same.

Senator Horton moved to adopt the Committee Substitute for SJR 1224 and the motion carried.

The meeting adjourned at 1:05 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 Anthony E. Rand, Chairman

Tuesday, June 02, 1998

**SENATOR RAND,**

submits the following with recommendations as to passage:

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

S.J.R. 1224

Honoring Life and Memory of J. Ollie Harris

Draft Number: PCS3614

Sequential Referral: None

Recommended Referral: None

Long Title Amended: No

TOTAL REPORTED: 1

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE JOINT RESOLUTION 1224

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Sponsors: Senators Dalton; Blust, Carpenter, Clark, Cochrane, Dannelly, Forrester, Foxx, Garwood, Gulley, Hoyle, Jenkins, Kinnaird, Ledbetter, Lee, Lucas, Martin of Pitt, Martin of Guilford, McDaniel, Miller, Odom, Page, Perdue, Plyler, Purcell, Reeves, Rucho, Shaw of Cumberland, Shaw of Guilford, Soles, Warren, Weinstein, Wellons, and Winner.

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Referred to: Rules and Operations of the Senate.

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May 21, 1998

1 A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF J. OLLIE  
2 HARRIS, FORMER MEMBER OF THE GENERAL ASSEMBLY.

3 Whereas, J. Ollie Harris was born in Anderson, South Carolina on  
4 September 2, 1913, to J. Frank and Jessie Hambright Harris; and

5 Whereas, J. Ollie Harris graduated from Shelby High School in 1931, and  
6 the Gupton-Jones College of Embalming in 1935; and

7 Whereas, J. Ollie Harris served in the European Theatre of Operations in  
8 World War II as a member of the United States Army and for his bravery and actions  
9 above and beyond the call of duty was awarded the Bronze Star; and

10 Whereas, J. Ollie Harris became a funeral director and embalmer and  
11 served as President and Treasurer of Harris Funeral Home, Inc.; and

12 Whereas, J. Ollie Harris served his profession proudly as a member of the  
13 North Carolina Funeral Directors Association, the National Funeral Directors  
14 Association, the National Selected Morticians, the North Carolina Coroners  
15 Association, and the North Carolina Funeral Directors and Embalming Board; and

16 Whereas, J. Ollie Harris showed an outstanding devotion to public  
17 service, having served as a member of numerous civic and fraternal organizations  
18 including the Masons and Shriners; and

19 Whereas, winning his first election in 1946, J. Ollie Harris served as  
20 Cleveland County's Coroner for 35 years; and

1           Whereas, J. Ollie Harris distinguished himself as a State Senator for 10  
2 terms beginning in 1971, where he was an advocate for the mentally and physically  
3 handicapped and served as chair of several committees; and

4           Whereas, J. Ollie Harris was a loyal member of the Democratic Party,  
5 having served as Chair of the West Kings Mountain Democratic Party Precinct  
6 Organization and as a member of the Cleveland County Democratic Party Executive  
7 Committee; and

8           Whereas, J. Ollie Harris was successful in securing funding for the  
9 Cleveland County Mental Health Center and was greatly honored by having the  
10 building named for him; and

11           Whereas, J. Ollie Harris received numerous awards and honors including  
12 the Award of Appreciation and Recognition from the North Carolina Psychological  
13 Association in 1985, the Better Life Award from the North Carolina Health Care  
14 Facilities in 1979, and the Valand Award from the North Carolina Mental Health  
15 Association in 1979, and was named Legislator of the Year by the North Carolina  
16 Health Department Association in 1979; and

17           Whereas, J. Ollie Harris died on February 9, 1996, and is survived by his  
18 daughter, Becky Harris, and several grandchildren and great-grandchildren; and

19           Whereas, it is especially fitting that J. Ollie Harris, a man who served his  
20 community, State, and country so well and who will be sorely missed should be  
21 commemorated at this time; Now, therefore,

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

23           Section 1. The General Assembly honors the memory of J. Ollie Harris  
24 and expresses the gratitude and appreciation of this State and its citizens for his life  
25 and devoted service to his community, State, and country.

26           Section 2. The General Assembly extends its deepest sympathy to the  
27 family and friends of J. Ollie Harris.

28           Section 3. The Secretary of State shall transmit a certified copy of this  
29 resolution to the family of J. Ollie Harris.

30           Section 4. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

2

SENATE JOINT RESOLUTION 1224

Rules and Operations of the Senate Committee Substitute Adopted 6/2/98

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Sponsors:

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Referred to:

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May 21, 1998

1 A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF J. OLLIE  
2 HARRIS, FORMER MEMBER OF THE GENERAL ASSEMBLY.

3 Whereas, J. Ollie Harris was born in Anderson, South Carolina, on  
4 September 2, 1913, to J. Frank and Jessie Hambright Harris; and

5 Whereas, J. Ollie Harris graduated from Shelby High School in 1931, and  
6 the Gupton-Jones College of Embalming in 1935; and

7 Whereas, J. Ollie Harris served in the European Theatre of Operations in  
8 World War II as a member of the United States Army and for his bravery and actions  
9 above and beyond the call of duty was awarded the Bronze Star; and

10 Whereas, J. Ollie Harris became a funeral director and embalmer and  
11 served as President and Treasurer of Harris Funeral Home, Inc.; and

12 Whereas, J. Ollie Harris served his profession proudly as a member of the  
13 North Carolina Funeral Directors Association, the National Funeral Directors  
14 Association, the National Selected Morticians, the North Carolina Coroners  
15 Association, and the North Carolina Funeral Directors and Embalming Board; and

16 Whereas, J. Ollie Harris showed an outstanding devotion to public  
17 service, having served as a member of numerous civic and fraternal organizations  
18 including the Masons and Shriners; and

19 Whereas, winning his first election in 1946, J. Ollie Harris served as  
20 Cleveland County's Coroner for 35 years; and

21 Whereas, J. Ollie Harris distinguished himself as a State Senator for 10  
22 terms beginning in 1971, where he was an advocate for the mentally and physically  
23 handicapped and served as chair of several committees; and

24 Whereas, J. Ollie Harris was a loyal member of the Democratic Party,  
25 having served as Chair of the West Kings Mountain Democratic Party Precinct



1 Organization and as a member of the Cleveland County Democratic Party Executive  
2 Committee; and

3           Whereas, J. Ollie Harris was successful in securing funding for the  
4 Cleveland County Mental Health Center and was greatly honored by having the  
5 building named for him; and

6           Whereas, J. Ollie Harris received numerous awards and honors including  
7 the Award of Appreciation and Recognition from the North Carolina Psychological  
8 Association in 1985, the Better Life Award from the North Carolina Health Care  
9 Facilities in 1979, and the Valand Award from the North Carolina Mental Health  
10 Association in 1979, and was named Legislator of the Year by the North Carolina  
11 Health Department Association in 1979; and

12           Whereas, J. Ollie Harris was a devoted husband to his wife of 61 years,  
13 Abbie Wall Harris, and a devoted father to his son, John O. Harris, Jr. and his  
14 daughter, Becky Harris; and

15           Whereas, J. Ollie Harris died on February 9, 1996, and is survived by his  
16 daughter, Becky Harris, and several grandchildren and great-grandchildren; and

17           Whereas, it is especially fitting that J. Ollie Harris, a man who served his  
18 community, State, and country so well and who will be sorely missed should be  
19 commemorated at this time; Now, therefore,

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

21           Section 1. The General Assembly honors the memory of J. Ollie Harris  
22 and expresses the gratitude and appreciation of this State and its citizens for his life  
23 and devoted service to his community, State, and country.

24           Section 2. The General Assembly extends its deepest sympathy to the  
25 family and friends of J. Ollie Harris.

26           Section 3. The Secretary of State shall transmit a certified copy of this  
27 resolution to the family of J. Ollie Harris.

28           Section 4. This resolution is effective upon ratification.

## MINUTES

### SENATE COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

June 22, 1998

The Senate Committee on Rules and Operations of the Senate met at 6:45 p.m. on June 22, 1998 at Senator Rand's Senate Chamber Desk. Nine members of the committee were present.

**Senate Bill 1157 - Scotland Stadium-Civic Ctr. Funds.** - Senator Purcell offered a Committee Substitute which appropriates \$75,000 for the 1998-99 fiscal year to construct a needed addition to the Scotland Stadium Civic Center.

Senator Hoyle moved for the adoption of the Committee Substitute. Senator Carrington seconded the motion and it was adopted by the committee.

Senator Hoyle moved for a favorable report for the Committee Substitute for Senate Bill 1157. This motion was adopted by the committee.

**Senate Bill 1261 - Sandhill Regional Library Funds.** Senator Plyler presented a committee substitute for SB 1261 to appropriate \$350,000 for the 1998-1999 fiscal year to update the library automation system for the Sandhill Regional Library System.

Senator Carrington moved for the adoption of the committee substitute. This motion carried the committee.

Senator Horton moved for a favorable report for the committee substitute for SB 1261. This motion carried the committee.

**Senate Bill 1281 - NC Gold Discovery Funds** - Senator Hartsell presented the committee with a committee substitute. This bill appropriates \$100,000 to the Gold History Corporation, Inc. for 1998-99 fiscal year.

Senator Horton moved for adoption of the committee substitute and this motion carried the committee.

Senator Horton moved for a favorable report on the committee substitute for S.B. 1281 and the motion carried.

**SJR - 1084 Honoring the Life and Memory of J. Melville Broughton - A**  
committee substitute was offered for SJR 1084.

Senator Carrington moved for adoption of the committee substitute and this was adopted by the committee.

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

The meeting adjourned at 7:00 p.m.

Anthony E. Rand

Senator Anthony E. Rand,  
Chairman

Evelyn Costello

Evelyn Costello,  
Committee Clerk

**NORTH CAROLINA GENERAL ASSEMBLY  
SENATE**

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

Monday, June 22, 1998

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

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

S.B.	<b>1157</b>	17th Senate Dist. Local Act.
		Draft Number: PCS 7995
		Sequential Referral: Appropriations
		Long Title Amended: Yes

S.B.	<b>1261</b>	Blank Appropriations Bill-3.
		Draft Number: PCS 3617
		Sequential Referral: Appropriations
		Long Title Amended: Yes

S.B.	<b>1281</b>	22nd Senatorial District-1.
		Draft Number: PCS 6845
		Sequential Referral: Appropriations
		Long Title Amended: Yes

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

S.J.R.	<b>1084</b>	Honoring the Life and Memory of J. Melville Broughton
		Draft Number: PCS 7998
		Sequential Referral: None
		Recommended Referral: None
		Long Title Amended: No

TOTAL REPORTED: 4

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 1997

S

1

SENATE BILL 1157

Short Title: 17th Senate Dist. Local Act.

(Local)

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Sponsors: Senator Purcell.

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Referred to: Rules and Operations of the Senate.

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May 19, 1998

- 1 A BILL TO BE ENTITLED  
2 AN ACT RELATING TO THE SEVENTEENTH SENATORIAL DISTRICT.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. This act relates to the counties and incorporated  
5 municipalities in the 17th Senatorial District.  
6 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 1157  
Proposed Committee Substitute S1157-PCS7995

Short Title: Scotland Stadium-Civic Ctr Funds.

(Public)

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Sponsors:

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Referred to:

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May 19, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE FUNDS FOR CAPITAL IMPROVEMENTS OF THE  
3 SCOTLAND COUNTY STADIUM-CIVIC CENTER.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. There is appropriated from the General Fund to Scotland  
6 County Stadium-Civic Center, Inc., a nonprofit corporation, the sum of seventy-five  
7 thousand dollars (\$75,000) for the 1998-99 fiscal year to construct a much needed  
8 addition to the Scotland County Stadium-Civic Center, which will allow for the  
9 expansion of the kitchen, storage area, and meeting room facilities.  
10 Section 2. This act becomes effective July 1, 1998.

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

**S**

**1**

**SENATE BILL 1261**

Short Title: Blank Appropriations Bill-3.

(Public)

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Sponsors: Senator Plyler.

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Referred to: Rules and Operations of the Senate.

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May 27, 1998

- 1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE FUNDS.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. This act becomes effective July 1, 1998.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 1261  
Proposed Committee Substitute S1261-PCS3617

Short Title: Sandhill Regional Library Funds.

(Public)

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Sponsors:

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Referred to:

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May 27, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE FUNDS TO UPDATE THE LIBRARY  
3 AUTOMATION SYSTEM FOR THE SANDHILL REGIONAL LIBRARY  
4 SYSTEM.

5 The General Assembly of North Carolina enacts:

6 Section 1. There is appropriated from the General Fund to the  
7 Department of Cultural Resources the sum of three hundred fifty thousand dollars  
8 (\$350,000) for the 1998-99 fiscal year to update the library automation system for the  
9 Sandhill Regional Library System.

10 Section 2. This act becomes effective July 1, 1998.



**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

**S**

**1**

**SENATE BILL 1281**

Short Title: 22nd Senatorial District-1.

(Local)

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Sponsors: Senator Hartsell.

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Referred to: Rules and Operations of the Senate.

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May 27, 1998

- 1 A BILL TO BE ENTITLED  
2 AN ACT RELATING TO THE TWENTY-SECOND SENATORIAL DISTRICT.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. This act relates to the 22nd Senatorial District.  
5 Section 2. This act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 1281  
Proposed Committee Substitute S1281-PCS6845-LG

Short Title: NC Gold Discovery/Funds.

(Public)

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Sponsors:

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Referred to:

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May 27, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO COMMEMORATE THE BICENTENNIAL OF AMERICA'S FIRST  
3 GOLD DISCOVERY AND TO APPROPRIATE FUNDS FOR THE  
4 OBSERVANCE.

5 Whereas, John Reed, a Hessian soldier of the American Revolution who  
6 fled the British army, took up farming in present-day Cabarrus County; and

7 Whereas, in 1799 his twelve-year-old son Conrad discovered a small  
8 wedge-shaped rock that weighed an estimated seventeen pounds; and

9 Whereas, that find was the first authenticated discovery of gold north of  
10 Mexico and initiated the first gold rush in America; and

11 Whereas, during the next half century North Carolina played a leading  
12 role in gold mining, this activity reaching from the mountains to the coastal plain and  
13 employing thousands of North Carolinians; and

14 Whereas, the Bechtler family established the nation's first private mint in  
15 Rutherford County; and

16 Whereas, all of the native gold minted in the United States prior to 1828  
17 came from the Old North State; and

18 Whereas, the United States government established a branch mint in  
19 Charlotte in 1837; and

20 Whereas, before 1849 North Carolina produced more gold than any state  
21 in the Union; and

22 Whereas, Canada and Alaska are commemorating the centennial of the  
23 Klondike gold rush; and

1           Whereas, the state of California is commemorating the sesquicentennial of  
2 the California gold rush; and

3           Whereas, North Carolina needs to reassert its primacy in the history of  
4 gold in America; Now, therefore,

5 The General Assembly of North Carolina enacts:

6           Section 1. The General Assembly calls upon all North Carolinians to  
7 observe, celebrate, and participate in events commemorating the bicentennial of the  
8 discovery of gold at the Reed Gold Mine State Historic Site and the importance of  
9 gold in the history of the State and nation.

10          Section 2. There is appropriated from the General Fund to Gold History  
11 Corporation, Inc., a nonprofit corporation, the sum of one hundred thousand dollars  
12 (\$100,000) for the 1998-99 fiscal year to conduct events, present educational  
13 programs, print publications, and direct other historical observances of the  
14 bicentennial of the discovery of gold in North Carolina.

15          Section 3. This act becomes effective July 1, 1998.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE JOINT RESOLUTION 1084  
Proposed Committee Substitute S1084-PCS7998-LG001

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Sponsors:

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Referred to:

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June 30, 1997

1 A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF J.  
2 MELVILLE BROUGHTON, JR.

3           Whereas, J. Melville Broughton, Jr., a lifelong resident of the City of  
4 Raleigh, was born on March 24, 1922, and graduated from Wake Forest University  
5 and the University of North Carolina School of Law; and

6           Whereas, J. Melville Broughton, Jr., proudly served his country in World  
7 War II as a First Lieutenant in the United States Marine Corps; and

8           Whereas, following his admission to the North Carolina State Bar, J.  
9 Melville Broughton, Jr., served for four years as a prosecutor in Raleigh Municipal  
10 Court and then entered the general practice of law with the firm founded by his  
11 father (now known as Broughton, Wilkins, Webb and Sugg) where he remained for  
12 45 years; and

13           Whereas, from 1957 to 1961, J. Melville Broughton, Jr., served as  
14 Chairman of the North Carolina Highway Commission, and later under Governor  
15 Dan K. Moore served as the Chairman of the North Carolina Democratic Party; and  
16 finally in 1968, ran for the Democratic nomination for Governor against then  
17 Lieutenant Governor Robert Scott and Reginald Hawkins, finishing second in the  
18 primary; and

19           Whereas, J. Melville Broughton, Jr., was devoted to his State above all  
20 else and counted among his friends and those he supported at the polls both  
21 Democrats and Republicans; and, indeed, his bipartisanship was such that in 1975,  
22 President Gerald Ford nominated him to the National Legal Services Board, which  
23 was dedicated to providing legal representation to indigent persons; and

1           Whereas, J. Melville Broughton, Jr., was an active member of Christ  
2 Episcopal Church in Raleigh and was involved in the Laubach Literacy national  
3 movement; and

4           Whereas, J. Melville Broughton, Jr., was a beloved figure in this General  
5 Assembly and in our entire State, warming us with his easy laugh and ready smile; his  
6 tall, rumpled figure, with his coat pocket full of pencil stubs, moving gregariously  
7 among all sorts and conditions of men, encouraging, listening, advising, and at all  
8 times embodying the very essence of a true Christian gentleman; and

9           Whereas, J. Melville Broughton, Jr., passed away on April 17, 1997, and  
10 is survived by his wife, Mary Ann Cooper Broughton; his daughter, Harriet B.  
11 Gruber; two sons, J. Melville Broughton, III, and James Wesley Cooper Broughton;  
12 and five grandchildren; Now, therefore,

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

14           Section 1. The General Assembly expresses its high regard for the life  
15 and service of J. Melville Broughton, Jr., and mourns the loss to this date of such a  
16 distinguished citizen.

17           Section 2. The Secretary of State shall transmit a certified copy of this  
18 resolution to the family of J. Melville Broughton, Jr.

19           Section 3. This resolution is effective upon ratification.

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS  
OF THE SENATE

June 29, 1998

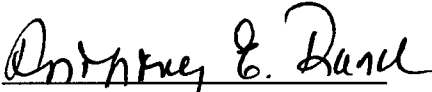
The Senate Committee on Rules and Operations of the Senate met at 6:45 p.m. on June 29, 1998 at Senator Rand's Senate Chamber Desk. Nine members of the committee were present.

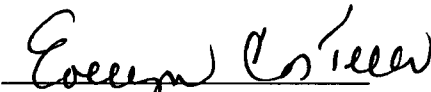
**Senate Bill 396 - Cumberland Local Act.** A committee substitute was offered by Senator Larry Shaw along with a fiscal note. The title of the bill would then become: **Downtown Development Zone Improvement.**

Senator Horton moved for adoption of the committee substitute and this was seconded by Senator Carrington.

Dr. Forester moved for a favorable report for the committee substitute which was seconded by Senator Hoyle and the committee substitute received a favorable report.

The meeting adjourned at 6:55 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

Monday, June 29, 1998

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

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

S.B.(CS #396)	<b>396</b>	Cumberland Local Act	
		Draft Number:	PCSA872-LC
		Sequential Referral:	Appropriations
		Recommended Referral:	None
		Long Title Amended:	Yes

**TOTAL REPORTED: 1**

Committee Clerk Comment: none

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

D

SENATE BILL 396  
Proposed Committee Substitute S396-PCSA872-LC

Short Title: Downtown Development Zone Improvement.

(Public)

Sponsors:

Referred to:

March 17, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO PROVIDE FOR DOWNTOWN REVITALIZATION BY ALLOWING

3 A CREDIT FOR CONTRIBUTIONS FOR DEVELOPMENT ZONE PROJECTS.

4 The General Assembly of North Carolina enacts:

5 Section 1. The General Assembly finds that downtowns are central to  
6 the creation of small, locally owned businesses and that vital downtowns also play a  
7 role in the recruitment of larger businesses. Strong downtowns reduce urban sprawl  
8 and the costs and quality of life problems associated with urban sprawl. For these  
9 reasons, the General Assembly finds that revitalizing declining urban areas is crucial  
10 to the well-being of the State as a whole.

11 Section 2. Article 3A of Chapter 105 of the General Statutes is amended  
12 by adding a new section to read:

13 "§ 105-129.13. Credit for contribution for development zone project.

14 (a) Credit. -- A taxpayer who contributes cash or property to a development zone  
15 agency for an improvement project in a development zone is allowed a credit equal  
16 to twenty-five percent (25%) of the value of the contribution. A contribution is for  
17 an improvement project for the purposes of this section if the agency receiving the  
18 contribution contracts in writing to use the contribution for the project. The credit  
19 may not be taken for the year in which the contribution is made but shall be taken  
20 for the taxable year beginning during the calendar year in which the application for  
21 the credit becomes effective as provided in subsection (d) of this section.

22 (b) Definitions. -- The following definitions apply in this section:



1           (1) Community development corporation. -- A nonprofit corporation  
2           that meets all of the following conditions:

- 3           a. It is chartered pursuant to Chapter 55A of the General  
4           Statutes and is tax-exempt pursuant to section 501(c)(3) of  
5           the Code.  
6           b. Its primary mission is to develop and improve low-income  
7           communities and neighborhoods through economic and  
8           related development.  
9           c. Its activities and decisions are initiated, managed, and  
10          controlled by the constituents of those local communities.  
11          d. Its primary function is to act as deal-maker and packager of  
12          projects and activities that will increase its constituency's  
13          opportunities to become owners, managers, and producers of  
14          small businesses, to obtain affordable housing, and to obtain  
15          jobs designed to produce positive cash flow and curb blight  
16          in the targeted community.

17          (2) Control. -- A person controls an entity if the person owns, directly  
18          or indirectly, more than ten percent (10%) of the voting securities  
19          of that entity. As used in this subdivision, the term "voting  
20          security" means a security that (i) confers upon the holder the right  
21          to vote for the election of members of the board of directors or  
22          similar governing body of the business or (ii) is convertible into, or  
23          entitles the holder to receive upon its exercise, a security that  
24          confers such a right to vote. A general partnership interest is a  
25          voting security.

26          (3) Development zone agency. -- Any of the following agencies that  
27          the Department of Commerce certifies will undertake an  
28          improvement project in a development zone:

- 29          a. A community development corporation.  
30          b. A community development financial institution certified by  
31          the United States Department of the Treasury under the  
32          Community Development Banking and Financial Institutions  
33          Act of 1994 (12 U.S.C. § 4701, et seq.).  
34          c. A local housing authority created under Article 1 of  
35          Chapter 157 of the General Statutes.

36          (4) Improvement project. -- A project to construct or improve  
37          residential, commercial, or public real property located in a  
38          development zone.

39          (c) Limitations. -- A taxpayer who claims a credit under this section shall identify  
40          in the application the development zone agencies to which the taxpayer made  
41          contributions and the amount contributed to each. No credit is allowed for a  
42          contribution if the taxpayer is related to the development zone agency as defined in  
43          section 1313 of the Code or if the taxpayer controls, is controlled by, or is under  
44          common control with an affiliate of the development zone agency. No credit is

1 allowed to the extent the taxpayer receives anything of value in exchange for the  
2 contribution.

3 (d) Application. -- To be eligible for the tax credit provided in this section, the  
4 taxpayer must file an application for the credit with the Secretary on or before April  
5 15 of the year following the calendar year in which the contribution was made. The  
6 Secretary may grant extensions of this deadline, as the Secretary finds appropriate,  
7 upon the request of the taxpayer, except that the application may not be filed after  
8 September 15 of the year following the calendar year in which the contribution was  
9 made. An application is effective for the year in which it is timely filed. The  
10 application shall be on a form prescribed by the Secretary and shall include any  
11 supporting documentation that the Secretary may require. If a contribution for which  
12 a credit is applied for was of property rather than cash, the taxpayer shall include  
13 with the application a certified appraisal of the value of the property contributed.

14 (e) Ceiling. -- The total amount of all tax credits allowed to taxpayers under this  
15 section for contributions made in a calendar year may not exceed five million dollars  
16 (\$5,000,000). The Secretary of Revenue shall calculate the total amount of tax credits  
17 claimed from the applications filed pursuant to subsection (d) of this section. If the  
18 total amount of tax credits claimed for contributions made in a calendar year exceeds  
19 five million dollars (\$5,000,000), the Secretary shall allow a portion of the credits  
20 claimed by allocating a total of five million dollars (\$5,000,000) in tax credits in  
21 proportion to the size of the credit claimed by each taxpayer. If a credit is reduced  
22 pursuant to this subsection, the Secretary shall notify the taxpayer of the amount of  
23 the reduction of the credit on or before December 31 of the year following the  
24 calendar year in which the contribution was made. The Secretary's allocations based  
25 on applications filed pursuant to subsection (d) of this section are final and shall not  
26 be adjusted to account for credits applied for but not claimed.

27 (f) Forfeiture. -- A taxpayer forfeits a credit allowed under this section to the  
28 extent the development zone agency uses the taxpayer's contribution for any purpose  
29 other than an improvement project. Each development zone agency certified by the  
30 Department of Commerce shall file with the Department of Commerce annual  
31 financial statements audited in accordance with generally accepted accounting  
32 principles. The annual statements are required each time the agency receives a  
33 contribution eligible for the credit allowed under this section until the entire  
34 contribution has been used for improvement projects. If the Department of  
35 Commerce determines that a development zone agency has used part or all of a  
36 contribution for any purpose other than an improvement project, the Department  
37 shall notify the Secretary of Revenue of the forfeiture, the taxpayer who made the  
38 contribution, and the amount forfeited."

39 Section 3. G.S. 105-129.4(a) reads as rewritten:

40 "(a) Type of Business. -- A taxpayer is eligible for a credit allowed by G.S. 105-  
41 129.12 if the real property for which the credit is claimed is used for a central  
42 administrative office that creates at least 40 new jobs. A taxpayer is eligible for the  
43 credit allowed by G.S. 105-129.13 without regard to the taxpayer's type of business. A  
44 taxpayer is eligible for the other credits allowed by this Article if the taxpayer

1 engages in one of the following types of businesses and the jobs with respect to which  
2 a credit is claimed are created in that business, the machinery and equipment with  
3 respect to which a credit is claimed are used in that business, and the research and  
4 development for which a credit is claimed are carried out as part of that business:

- 5 (1) Air courier services.
- 6 (2) Central administrative office that creates at least 40 new jobs.
- 7 (3) Data processing.
- 8 (4) Manufacturing or processing.
- 9 (5) Warehousing or distribution.

10 A central administrative office creates at least 40 new jobs if, during the taxable  
11 year the taxpayer first uses the property as a central administrative office, the  
12 taxpayer hires at least 40 additional full-time employees to fill new positions at the  
13 office. Jobs transferred from one area in the State to another area in the State are not  
14 considered new jobs for purposes of this subsection."

15 Section 4. G.S. 105-129.6(a) reads as rewritten:

16 "(a) Application. -- To claim the credits allowed by this Article, the taxpayer must  
17 provide with the tax return the certification of the Secretary of Commerce that the  
18 taxpayer meets all of the eligibility requirements of G.S. 105-129.4 or G.S. 105-129.13,  
19 as applicable, with respect to each credit. A taxpayer shall apply to the Secretary of  
20 Commerce for certification of eligibility. The application must be on a form provided  
21 by the Secretary of Commerce and must contain any information necessary for the  
22 Secretary of Commerce to determine whether the taxpayer meets the eligibility  
23 requirements. If the Secretary of Commerce determines that the taxpayer meets all of  
24 the eligibility requirements of G.S. 105-129.4 or G.S. 105-129.13, as applicable, with  
25 respect to a credit, the Secretary shall issue a certificate describing the location with  
26 respect to which the credit is claimed, outlining the eligibility requirements for the  
27 credit, and stating that the taxpayer meets the eligibility requirements. If the Secretary  
28 of Commerce determines that the taxpayer does not meet all of the eligibility  
29 requirements of G.S. 105-129.4 or G.S. 105-129.13, as applicable, with respect to a  
30 credit, the Secretary must advise the taxpayer in writing of the eligibility  
31 requirements the taxpayer fails to meet. The Secretary of Commerce may adopt rules  
32 in accordance with Chapter 150B of the General Statutes that are needed to carry out  
33 the Secretary of Commerce's responsibilities under this section."

34 Section 5. This act is effective for taxable years beginning on or after  
35 January 1, 1999.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 396

Short Title: Cumberland Local Act.

(Local)

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Sponsors: Senator Rand.

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Referred to: Rules and Operations of the Senate.

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March 17, 1997

- 1 A BILL TO BE ENTITLED  
2 AN ACT RELATING TO CUMBERLAND COUNTY.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. This act applies to Cumberland County only.  
5 Section 2. This act is effective when it becomes law.

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL ESTIMATE**

**BILL NUMBER:** SB 396 (PCSA872-LC)

**SHORT TITLE:** Downtown Development Zone Improvement

**FISCAL IMPACT**

	Yes (X)      No ( )      No Estimate Available ( )				
	(\$Million)				
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
<b>REVENUES (GENERAL FUND)</b>			-\$5.0	-\$5.0	-\$5.0

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** The income tax is administered by the Department of Revenue.  
Development zones are determined by the Department of Commerce.

**EFFECTIVE DATE:** Tax years beginning on or after January 1, 1999.

**BILL SUMMARY:** Provides for a state income or franchise tax credit for 25% of the cash or property contributed to a development zone agency for a project to construct or improve residential, commercial, or public real property located in a development zone. The credit is to be taken in the tax year immediately following the contribution year. To receive the credit the taxpayer must file an application by April 15 of the year following the contribution year (Secretary of Revenue may allow deadline to be extended to September 15) and the agency receiving the contribution must contract in writing to use the contribution for the project. Development zone agency is defined in the bill to include a community development corporation, a community development financial institution, or a local housing authority.

The total amount of credits for a given tax year is capped at \$5.0 million. If more than this amount of credits are applied for, the credits shall be prorated based on application amounts.

**ASSUMPTIONS AND METHODOLOGY:** Following the practice established in the 1987 fiscal estimate for the qualified business investment credit, the estimated impact is equal to the capped credit. The reason is that it is impossible to predict in advance the potential amount of contributions under the new credit.

**FISCAL RESEARCH DIVISION (733-4910)**

**PREPARED BY:** Dave Crotts

**DATE:** June 29, 1998

## MINUTES

### SENATE COMMITTEE ON RULES AND OPERATIONS OF THE SENATE

September 2, 1998

The Senate Committee on Rules and Operations of the Senate met at 11:00 a.m. on Wednesday, September 2, 1998 in the 300 Conference Room. Senator Rand presided. Ten members were present.

#### **SB 1176 - NO PER DIEM**

Senator Rand presented a proposed Committee Substitute for SB-1176 - BLANK APPROPRIATIONS BILL-1/NO PER DIEM.

Senator Hoyle moved for adoption of the Committee Substitute for SB-1176. The motion was adopted by the committee.

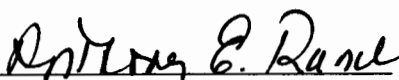
Senator Horton asked if the per diem would be paid should legislators come back on individual days to vote. Senator Rand stated that they would not be paid and the President Pro Tem would approve any per diem expenses for committee meetings that would be held in conjunction with the session.

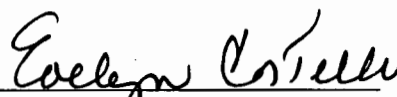
Senator Soles asked how this would affect staff. The Sgt. Of Arms and the Reading Clerk would not receive a per diem as the bill is now written.

Senator Gulley moved that the Sgt. Of Arms and the Reading Clerk not be included in this bill and they would receive their per diem. The Committee Substitute will be amended to **not** cut off the per diem for the Sgt Of Arms and the Reading Clerk.

Senator Gulley moved for a favorable report for the Committee Substitute for SB 1176 as amended. This motion was passed by the committee.

The meeting adjourned at 11:15 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 Anthony E. Rand, Chairman

Wednesday, September 02, 1998

**SENATOR RAND,**

submits the following with recommendations as to passage:

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

S.B. 1176

Blank Appropriations Bill-1.

Draft Number: PCS4718

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 1176  
Proposed Committee Substitute S1176-PCS4718-LB

Short Title: No Per Diem.

(Public)

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Sponsors:

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Referred to:

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May 20, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO CUT OFF PER DIEM FOR MEMBERS OF THE GENERAL  
3 ASSEMBLY.

4 The General Assembly of North Carolina enacts:

5 Section 1. Notwithstanding G.S. 120-3.1(c), the period in 1998 after  
6 September 10, 1998, for the purposes of G.S. 120-3.1 is deemed to be a period when  
7 the General Assembly is not in session, and no member shall be entitled to  
8 subsistence and travel allowance during that period, except under circumstances  
9 which would entitle that member to subsistence and travel allowance when the  
10 General Assembly is not in session. This section does not apply to the sergeant-at-  
11 arms and the reading clerk.

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



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

S

1

SENATE BILL 1176

Short Title: Blank Appropriations Bill-1.

(Public)

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Sponsors: Senator Perdue.

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Referred to: Rules and Operations of the Senate.

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May 20, 1998

- 1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE FUNDS.  
3 The General Assembly of North Carolina enacts:  
4 Section 1. This act becomes effective July 1, 1998.

MINUTES

SENATE COMMITTEE ON RULES AND  
OPERATIONS OF THE SENATE

September 3, 1998

The Senate Committee on Rules and Operations of the Senate met at 8:45 a.m. on Thursday, September 3, 1998 in the 300 Conference Room Senator Rand presided and 9 members were present.

**HB 349 - SALISBURY STREET PARKING**

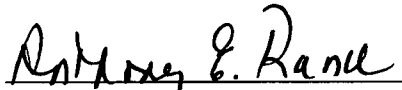
Senator Rand presented a proposed Committee Substitute for HB 349 - Salisbury Street Parking.

Senator Horton moved for adoption of the Committee Substitute for HB 349. The Committee Substitute was adopted by the Committee.

Mr. George Hall, Legislative Services Officer, explained the bill stating that there is a need for more parking spaces around the Legislative Building year-round for staff. The spaces in the garages are all reserved and filled.

Senator Plyler moved that the Committee Substitute for HB 349 be given a favorable report and the motion was adopted by the Committee.

The meeting adjourned at 9:00 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 Anthony E. Rand, Chairman

Thursday, September 03, 1998

**SENATOR RAND,**

submits the following with recommendations as to passage:

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 1,  
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2**

H.B.(SCS #1)	<b>349</b>	Salisbury St. Parking.	
		Draft Number:	PCS2424
		Sequential Referral:	None
		Recommended Referral:	None
		Long Title Amended:	Yes

**TOTAL REPORTED: 1**

Committee Clerk Comment:

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

2

HOUSE BILL 349  
Senate Transportation Committee Substitute Adopted 8/6/98

Short Title: Salisbury St. Parking.

(Public)

Sponsors:

Referred to:

February 27, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO EXTEND THE TERRITORIAL JURISDICTION OF THE  
3 LEGISLATIVE SERVICES COMMISSION TO ALL OF SALISBURY STREET  
4 PROXIMATE TO THE STATE LEGISLATIVE BUILDING.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 120-32.1(d) reads as rewritten:

7 "(d) For the purposes of this section, the term "State legislative buildings and  
8 grounds" means:

9 (1) At all times:

- 10 a. The State Legislative Building;
- 11 a1. The areas between the outer walls of the State Legislative
- 12 Building and the near curbline of those sections of ~~Jones,~~
- 13 ~~Wilmington, and Salisbury~~ Jones and Wilmington Streets
- 14 which border land on which it is situated;
- 15 a2. The area between the outer walls of the State Legislative
- 16 Building and the far curbline of ~~that section of Lane Street~~
- 17 ~~which borders~~ those sections of Lane and Salisbury Streets
- 18 which border the land on which it is situated;
- 19 b. The Legislative Office Building and the areas between its
- 20 outer walls and the near curbline of those sections of Lane
- 21 and Salisbury Streets that border the land on which it is
- 22 situated;

1 c. Any State-owned parking lot which is leased to the General  
2 Assembly; and

3 d. The bridge between the State Legislative Building and the  
4 State Governmental Mall.

5 (2) In addition, the surface area to the far curblin of those sections of  
6 ~~Jones, Wilmington, and Salisbury~~ Jones and Wilmington Streets  
7 which border the land on which the State Legislative Building is  
8 situated:

9 a. When the General Assembly is in regular or extra session;  
10 and

11 b. On other days on which one or more standing committees  
12 of either or both houses of the General Assembly are  
13 meeting and the Legislative Services Officer determines that  
14 additional parking is needed for the functioning of the  
15 General Assembly and files notice of the committee's or  
16 committees' meetings and his finding that additional parking  
17 is needed in the office of the Secretary of State and that of  
18 Clerk of the Superior Court of Wake County."

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 349

Senate Transportation Committee Substitute Adopted 8/6/98  
Proposed Senate Committee Substitute H349-PCS2424-RW003

Short Title: GA Parking.

(Public)

Sponsors:

Referred to:

February 27, 1997

- 1 A BILL TO BE ENTITLED  
2 AN ACT TO EXTEND THE TERRITORIAL JURISDICTION OF THE  
3 LEGISLATIVE SERVICES COMMISSION TO ALL OF JONES,  
4 WILMINGTON, AND SALISBURY STREETS PROXIMATE TO THE STATE  
5 LEGISLATIVE BUILDING, AND TO THE BRICK WALKWAY PROXIMATE  
6 TO THE LEGISLATIVE OFFICE BUILDING.  
7 The General Assembly of North Carolina enacts:  
8 Section 1. G.S. 120-32.1(d) reads as rewritten:  
9 "(d) For the purposes of this section, the term "State legislative buildings and  
10 grounds" means:  
11 (1) At all times:  
12 a. The State Legislative Building;  
13 a1. ~~The areas between the outer walls of the State Legislative~~  
14 ~~Building and the near curbline of those sections of Jones,~~  
15 ~~Wilmington, and Salisbury Streets which border land on~~  
16 ~~which it is situated;~~  
17 a2. The ~~area~~ areas between the outer walls of the State  
18 Legislative Building and the far curbline of those sections of  
19 Jones, Wilmington, Salisbury, and Lane Streets that border  
20 ~~that section of Lane Street which borders~~ the land on which  
21 it is situated;

- 1           b.    The Legislative Office ~~Building~~ Building, its garden area  
2               and outer stairway, and the areas between its outer walls  
3               and the near curbline of those sections of Lane and  
4               Salisbury Streets that border the land on which it is situated;  
5           c.    Any State-owned parking lot which is leased to the General  
6               Assembly; ~~and~~  
7           d.    The bridge between the State Legislative Building and the  
8               State Governmental ~~Mall~~; Mall; and  
9           e.    A portion of the brick sidewalk surface area of the State  
10               Government Mall, described as follows: beginning at the  
11               northeast corner of the Legislative Office Building, thence  
12               east across the brick sidewalk to the inner edge of the  
13               sidewalk adjacent to the grassy area of the Mall, thence  
14               south along the inner edge of the sidewalk to the southwest  
15               outer corner of the Mall water fountain, thence east along  
16               the southern outer edge of the fountain to a point north of  
17               the northeast corner of the pedestrian surface of the Lane  
18               Street pedestrian bridge, thence south from that point to the  
19               northeast corner of the pedestrian surface of the bridge,  
20               thence west along the southern edge of the brick sidewalk  
21               area of the Mall to the southeast corner of the Legislative  
22               Office Building, thence north along the east wall of the  
23               Legislative Office Building, to the point of beginning.

24       (2)    ~~In addition, the surface area to the far curbline of those sections of~~  
25               ~~Jones, Wilmington, and Salisbury Streets which border the land on~~  
26               ~~which the State Legislative Building is situated:~~

- 27           a.    ~~When the General Assembly is in regular or extra session;~~  
28               ~~and~~  
29           b.    ~~On other days on which one or more standing committees~~  
30               ~~of either or both houses of the General Assembly are~~  
31               ~~meeting and the Legislative Services Officer determines that~~  
32               ~~additional parking is needed for the functioning of the~~  
33               ~~General Assembly and files notice of the committee's or~~  
34               ~~committees' meetings and his finding that additional parking~~  
35               ~~is needed in the office of the Secretary of State and that of~~  
36               ~~Clerk of the Superior Court of Wake County."~~

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

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS  
OF THE SENATE

October 21, 1998

The Senate Committee on Rules and Operations of the Senate met at 8:30 a.m. on October 21, 1998 in Room 300 - LOB Conference Room. Eight members of the committee were present.

**House Bill 74 - PSO Medicare** - Senator Rand stated that a Committee Substitute had been drawn up for the above bill. Senator Horton moved that the Committee Substitute be adopted. The motion carried the Committee.

Representative Cansler appeared before the Committee to explain the Committee Substitute. This legislation is based on 1997 Federal Legislation regarding PSO's. This bill would give the State of North Carolina oversight and control. The bill has taken all the Federal rules and requirements and incorporated them into a solid package.

The bill authorizes public, private or non-profit providers of health care services from "provider sponsored organizations" (PSO's) and provide services to Medicare beneficiaries. The bill designates the Division of Medical Assistance in the Department of Health and Human Resources (HHS) as the regulatory agency for Medicare PSO's and establishes detailed requirements for these organizations, including application, financial reporting and operating standards. The Department of Insurance reviews and comments on Medicare PSO applications with respect to fiscal and fiduciary responsibility.

Dr. Forrester moved for a favorable report for the Committee Substitute. This motion was adopted by the committee.

The committee adjourned at 9:00 a.m.

Anthony E. Rand  
Senator Anthony E. Rand,  
Chairman

Evelyn Costello  
Evelyn Costello,  
Committee Clerk



**NORTH CAROLINA GENERAL ASSEMBLY  
SENATE**

**RULES AND OPERATIONS OF THE SENATE COMMITTEE REPORT**  
Senator Anthony E. Rand, Chairman

Wednesday, October 21, 1998

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

**UNFAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 1,  
BUT FAVORABLE AS TO SENATE COMMITTEE SUBSTITUTE BILL NO. 2**

<b>H.B.(SCS #1) 74</b>	<b>Credit for Long-Term Care Insurance.</b>
	Draft Number: PCS6480
	Sequential Referral: None
	Recommended Referral: None
	Long Title Amended: Yes

**TOTAL REPORTED: 1**

**Committee Clerk Comment:**

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

3

HOUSE BILL 74\*  
Committee Substitute Favorable 6/9/97  
Senate Finance Committee Substitute Adopted 10/15/98

Short Title: Credit for Long-Term Care Insurance.

(Public)

Sponsors:

Referred to:

February 10, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE AN INDIVIDUAL INCOME TAX CREDIT FOR  
3 PREMIUMS PAID ON LONG-TERM CARE INSURANCE.  
4 The General Assembly of North Carolina enacts:  
5 Section 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is  
6 amended by adding a new section to read:  
7 "§ 105-151.28. Credit for premiums paid on long-term care insurance.  
8 (a) Credit. -- An individual is allowed, as a credit against the tax imposed by this  
9 Division, an amount equal to fifteen percent (15%) of the premium costs paid during  
10 the taxable year on a qualified long-term care insurance contract that offers coverage  
11 to either the individual, the individual's spouse, or a dependent for whom the  
12 individual was allowed to deduct a personal exemption under section 151(c)(1)(A) of  
13 the Code for the taxable year. The credit allowed by this section may not exceed  
14 three hundred fifty dollars (\$350.00) for each qualified long-term care insurance  
15 contract for which a credit is claimed. The credit allowed under this section may not  
16 exceed the amount of tax imposed by this Part for the taxable year reduced by the  
17 sum of all credits allowed, except payments of tax made by or on behalf of the  
18 taxpayer. A nonresident or part-year resident who claims the credit allowed by this  
19 subsection shall reduce the amount of the credit by multiplying it by the fraction  
20 calculated under G.S. 105-134.5(b) or (c), as appropriate.  
21 (b) No Double Benefit. -- If the taxpayer claimed a deduction for health insurance  
22 costs of self-employed individuals under section 162(l) of the Code for the taxable

1 year, the amount of credit otherwise allowed the taxpayer under this section is  
2 reduced by the applicable percentage provided in section 162(l) of the Code. If the  
3 taxpayer claimed a deduction for medical care expenses under section 213 of the  
4 Code for the taxable year, the taxpayer is not allowed a credit under this section. A  
5 taxpayer who claims the credit allowed by this section must provide any information  
6 required by the Secretary to demonstrate that the amount paid for premiums for  
7 which the credit is claimed was not excluded from the taxpayer's gross income for  
8 the taxable year.

9 (c) Definition. -- For purposes of this section, the term 'qualified long-term care  
10 insurance contract' has the same meaning as defined in section 7702B of the Code."

11 Section 2. G.S. 105-160.3(b) is amended by adding a new subdivision to  
12 read:

13 "(6) G.S. 105-151.28. Credit for long-term care insurance."

14 Section 3. The Legislative Research Commission shall study the  
15 effectiveness of the credit enacted by this act. The Department of Revenue shall  
16 provide the Commission data on the usage of this credit, including profiles of  
17 taxpayer categories using the credit. The Division of Aging, Department of Human  
18 Resources, shall provide the Commission data on the effect of the credit on the  
19 State's Medicaid costs. The Commission shall report its findings and  
20 recommendations to the 2004 Session of the 2003 General Assembly.

21 Section 4. Sections 1 and 2 of this act are effective for taxable years  
22 beginning on or after January 1, 1999, and expire for taxable years beginning on or  
23 after January 1, 2004. The remainder of this act is effective when it becomes law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 74\*

Committee Substitute Favorable 6/9/97  
Senate Finance Committee Substitute Adopted 10/15/98  
Proposed Senate Committee Substitute H74-PCS6480-RN

Short Title: PSO Medicare Licensing.

(Public)

Sponsors:

Referred to:

February 10, 1997

1

A BILL TO BE ENTITLED

2

AN ACT TO CREATE MEDICARE PROVIDER SPONSORED ORGANIZATION  
LICENSING.

3

4 The General Assembly of North Carolina enacts:

5

Section 1. Chapter 131E of the General Statutes is amended by adding a  
new Article to read:

6

7

"ARTICLE 17.

8

"Provider Sponsored Organization Licensing.

9

"§ 131E-275. General provisions.

10

(a) The General Assembly acknowledges that section 1855, et seq., of the federal  
Social Security Act permits provider sponsored organizations that are organized and  
licensed under State law as risk-bearing entities, or that are otherwise certified as  
such by the federal government, to be eligible to offer Medicare health insurance or  
health benefits coverage in each state in which the provider sponsored organization  
offers a Medicare+Choice plan. The General Assembly declares that provider  
sponsored organizations are beneficial to North Carolina citizens who are Medicare  
beneficiaries and should be encouraged, subject to appropriate regulation by the  
Division of Medical Assistance of the Department of Health and Human Services.  
The General Assembly further declares that, because provider sponsored  
organizations provide health care directly and assume responsibility for the provision  
of health care services to Medicare beneficiaries under the requirements of the

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1 federal Medicare program, they require different regulatory oversight to protect the  
2 public than health maintenance organizations and insurance companies. The General  
3 Assembly further declares that the organizers and operators of provider sponsored  
4 organizations which are licensed under the terms of this Article as risk-bearing  
5 entities authorized to contract directly with the federal Medicare+Choice program  
6 shall not be subject to Chapter 58 of the General Statutes or the insurance laws of  
7 this State, unless otherwise specified in this Article.

8 It is the intent of the General Assembly to encourage innovative methods by which  
9 sponsoring providers can directly or indirectly share substantial financial risk in the  
10 PSO in any lawful manner.

11 (b) As set forth in this Article, the Division of Medical Assistance of the  
12 Department of Health and Human Services shall be the agency of the State  
13 authorized to license provider sponsored organizations to contract with Medicare to  
14 provide health care services to Medicare beneficiaries and to engage in the other  
15 related activities described in this Article.

16 (c) Each provider sponsored organization shall obtain a license from the Division  
17 or shall otherwise be certified by the federal government prior to establishing,  
18 maintaining, and operating a health care plan in this State for Medicare+Choice  
19 beneficiaries. Nothing in this Article shall be construed to authorize a provider  
20 sponsored organization to establish, maintain, or operate a health care plan other  
21 than exclusively for Medicare+Choice beneficiaries.

22 "§ 131E-276. Definitions.

23 As used in this Article, unless the context clearly implies otherwise, the following  
24 definitions apply:

25 (1) 'Affiliated provider' means a health care provider that is affiliated  
26 with another provider if, through contract, ownership, or  
27 otherwise: (i) one provider directly controls, is controlled by, or is  
28 under common control with the other provider; (ii) each provider  
29 participates in a lawful combination under which they share  
30 substantial financial risk for the organization's operation; (iii) both  
31 providers are part of a controlled group of corporations as defined  
32 under section 1563 of the Internal Revenue Code of 1986; or (iv)  
33 both providers are part of an affiliated service group under section  
34 414 of this Code. Control is presumed if one party directly or  
35 indirectly owns, controls, or holds the power to vote, or proxies  
36 for, at least fifty-one percent (51%) of the voting or governance  
37 rights of another.

38 (2) 'Beneficiary' or 'beneficiaries' means a beneficiary or beneficiaries  
39 of the Medicare+Choice program who are enrolled with the  
40 provider sponsored organization (PSO) under the terms of a  
41 contract between the PSO and the Medicare program.

42 (3) 'Current assets' means cash, marketable securities, accounts  
43 receivable, and other current items that will be converted into cash  
44 within 12 months.

- (4) 'Current liabilities' means accounts payable and other accrued liabilities, including payroll, claims, and taxes that will need to be paid within 12 months.
- (5) 'Current ratio' means the ratio of current assets divided by current liabilities calculated at the end of any accounting period.
- (6) 'Division' means the Division of Medical Assistance of the Department of Health and Human Services.
- (7) 'Emergency services' has the same meaning as defined in G.S. 58-50-61(a)(5).
- (8) 'Health care delivery assets' means any tangible asset that is part of a PSO operation, including hospitals, medical facilities, and their ancillary equipment, and any property that may reasonably be required for the PSO's principal office or for any purposes that may be necessary in the transaction of the business of the PSO.
- (9) 'Health plan contract' or 'Medicare contract' means a PSO's direct contract with the United States Department of Health and Human Services under section 1857 of the federal Social Security Act.
- (10) 'Out-of-network services' means health care items or services that are covered services under a PSO's Medicare contract and that are provided to beneficiaries by health care providers that are not participating providers in the PSO's network of health care providers.
- (11) 'Parent of a sponsoring provider' means the public or private entity that owns or controls a controlling interest in the sponsoring provider or that has the power to appoint a controlling number of the governing board of a sponsoring provider or that has the power to direct the management policy and decisions of the sponsoring provider.
- (12) 'Provider' or 'health care provider' means: (i) any individual that is engaged in the delivery of health care services and that is required by North Carolina law or regulation to be licensed to engage in the delivery of these health care services and is so licensed; (ii) any entity that is engaged in the delivery of health care services and that is required by North Carolina law or regulation to be licensed to engage in the delivery of these health care services and is so licensed; or (iii) any entity that is owned or controlled entirely by individuals or entities described in subparts (i) or (ii) of this definition.
- (13) 'Provider sponsored organization' or 'PSO' means a public or private entity domiciled in this State, including a business corporation, a nonprofit corporation, a partnership, a limited liability company, a professional limited liability company, a professional corporation, a sole proprietorship, a public hospital, a hospital authority, a hospital district, or a body politic; (i) that is

established, organized, and operated by sponsoring providers; (ii) in which physicians licensed pursuant to Article 1 of Chapter 90 of the General Statutes or to the laws of any state of the United States comprise no less than fifty percent (50%) of the governing board or body, unless otherwise prohibited by law; and (iii) that provides a substantial proportion of the services under each Medicare contract directly through the sponsoring provider. The requirement in subpart (ii) of this definition shall not preclude a PSO that includes a tax-exempt hospital from adopting a bylaw provision that provides a veto for the tax-exempt hospital over actions of the PSO necessary to maintain the hospital's tax-exempt status. A PSO shall not be out of compliance with the requirement in subpart (ii) due to temporary vacancies on its governing board or body. Subpart (ii) of this subdivision applies only if a hospital licensed under this Chapter or Chapter 122C of the General Statutes is the sponsoring provider or a member of the group of affiliated health care providers that comprises the sponsoring provider.

(14) 'Sponsoring providers' of a PSO means the health care provider domiciled in this State that assumes, or group of affiliated health care providers that directly or indirectly shares, substantial financial risk in the PSO and that has at least a majority financial interest in the PSO.

(15) 'Substantial proportion of the services' means at least seventy percent (70%), or sixty percent (60%) for PSOs whose beneficiaries reside primarily in rural areas, of the annual health care expenditures.

**"§ 131E-277. Direct or indirect sharing of substantial financial risk.**

In order for sponsoring providers to directly or indirectly share substantial financial risk in the PSO, the PSO shall do one or more of the following:

(1) Provide services under its Medicare contract at a capitated rate;  
(2) Provide designated services or classes of services under its Medicare contract for a predetermined percentage of premium or revenue from the Medicare program;

(3) Use significant financial incentives for its sponsoring providers, as a group to achieve specified cost-containment and utilization management goals either by:

a. Withholding from all sponsoring providers a substantial amount of the compensation due to them, with distribution of that amount to the sponsoring providers based on performance of all sponsoring providers in meeting the cost-containment goals of the network as a whole; or  
b. Establishing overall cost or utilization targets for the PSO, with the sponsoring providers subject to subsequent

1                   substantial financial rewards or penalties based on group  
2                   performance in meeting the targets; or  
3           (4)   Agree to provide a complex or extended course of treatment that  
4                   requires the substantial coordination of care by sponsoring  
5                   providers in different specialties offering a complementary mix of  
6                   services, for a fixed, predetermined payment, when the costs of  
7                   that course of treatment for any individual patient can vary greatly  
8                   due to the individual patient's treatment or other factors; or

9           (5)   Agree to any other arrangement that the Division determines to  
10                   provide for the sharing of substantial financial risk by the  
11                   sponsoring providers.

12   **"§ 131E-278. Applicability of other laws.**

13       Unless otherwise required by federal law, provider sponsored organizations  
14       licensed pursuant to the terms of this Article are exempt from all regulation under  
15       Chapter 58 of the General Statutes. Plan contracts, provider contracts, and other  
16       arrangements related to the provision of covered services by these licensed networks  
17       or by health care providers of these PSOs when operating through these PSOs shall  
18       likewise be exempt from regulation under Chapter 58 of the General Statutes.

19   **"§ 131E-279. Approval.**

20       (a) Unless otherwise required by federal law, the Division shall be the agency of  
21       the State that shall license provider sponsored organizations that seek to contract with  
22       the federal government to provide health care services directly to Medicare  
23       beneficiaries under the Medicare + Choice program.

24       (b) Provider sponsored organizations which have been granted a waiver pursuant  
25       to 42 U.S.C. § 1395w-25(a)(2) and which otherwise meet the requirements of the  
26       PSO's Medicare contract shall be deemed by the State to be licensed under this  
27       Article for so long as the waiver or Medicare contract remains in effect. The  
28       foregoing shall not limit the Division's authority to regulate such PSOs and their  
29       respective sponsoring providers and affiliated providers as may be permitted in 42  
30       U.S.C. § 1395w-25(a)(2)(G) or the PSO's Medicare contract.

31       (c) The Division shall license a PSO as a risk-bearing entity eligible to offer health  
32       benefits coverage in this State to Medicare beneficiaries if the PSO complies with the  
33       requirements of this Article. This license shall be granted or denied by the Division  
34       not longer than 90 days after the receipt of a substantially complete application for  
35       licensing. Within 45 days after the Division receives an application for licensing, the  
36       Division shall either notify the applicant that the application is substantially complete,  
37       or clearly and accurately specify in writing to the applicant all additional specific  
38       information required by the applicant to make the application a substantially  
39       completed application. This agency response shall set forth a date and time for a  
40       meeting within 30 days after it is sent to the applicant, at which a representative of  
41       the Division will explain with particularity the additional information required by the  
42       Division in the response to make the application substantially complete. The  
43       Division shall be bound by the response unless the Division determines that it must  
44       be modified in order to meet the purposes of this Article. The Division shall not



1 delegate the authority to modify the response. If an applicant provides the additional  
2 information set forth in the response, the application shall be considered substantially  
3 complete. If the Division has not acted on an application within 90 days after it is  
4 deemed substantially complete, the Division shall immediately issue a license to the  
5 applicant, and the applicant shall be considered to have been licensed by the  
6 Division. Any reapplication which corrects the deficiencies which were specified by  
7 the Division in the response shall be approved by the Division.

8 (d) For purposes of determining, under 42 U.S.C. § 1395w-25(a)(2)(B), or any  
9 successor thereof, the date of receipt by the State of a substantially complete  
10 application, the date the Division receives the applicant's written response to the  
11 agency response or an earlier date considered by the Division shall be considered to  
12 be that date. The foregoing shall not limit the Division's authority to consider an  
13 application not substantially complete under subsection (c) of this section if the  
14 applicant's response to the response does not provide substantially the information  
15 specified in the response.

16 (e) A license shall be denied only after the Division complies with the  
17 requirements of G.S. 131E-305.

18 "§ 131E-280. Applicants for license.

19 Each application for licensing as a provider sponsored organization authorized to  
20 do business in North Carolina shall be certified by an officer or authorized  
21 representative of the applicant, shall be in a form prescribed by the Division, and  
22 shall be set forth or be accompanied by the following:

- 23 (1) A copy of the basic organizational document, if any, of the  
24 applicant and each sponsoring organization that holds greater than  
25 a five percent (5%) interest in the PSO, such as the articles of  
26 incorporation, articles of organization, partnership agreement, trust  
27 agreement, or other applicable documents, and all amendments  
28 thereto;
- 29 (2) A copy of the respective bylaws, rules and regulations, or similar  
30 documents, if any, regulating the conduct of the internal affairs of  
31 the applicant and each sponsoring provider which holds greater  
32 than a five percent (5%) interest in the PSO;
- 33 (3) Copies of the document evidencing the arrangements between the  
34 applicant and each sponsoring provider that create the  
35 relationships and obligations described in G.S. 131E-276(1);
- 36 (4) A list of the names, addresses, and official positions of persons who  
37 are to be responsible for the conduct of the affairs of the applicant  
38 and of each sponsoring provider that holds greater than a five  
39 percent (5%) interest in the PSO, respectively, including all  
40 members of the respective boards of directors, boards of trustees,  
41 executive committees, or other governing boards or committees,  
42 the principal officers in the case of a corporation, and the partners  
43 or members in the case of a partnership or association;

- 1           (5) A copy of any contract form made or to be made between any  
2 class of providers and the PSO and a copy of any contract form  
3 made or to be made between third-party administrators, marketing  
4 consultants, or persons listed in subdivision (3) of this subsection  
5 and the PSO;
- 6           (6) A statement generally describing the provider sponsored  
7 organization, its sponsoring providers, its health care plan or plans,  
8 facilities, and personnel and certifying that its medical director or  
9 other person charged with determining and overseeing the PSO's  
10 medical policies is a medical doctor holding an unrestricted license  
11 to practice medicine under Article 1 of Chapter 90 of the General  
12 Statutes;
- 13          (7) A copy of the hospital license of each sponsoring provider that is a  
14 hospital, a copy of the license to practice medicine of each  
15 sponsoring provider or owner of a sponsoring provider that is a  
16 licensed physician, and a copy of the health care service or facility  
17 license held by any other licensed sponsoring provider;
- 18          (8) Financial statements showing the applicant's assets, liabilities,  
19 sources of financial support, and the financial statements of each  
20 sponsoring provider that holds greater than a five percent (5%)  
21 interest in the PSO showing the sponsoring provider's assets,  
22 liabilities, and sources of support. If the applicant's or any such  
23 sponsoring provider's financial affairs are audited by independent  
24 certified public accountants, a copy of the applicant's or  
25 sponsoring provider's most recent regular certified financial  
26 statement shall be considered to satisfy this requirement unless the  
27 Division directs that additional or more recent financial  
28 information is required for the proper administration of this  
29 Article;
- 30          (9) If the applicant's obligations under G.S. 131E-282, 131E-283, 131E-  
31 297, 131E-298, and 131E-299 are guaranteed by one or more  
32 guarantors:
- 33           a. Documentation that each guarantor meets the following  
34 requirements:
- 35               1. The guarantor is a legal entity authorized to conduct  
36 business in North Carolina.
- 37               2. The guarantor is not under federal bankruptcy or  
38 State receivership or rehabilitation proceedings.
- 39               3. The guarantor has a net worth, not including other  
40 guarantees, intangibles, and restricted reserves, equal  
41 to three times the amount of the PSO's guarantee.
- 42           b. Financial statements showing each guarantor's assets,  
43 liabilities, and source of financial support.

c. If a guarantor's financial affairs are audited by independent certified public accountants, a copy of the guarantor's most recent regular audited financial statement shall be considered to satisfy this requirement unless the Division directs that additional or more recent financial information is required for the proper administration of this Article.

d. The guarantee document, including a statement of the financial obligation covered by the guarantee, an agreement to unconditionally fulfill the financial obligations covered by the guarantee, an agreement not to subordinate the guarantee to any other claim on the resources of the guarantor and a declaration that the guarantor must act on a timely basis to satisfy the financial obligations covered by the guarantee.

(10) A financial plan, satisfactory to the Division, covering the first 12 months of operation under the PSO's Medicare contract and which meets the requirements of G.S. 131E-283. If the financial plan projects losses, the financial plan must cover the period through 12 months beyond the projected breakeven;

(11) A statement reasonably describing the geographic area or areas to be served;

(12) A description of the procedures to be implemented to meet the protection against insolvency requirements of G.S. 131E-298; and

(13) Any other information the Division may require to make the determinations required in G.S. 131E-282.

**"§ 131E-281. Additional information.**

(a) In addition to the information filed under G.S. 131E-280, each application shall include a description of the following:

(1) The program to be used to evaluate whether the applicant's network of sponsoring providers and contracted providers is sufficient, in numbers and types of providers, to assure that all health care services will be accessible without unreasonable delay;

(2) The program used to evaluate whether the sponsoring providers provide a substantial portion of services under each Medicare contract of the PSO;

(3) The program to be used for verifying provider credentials;

(4) The utilization review program for the review and control of health care services provided or paid for by the applicant;

(5) The quality management program to assure quality of care and health care services managed and provided through the health care plan; and

(6) The applicant's network of sponsoring providers and contracted providers and evidence of the ability of that network to provide all

1 health care services other than out-of-network services and  
2 emergency services to the applicant's prospective beneficiaries.

3 (b) The Division may promulgate rules and regulations exempting from the filing  
4 requirements of subsection (a) of this section those items it deems unnecessary.

5 "§ 131E-282. Issuance of license.

6 (a) Before issuing a PSO license, the Division may make an examination or  
7 investigation as it deems expedient. The Division shall issue a license after receipt of  
8 a substantially complete application and upon satisfaction of the following  
9 requirements:

10 (1) The applicant is duly organized as a provider sponsored  
11 organization as defined by this Article.

12 (2) The PSO has initially a minimum net worth of one million five  
13 hundred thousand dollars (\$1,500,000). In the event the PSO  
14 submits a financial plan that demonstrates that the PSO does not  
15 have to create but has or has available to it an administrative  
16 infrastructure that shall reduce the PSO's start-up costs, the  
17 Division may lower the initial minimum net worth required to one  
18 million dollars (\$1,000,000) or to any lower amount as determined  
19 by the Division if the PSO operates primarily in rural areas.

20 (3) The PSO shall have at least seven hundred fifty thousand dollars  
21 (\$750,000) in cash or equivalents on its balance sheet, except that  
22 the Division may permit a PSO operating primarily in rural areas  
23 to have a lesser amount held in cash or equivalents on its balance  
24 sheets.

25 (4) The applicant submits a financial plan satisfactory to the Division  
26 which covers the first 12 months of operation of the PSO's  
27 Medicare contract and which meets the requirements of G.S. 131E-  
28 283. If the plan projects losses, the financial plan shall cover the  
29 period through 12 months beyond projected breakeven.

30 (5) The Division determines that the applicant has sufficient cash flow  
31 to meet its obligations as they become due. In making that  
32 determination, the Division shall consider the following:

33 a. The timeliness of payment;

34 b. The extent to which the current ratio is maintained at one-  
35 to-one, or whether there is a change in the current ratio  
36 over a period of time; and

37 c. The availability of outside financial resources.

38 (b) In calculating the net worth of a PSO, the Division shall admit the following:

39 (1) One hundred percent (100%) of the book value of health care  
40 delivery assets on the balance sheet of the applicant.

41 (2) One hundred percent (100%) of the value of cash and cash  
42 equivalents on the balance sheet of the applicant.

43 (3) If at least one million dollars (\$1,000,000) of the initial minimum  
44 net worth requirement is met by cash or cash equivalents, then one

hundred percent (100%) of the book value of the PSO's intangible assets up to twenty percent (20%) of the minimum net worth amount required. If less than one million dollars (\$1,000,000) of the initial minimum net worth requirement is met by cash or cash equivalents or if the Division has used its discretion to reduce the initial net worth requirement below one million five hundred thousand dollars (\$1,500,000), then the Division shall admit one hundred percent (100%) of the book value of intangible assets of the PSO up to ten percent (10%) of the minimum net worth amount required.

(4) Standard accounting principles treatment shall be given to other assets of the PSO not used in the delivery of health care for the purposes of meeting the minimum net worth requirement.

(5) Deferred acquisition costs shall not be admitted.

**"§ 131E-283. Financial plan.**

(a) The financial plan shall include the following:

(1) A detailed marketing plan;

(2) Statements of revenue and expense on an accrual basis;

(3) Cash flow statements;

(4) Balance sheets; and

(5) The assumptions and justifications in support of the financial plan.

(b) In the financial plan, the PSO shall demonstrate that it has the resources available to meet the projected losses for the entire period to break even. Except for the use of guaranties as provided in subsection (c) of this section, letters of credit as provided in subsection (e) of this section, and other means as provided in subsection (f) of this section, the resources must be assets on the balance sheet of the PSO in a form that is either cash or convertible to cash in a timely manner, pursuant to the financial plan.

(c) Guaranties shall be acceptable as a resource to meet projected losses, under the following conditions:

(1) For the first year of the PSO's operation of the PSO's Medicare contract, the guarantor must provide the PSO with cash or cash equivalents to fund the projected losses, as follows:

a. Prior to the beginning of the first quarter, in the amount of the projected losses for the first two quarters;

b. Prior to the beginning of the second quarter, in the amount of the projected losses through the end of the third quarter; and

c. Prior to the beginning of the third quarter, in the amount of the projected losses through the end of the fourth quarter.

(2) If the guarantor provides the cash or cash equivalents to the PSO in a timely manner on the above schedule, this funding shall be considered in compliance with the guarantor's commitment to the PSO. In the third quarter, the PSO shall notify the Division if the

- 1 PSO intends to reduce the period of funding of projected losses.  
2 The Division shall notify the PSO within 60 days of receiving the  
3 PSO's notice if the reduction is not acceptable.
- 4 (3) If the above guaranty requirements are not met, the Division may  
5 take appropriate action, such as requiring funding of projected  
6 losses through means other than a guaranty. The Division retains  
7 discretion which shall be reasonably exercised to require other  
8 methods or timing of funding, considering factors such as the  
9 financial condition of the guarantor and the accuracy of the  
10 financial plan.
- 11 (d) The Division may modify the conditions in subsection (c) of this section in  
12 order to clarify the acceptability of guaranty arrangements.
- 13 (e) An irrevocable, clean, unconditional letter of credit may be used as an  
14 acceptable resource to fund projected losses in place of cash or cash equivalents if  
15 satisfactory to the Division.
- 16 (f) If approved by the Division, based on appropriate standards promulgated by  
17 the Division, PSOs may use the following to fund projected losses for periods after  
18 the first year: lines of credit from regulated financial institutions, legally binding  
19 agreements for capital contributions, or other legally binding contracts of a similar  
20 level of reliability.
- 21 (g) The exceptions in subsections (c), (e), and (f) of this section may be used in an  
22 appropriate combination or sequence.
- 23 **"§ 131E-284. Modifications.**
- 24 (a) A provider sponsored organization shall file a notice describing any significant  
25 change in the information required by the Division under G.S. 131E-280. Such  
26 notice shall be filed with the Division prior to the change. If the Division does not  
27 disapprove within 90 days after the filing, this modification shall be considered  
28 approved. Changes subject to the terms of this section include expansion of service  
29 area, addition or deletion of sponsoring providers, changes in provider contract  
30 forms, and group contract forms when the distribution of risk is significantly changed,  
31 and any other changes that the Division describes in properly adopted rules. Every  
32 PSO shall report to the Division for the Division's information material changes in  
33 the network of sponsoring providers and affiliated providers of services to  
34 beneficiaries enrolled with the PSO, the addition or deletion of any Medicare  
35 contracts of the PSO or any other information the Division may require. This  
36 information shall be filed with the Division within 15 days after implementation of  
37 the reported changes. Every PSO shall file with the Division all subsequent changes  
38 in the information or forms that are required by this Article to be filed with the  
39 Division.
- 40 (b) The Division may adopt rules exempting from the filing requirements of  
41 subsection (a) of this section those items it considers unnecessary.
- 42 **"§ 131E-285. Deposits.**
- 43 (a) At the time of application, the Division shall require a deposit of one hundred  
44 thousand dollars (\$100,000) in cash or securities or a combination thereof for all

1 provider sponsored organizations. The deposits shall be included in the calculations  
2 of a PSO's or applicant's net worth.

3 (b) All deposits required by this section shall be restricted to use in the event of  
4 insolvency to help assume continuation of services or pay costs associated with  
5 receivership or liquidation.

6 "§ 131E-286. Ongoing financial standards - net worth.

7 (a) Beginning the first day of operation of the PSO and except as otherwise  
8 provided in subsection (d) of this section, every PSO shall maintain a minimum net  
9 worth equal to the greatest of the following amounts:

10 (1) One million dollars (\$1,000,000);

11 (2) Two percent (2%) of annual premium revenues as reported on the  
12 most recent annual financial statement filed with the Division on  
13 the first one hundred fifty million dollars (\$150,000,000) of  
14 premium and one percent (1%) of annual premium on the  
15 premium in excess of one hundred fifty million dollars  
16 (\$150,000,000);

17 (3) An amount equal to the sum of three months uncovered health  
18 care expenditures as reported on the most recent financial  
19 statement filed with the Division;

20 (4) An amount equal to the sum of:

21 a. Eight percent (8%) of annual health care expenditures paid  
22 on a noncapitated basis to nonaffiliated providers as  
23 reported on the most recent financial statement filed with  
24 the Division; and

25 b. Four percent (4%) of annual health care expenditures paid  
26 on a capitated basis to nonaffiliated providers plus annual  
27 health care expenditures paid on a noncapitated basis to  
28 affiliated providers; and

29 c. Zero percent (0%) of annual health care expenditures paid  
30 on a capitated basis to affiliated providers regardless of  
31 downstream arrangements from the affiliated provider.

32 (b) In calculating net worth, liabilities shall not include fully subordinated debt or  
33 subordinated liabilities. For purposes of this provision, subordinated liabilities are  
34 claims liabilities otherwise due to providers that are retained by the PSO to meet net  
35 worth requirements and are fully subordinated to all creditors.

36 (c) In calculating net worth for purposes of this section, the items described in  
37 G.S. 131E-282(b) shall be admitted, except as follows:

38 (1) For intangible assets, if at least the greater of one million dollars  
39 (\$1,000,000) or sixty-seven percent (67%) of the ongoing minimum  
40 net worth requirement is met by cash or cash equivalents, then the  
41 Division shall admit the book value of intangible assets up to  
42 twenty percent (20%) of the minimum net worth amount required.  
43 If less than the greater of one million dollars (\$1,000,000) or sixty-  
44 seven percent (67%) of the ongoing minimum net worth



1                   requirement is met by cash or cash equivalents, then the Division  
2                   shall admit the book value of intangible assets up to ten percent  
3                   (10%) of the minimum net worth amount required; and

4                   (2)   Deferred acquisition costs shall not be admitted.

5           (d)   The Division may lower the minimum ongoing net worth threshold, and the  
6   amount held in cash or cash equivalents for PSOs that operate primarily in rural  
7   areas.

8           (e)   During the start-up phase of the PSO, the pre-break-even financial plan  
9   requirements shall apply. After the point of breakeven, the financial plan  
10   requirement shall address cash needs and the financing required for the next three  
11   years.

12           (f)   If a PSO, or the legal entity of which the PSO is a component, did not earn a  
13   net operating surplus during the most recent fiscal year, the PSO shall submit a  
14   financial plan, satisfactory to the Division, meeting all of the requirements established  
15   for the initial financial plan.

16   "§ 131E-287. Reporting.

17           (a)   The PSO shall file with the Division financial information relating to PSO  
18   solvency standards described in this Article, according to the following schedule:

19                   (1)   On a quarterly basis until breakeven; and

20                   (2)   On an annual basis after breakeven, if the PSO has a net operating  
21                   surplus; or

22                   (3)   On a quarterly or monthly basis, as specified by the Division, after  
23                   breakeven, if the PSO does not have a net operating surplus.

24           (b)   To the extent not preempted by federal law or otherwise mandated by the  
25   Medicare program, the PSO shall annually, on or before the first day of March of  
26   each year, file with the Division the following information for the previous calendar  
27   year:

28                   (1)   The number of and reasons for grievances and complaints received  
29                   from Medicare beneficiaries enrolled with the PSO under the  
30                   PSO's Medicare contract regarding medical treatment. The report  
31                   shall include the number of covered lives, total number of  
32                   grievances categorized by reason for the grievance, the number of  
33                   grievances referred to the second level grievance review, the  
34                   number of grievances resolved at each level and their resolution,  
35                   and a description of the actions that are being taken to correct the  
36                   problems that have been identified through grievances received.  
37                   Every PSO shall file with the Division, as part of its annual  
38                   grievance report, a certificate of compliance stating that the PSO  
39                   has established and follows, for its Medicare contract, grievance  
40                   procedures that comply with this Article.

41                   (2)   The number of Medicare beneficiaries enrolled with the PSO  
42                   under the PSO's Medicare contract who terminated their  
43                   enrollment with the PSO for any reason.



(3) The number of provider contracts between the PSO and network providers for the provision of covered services to Medicare beneficiaries that were terminated and reasons for termination. This information shall include the number of providers leaving the PSO network and the number of new providers in the network. The report shall show voluntary and involuntary terminations separately.

(4) Data relating to the utilization, quality, availability, and accessibility of service. The report shall include the following:

a. Information on the PSO's program to determine the level of network availability, as measured by the numbers and types of network providers, required to provide covered services to covered persons. This information shall include the PSO's methodology under its Medicare+Choice program for:

1. Establishing performance targets for the numbers and types of providers by specialty, area of practice, or facility type, for each of the following categories: primary care physicians, specialty care physicians, nonphysician health care providers, hospitals, and nonhospital health care facilities.

2. Determining when changes in PSO Medicare+Choice program enrollees will necessitate changes in the provider network.

The report shall also include: the availability performance targets for the previous and current years; the numbers and types of providers currently participating in the PSO's provider network; and an evaluation of actual plan performance against performance targets.

b. The PSO's method for arranging or providing health care services from nonnetwork providers, both within and outside of its service area, when network providers are not available to provide covered services.

c. Information on the PSO's program under its Medicare+Choice program to determine the level of provider network accessibility necessary to serve its Medicare enrollees. This information shall include the PSO's methodology for establishing performance targets for member access to covered services from primary care physicians, specialty care physicians, nonphysician health care providers, hospitals, and nonhospital health care facilities. The methodology shall establish targets for:

1. The proximity of network providers to members, as measured by member driving distance, to access

primary care, specialty care, hospital-based services, and services of nonhospital facilities.

2. Expected waiting time for appointments for urgent care, acute care, specialty care, and routine services for prevention and wellness.

The report shall also include: the accessibility performance targets for the previous and current years; data on actual overall accessibility as measured by driving distance and average appointment waiting time; and an evaluation of actual Medicare+Choice plan performance against performance targets. Measures of actual accessibility may be developed using scientifically valid random sample techniques.

- d. A statement of the PSO's methods and standards for determining whether in-network services are reasonably available and accessible to a Medicare enrollee for the purpose of determining whether such enrollee should receive the in-network level of coverage for services received from a nonnetwork provider.

- e. A description of the PSO's program to monitor the adequacy of its network availability and accessibility methodologies and performance targets, Medicare+Choice plan performance, and network provider performance.

- f. A summary of the PSO's utilization review program activities for the previous calendar year under its Medicare+Choice program. The report shall include the number of: each type of utilization review performed, noncertifications for each type of review, each type of review appealed, and appeals settled in favor of Medicare enrollees. The report shall be accompanied by a certification from the carrier that it has established and follows procedures that comply with this Article.

- (5) Aggregate financial compensation data, including the percentage of providers paid under a capitation arrangement, discounted fee-for-service or salary, the services included in the capitation payment, and the range of compensation paid by withhold or incentive payments. This information shall be submitted on a form prescribed by the Division.

The name, or group or institutional name, of an individual provider may not be disclosed pursuant to this subsection. No civil liability shall arise from compliance with the provisions of this subsection, provided that the acts or omissions are made in good faith and do not constitute gross negligence, willful or wanton misconduct, or intentional wrongdoing.

(c) Disclosure Requirements. -- To the extent not otherwise prohibited by federal law or under the terms of the PSO's Medicare contract, each PSO shall provide the following applicable information to Medicare beneficiaries enrolled with the PSO under the PSO's Medicare contract and bona fide prospective enrollees upon request:

(1) The evidence of coverage under the Medicare+Choice plan provided by the PSO to Medicare beneficiaries under the terms of the PSO's Medicare contract;

(2) An explanation of the utilization review criteria and treatment protocol under which treatments are provided for conditions specified by the prospective enrollee. This explanation shall be in writing if so requested;

(3) If denied a recommended treatment, written reasons for the denial and an explanation of the utilization review criteria or treatment protocol upon which the denial was based;

(4) The plan's restrictive formularies or prior approval requirements for obtaining prescription drugs, whether a particular drug or therapeutic class of drugs is excluded from its formulary, and the circumstances under which a nonformulary drug may be covered; and

(5) The procedures and medically based criteria under the PSO's Medicare contract for determining whether a specified procedure, test, or treatment is experimental.

(d) Effective January 1, 1999, PSOs shall make the reports that are required under subsection (b) of this section and that have been filed with the Division available on their business premises and shall provide any Medicare beneficiary enrolled with the PSO access to them upon request, unless otherwise prohibited by federal law or under the terms of the PSO's Medicare contract.

(e) Every PSO licensed under this Article shall annually on or before the first day of March of each year, file with the Division a sworn statement verified by at least two of the principal officers of the PSO showing its condition on the thirty-first day of December, then next preceding; which shall be in such form as the Division shall prescribe. In case the PSO fails to file the annual statement as herein required, the Division is authorized to suspend the license issued to the PSO until the statement shall be properly filed.

(f) A PSO shall report to the Division the efforts it has undertaken to foster measurable improvements in the health status of the community's Medicare population, increase access to health care for noncovered benefits, and address critical health care needs of the community's Medicare population.

"§ 131E-288. Liquidity.

(a) Each PSO shall have sufficient cash flow to meet its obligations as they become due. In determining the ability of a PSO to meet this requirement, the Division shall consider the following:

(1) The timeliness of payment;

- 1           (2)   The extent to which the current ratio is maintained at one-to-one  
2           or whether there is a change in the current ratio over a period of  
3           time; and  
4           (3)   The availability of outside financial resources.  
5   (b) The following corresponding remedies apply:  
6           (1)   If the PSO fails to pay obligations as they become due, the  
7           Division shall require the PSO to initiate corrective action to pay  
8           all overdue obligations.  
9           (2)   The Division may require the PSO to initiate corrective action if  
10          either of the following is evident: (i) the current ratio declines  
11          significantly; or (ii) there is a continued downward trend in the  
12          current ratio. The corrective action may include a change in the  
13          distribution of assets, a reduction of liabilities, or alternative  
14          arrangements to secure additional funding requirements to restore  
15          the current ratio to one-to-one.  
16          (3)   If there is a change in the availability of the outside resources, the  
17          Division shall require the PSO to obtain funding from alternative  
18          financial resources.  
19   (c) Nothing in the foregoing liquidity requirements shall be interpreted to require  
20   the PSO to maintain a current ratio of one-to-one if the PSO can demonstrate to the  
21   Division that it is able to pay its obligations as they become due and the current ratio  
22   maintained by the PSO has neither declined significantly nor is on a continued  
23   downward trend.  
24   **"§ 131E-289. Minimum of net worth that must be in cash or cash equivalents.**  
25    (a) Except as otherwise provided in subsection (b) of this section, each PSO shall,  
26    on an ongoing basis, maintain a minimum net worth in cash or cash equivalents of  
27    the greater of:  
28          (1)   Seven hundred fifty thousand dollars (\$750,000) cash or cash  
29          equivalents; or  
30          (2)   Forty percent (40%) of the minimum net worth required.  
31    (b) The Division may lower the threshold for minimum net worth held in cash or  
32    cash equivalents by PSOs that operate primarily in rural areas.  
33    (c) Cash or cash equivalents held to meet the net worth requirement shall be  
34    current assets of the PSO.  
35   **"§ 131E-290. Prohibited practice.**  
36    (a) No provider sponsored organization or sponsoring provider, unless licensed as  
37    an insurer under Chapter 58 of the General Statutes may use in its name, contracts,  
38    or literature any of the words 'insurance', 'casualty', 'surety', 'mutual', or any other  
39    words descriptive of the insurance, casualty, or surety business or deceptively similar  
40    to the name or description of any insurance or surety corporation doing business in  
41    this State.  
42    (b) No provider sponsored organization or sponsoring provider shall engage in  
43    any activity or conduct which is prohibited by the terms of the PSO's Medicare  
44    contract.

(c) Unless otherwise preempted by federal law or mandated by the Medicare program, a PSO shall not discriminate with respect to participation, reimbursement, or indemnification as to any provider who is acting within the scope of the provider's license or certification under applicable State law, solely on the basis of that license or certification. This subsection does not preclude a PSO from including providers only to the extent necessary to meet the needs of the organization's enrollees or from establishing any measure designed to maintain quality and control costs consistent with the responsibilities of the organization.

**"§ 131E-291. Collaboration with local health departments.**

A provider sponsored organization and a local health department shall collaborate and cooperate within available resources regarding health promotion and disease prevention efforts that are necessary to protect the public health.

**"§ 131E-292. Coverage.**

(a) Provider sponsored organizations subject to this Article shall provide coverage for the medically appropriate and necessary services specified under the PSO's Medicare contract.

(b) In the event a PSO's Medicare contract or federal law, regulations, or rules governing coverage by the PSO of items or services to Medicare beneficiaries permits a PSO, sponsoring provider, or participating provider to object on moral or religious grounds to providing an item or service to Medicare beneficiaries, it is the policy of this State to permit this objection and allow the participating provider to refuse to provide the item or service.

**"§ 131E-293. Rates.**

Rates charged by provider sponsored organizations to the Medicare program and charges by PSOs and sponsoring providers for items or services to beneficiaries shall be governed by the terms of the PSO's Medicare contract.

**"§ 131E-294. Additional consumer protection and quality standards.**

Unless otherwise preempted by federal law or mandated by the Medicare program, the Division shall apply to provider sponsored organizations the same standards and requirements that the Department of Insurance applies to health maintenance organizations under Chapter 58 of the General Statutes with respect to the following consumer protection and quality matters:

- (1) Quality management programs (11 NCAC 20.0500, et seq.);
- (2) Utilization review procedures (G.S. 58-67-61 and G.S. 58-67-62);
- (3) Unfair or deceptive trade practices (Article 63 of Chapter 58 of the General Statutes);
- (4) Antidiscrimination (G.S. 58-3-25(b) and (c), 58-3-120, 58-63-15(7), and 58-67-75);
- (5) Provider accessibility and availability (11 NCAC 20.0300, et seq.);
- (6) Network provider credentialing (11 NCAC 20.0400, et seq.); and
- (7) Data reporting requirements under G.S. 58-67-50(e).

**"§ 131E-295. Powers of insurers and medical service corporations.**

Notwithstanding any provision of the insurance and hospital or medical service corporation laws contained in Articles 1 through 67 of Chapter 58 of the General

1 Statutes, an insurer or a hospital or medical service corporation may contract with a  
2 provider sponsored organization to provide insurance or similar protection against  
3 the cost of care provided through provider sponsored organizations and their  
4 sponsoring providers to beneficiaries and to provide coverage in the event of the  
5 failure of the provider sponsored organization or its sponsoring providers to meet its  
6 obligations under the PSO's Medicare contract. The beneficiaries of a provider  
7 sponsored organization constitute a permissible group under these laws. Among  
8 other things, under these contracts, the insurer or hospital or medical service  
9 corporation may make benefit payments to provider sponsored organizations for  
10 health care services rendered by providers pursuant to the health care plan.

11 **"§ 131E-296. Examinations.**

12 The Division may make an examination of the affairs of any provider sponsored  
13 organization and the contracts, agreements, or other arrangements pursuant to its  
14 health care plan as often as the Division considers necessary for the protection of the  
15 interests of the people of this State but not less frequently than once every three  
16 years.

17 **"§ 131E-297. Hazardous financial condition.**

18 (a) Whenever the financial condition of any provider sponsored organization  
19 indicates a condition such that the continued operation of the provider sponsored  
20 organization might be hazardous to its beneficiaries, creditors, or the general public,  
21 then the Division may order the provider sponsored organization to take any action  
22 that may be reasonably necessary to rectify the existing condition, including one or  
23 more of the following steps:

- 24 (1) To reduce the total amount of present and potential liability for  
25 benefits by reinsurance;
- 26 (2) To reduce the volume of new business being accepted;
- 27 (3) To reduce the expenses by specified methods;
- 28 (4) To suspend or limit the writing of new business for a period of  
29 time;
- 30 (5) To require an increase to the provider sponsored organization's  
31 net worth by contribution;
- 32 (6) To add or delete sponsoring providers;
- 33 (7) To increase the amount of payments from the PSO which  
34 sponsoring providers agree to forego; or
- 35 (8) To require additional guaranties from sponsoring providers or from  
36 parents of sponsoring providers.

37 (b) If the Division determines that the standards in G.S. 131E-286, 131E-288, and  
38 131E-289 do not provide sufficient early warning that the continued operation of any  
39 provider sponsored organization might be hazardous to its beneficiaries, creditors, or  
40 the general public, the Division may adopt rules to set uniform standards and criteria  
41 for such an early warning and to set standards for evaluating the financial condition  
42 of any provider sponsored organization, which standards shall be consistent with the  
43 purposes expressed in subsection (a) of this section.

44 **"§ 131E-298. Protection against insolvency.**



1 (a) The Division shall require deposits in accordance with the provisions of G.S.  
2 131E-285.

3 (b) If a provider sponsored organization fails to comply with the net worth  
4 requirements of G.S. 131E-286, the Division may take appropriate action to assure  
5 that the continued operation of the provider sponsored organization will not be  
6 hazardous to the beneficiaries enrolled with the PSO.

7 (c) Every provider sponsored organization shall have and maintain at all times an  
8 adequate plan for protection against insolvency acceptable to the Division. In  
9 determining the adequacy of such a plan, the Division shall consider:

10 (1) A reinsurance agreement preapproved by the Division covering  
11 excess loss, stop-loss, or catastrophies. The agreement shall  
12 provide that the Division will be notified no less than 60 days prior  
13 to cancellation or reduction of coverage;

14 (2) A conversion policy or policies that will be offered by an insurer  
15 to the beneficiaries in the event of the provider sponsored  
16 organization's insolvency;

17 (3) Legally binding unconditional guaranties by adequately capitalized  
18 sponsoring provider or adequately capitalized sponsoring  
19 corporations of sponsoring providers;

20 (4) Legally binding obligations of sponsoring providers to forego  
21 payment for items or services provided by the sponsoring provider  
22 in order to avoid the financial insolvency of the PSO;

23 (5) Legally binding obligations of sponsoring providers or parents of  
24 sponsoring providers to make capital infusions to the PSO; and

25 (6) Any other arrangements offering protection against insolvency that  
26 the Division may require.

27 **"§ 131E-299. Hold harmless agreements or special deposit.**

28 (a) Unless the PSO maintains a special deposit in accordance with subsection (b)  
29 of this section, each contract between every PSO and a participating provider of  
30 health care services shall be in writing and shall set forth that in the event the PSO  
31 fails to pay for health care services as set forth in the contract, the Medicare  
32 subscriber or beneficiary shall not be liable to the provider for any sums owed by the  
33 PSO. No other provisions of these contracts shall, under any circumstances, change  
34 the effect of this provision. No participating provider or agent, trustee, or assignee  
35 thereof may maintain any action at law against a subscriber or beneficiary to collect  
36 sums owed by the PSO.

37 (b) In the event that the participating provider contract has not been reduced to  
38 writing or that the contract fails to contain the required prohibition, the PSO shall  
39 maintain a special deposit in cash or cash equivalent as follows:

40 (1) If at any time uncovered expenditures exceed ten percent (10%) of  
41 total health care expenditures the PSO shall either:

42 a. Place an uncovered expenditures insolvency deposit with the  
43 Division, or with any organization or trustee acceptable to  
44 the Division through which a custodial or controlled

- 1 account is maintained, cash or securities that are acceptable  
2 to the Division. This deposit shall at all times have a fair  
3 market value in an amount of one hundred twenty percent  
4 (120%) of the PSO's outstanding liability for uncovered  
5 expenditures for enrollees, including incurred but not  
6 reported claims, and shall be calculated as of the first day of  
7 the month and maintained for the remainder of the month.  
8 If a PSO is not otherwise required to file a quarterly report,  
9 it shall file a report within 45 days of the end of the  
10 calendar quarter with information sufficient to demonstrate  
11 compliance with this section; or  
12 b. Maintain adequate insurance or a guaranty arrangement  
13 approved in writing by the Division, to pay for any loss to  
14 beneficiaries claiming reimbursement due to the insolvency  
15 of the PSO. The Division shall approve a guaranty  
16 arrangement if the guarantying organization is a sponsoring  
17 provider, has been operating for at least 10 years, and has a  
18 net worth, including organization-related land, buildings,  
19 and equipment of at least fifty million dollars (\$50,000,000),  
20 unless the Division finds that the approval of this guaranty  
21 may be financially hazardous to beneficiaries.  
22 (2) The deposit required under sub-subdivision a. of subdivision (1) of  
23 this subsection is an admitted asset of the PSO in the  
24 determination of net worth. All income from these deposits or  
25 trust accounts shall be assets of the PSO and may be withdrawn  
26 from the deposit or account quarterly with the approval of the  
27 Division;  
28 (3) A PSO that has made a deposit may withdraw that deposit or any  
29 part of the deposit if (i) a substitute deposit of cash or securities of  
30 equal amount and value is made, (ii) the fair market value exceeds  
31 the amount of the required deposit, or (iii) the required deposit  
32 under this subsection is reduced or eliminated. Deposits,  
33 substitutions, or withdrawals may be made only with the prior  
34 written approval of the Division;  
35 (4) The deposit required under sub-subdivision a. of subdivision (1) of  
36 this section is in trust and may be used only as provided under this  
37 section. The Division may use the deposit of an insolvent PSO for  
38 administrative costs associated with administering the deposit and  
39 payment of claims of enrollees of the PSO.  
40 (c) Whenever the reimbursements described in this section exceed ten percent  
41 (10%) of the PSO's total costs for health care services over the immediately  
42 preceding six months, the PSO shall file a written report with the Division containing  
43 the information necessary to determine compliance with sub-subdivision a. of  
44 subdivision (1) of subsection (b) of this section no later than 30 business days from



1 the first day of the month. Upon an adequate showing by the PSO that the  
2 requirements of this section should be waived or reduced, the Division may waive or  
3 reduce these requirements to an amount it deems sufficient to protect beneficiaries of  
4 the PSO consistent with the intent and purpose of this Article.

5 **"§ 131E-300. Continuation of benefits.**

6 The Division shall require that each PSO have a plan for handling insolvency,  
7 which plan allows for continuation of benefits for the duration of the contract period  
8 for which premiums have been paid and continuation of benefits to beneficiaries who  
9 are confined in an inpatient facility until their discharge or expiration of benefits. In  
10 considering such a plan, the Division may require:

- 11 (1) Insurance to cover the expenses to be paid for benefits after an  
12 insolvency;
- 13 (2) Provisions in provider contracts that obligate the provider to  
14 provide services for the duration of the period after the PSO's  
15 insolvency for which premium payment has been made and until  
16 the beneficiaries' discharge from inpatient facilities;
- 17 (3) Insolvency reserves as the Division may require;
- 18 (4) Letters of credit acceptable to the Division;
- 19 (5) Additional guaranties from a sponsoring provider of the PSO or  
20 from the parent of a sponsoring provider;
- 21 (6) Legally binding obligations of sponsoring providers to forego  
22 payment from the PSO for services provided to beneficiaries in  
23 order to avoid the insolvency of the PSO; and
- 24 (7) Any other arrangements to assure that benefits are continued as  
25 specified.

26 **"§ 131E-301. Insolvency.**

27 (a) In the event of an insolvency of a PSO upon order of the Division, all  
28 providers that were sponsoring providers of the PSO within the previous 12 months  
29 from the order of the Division shall, for 30 days after the order, offer all beneficiaries  
30 enrolled with the insolvent PSO, covered services without charge other than for any  
31 applicable co-payments, deductibles, or coinsurance permitted to be charged to  
32 beneficiaries under the PSO's Medicare contract.

33 (b) If the Division determines that the sponsoring providers lack sufficient health  
34 care delivery resources to assure that health care services will be available and  
35 accessible to all of the beneficiaries of the insolvent PSO, then, in the event the  
36 Health Care Financing Administration of the United States Department of Health  
37 and Human Services fails to make such allocations in a timely manner, the Division  
38 shall allocate the insolvent PSO's contracts for these groups among all other PSOs  
39 that operate within a portion of the insolvent PSO's service area, taking into  
40 consideration the health care delivery resources of each PSO. Each PSO to which  
41 beneficiaries are so allocated by the Division shall offer such group or groups that  
42 PSO's existing coverage that is most similar to each beneficiary's coverage with the  
43 insolvent PSO at rates determined in accordance with the successor PSO's existing  
44 rating methodology.

(c) Taking into consideration the health care delivery resources of each such PSO, then in the event the Health Care Financing Administration of the United States Department of Health and Human Services fails to make such allocations in a timely manner, the Division shall also allocate among all PSOs that operate within a portion of the insolvent PSO's service area the insolvent PSO's beneficiaries who are unable to obtain other coverage. Each PSO to which beneficiaries are so allocated by the Division shall offer such beneficiaries that PSO's existing coverage for individual or conversion coverage as determined by the beneficiary's type of coverage in the insolvent PSO at rates determined in accordance with the successor PSO's Medicare contract.

**"§ 131E-302. Replacement coverage.**

(a) Any carrier providing replacement coverage with respect to hospital, medical, or surgical expense or service benefits, within a period of 60 days from the date of discontinuance of a prior PSO contract or policy providing these hospital, medical, or surgical expense or service benefits, shall immediately cover all beneficiaries who were validly covered under the previous PSO contract or policy at the date of discontinuance and who would otherwise be eligible for coverage under the succeeding carrier's contract, regardless of any provisions of the contract relating to hospital confinement or pregnancy.

(b) Except to the extent benefits for the condition would have been reduced or excluded under the prior carrier's contract or policy, no provision in a succeeding carrier's contract of replacement coverage that would operate to reduce or exclude benefits on the basis that the condition giving rise to benefits preceded the effective date of the succeeding carrier's contract shall be applied with respect to those beneficiaries validly covered under the prior carrier's contract on the date of discontinuance.

**"§ 131E-303. Incurred but not reported claims.**

(a) Every PSO shall, when determining liability, include an amount estimated in the aggregate to provide for any unearned premium and for the payment of all claims for health care expenditures that have been incurred, whether reported or unreported, that are unpaid and for which such PSO is or may be liable, and to provide for the expense of adjustment or settlement of such claims.

(b) These liabilities shall be computed in accordance with rules adopted by the Division upon reasonable consideration of the ascertained experience and character of the PSO.

**"§ 131E-304. Suspension or revocation of license.**

(a) The Division may suspend, revoke, or refuse to renew a PSO license if the Division finds that the PSO:

- (1) Is operating significantly in contravention of its basic organizational document, or in a manner contrary to that described in and reasonably inferred from any other information submitted under G.S. 131E-280, unless amendments to these submissions have been filed with and approved by the Division;

- (2) Issues evidences of coverage or uses a schedule of premiums for health care services that do not comply with Medicare or Medicaid program requirements as applicable;
- (3) No longer maintains the financial reserve specified in G.S. 131E-286 or is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to beneficiaries or prospective beneficiaries;
- (4) Knowingly or repeatedly fails or refuses to comply with any law or rule applicable to the PSO or with any order issued by the Division after notice and opportunity for a hearing;
- (5) Has knowingly made to the Division any false statement or report;
- (6) Has sponsoring providers that fail to provide a substantial proportion of the services under any health plan during any 12-month period;
- (7) Has itself or through any person on its behalf advertised or merchandised its items or services in an untrue, misrepresentative, misleading, or unfair manner;
- (8) If continuing to operate would be hazardous to beneficiaries; or
- (9) Has otherwise substantially failed to comply with this Article.

(b) A license shall be suspended or revoked only after compliance with G.S. 131E-305.

(c) When a PSO license is suspended, the PSO shall not, during the suspension, enroll any additional beneficiaries and shall not engage in any advertising or solicitation.

(d) When a PSO license is revoked, the PSO shall proceed, immediately following the effective date of the order of revocation, to wind up its affairs and shall conduct no further business except as may be essential to the orderly conclusion of the affairs of the PSO. The PSO shall engage in no advertising or solicitation. The Division may, by written order, permit any further operation of the PSO that the Division may find to be in the best interest of beneficiaries, to the end that beneficiaries will be afforded the greatest practical opportunity to obtain continuing health care coverage.

**"§ 131E-305. Administrative procedures.**

(a) When the Division has cause to believe that grounds for the denial of an application for a license exist, or that grounds for the suspension or revocation of a license exist, it shall notify the provider sponsored organization in writing specifically stating the grounds for denial, suspension, or revocation and fixing a time of at least 30 days thereafter for a hearing on the matter.

(b) After this hearing, or upon the failure of the provider sponsored organization to appear at this hearing, the Division shall take the action it considers advisable or make written findings that shall be mailed to the provider sponsored organization. The action of the Division shall be subject to review by the Superior Court of Wake County. The court may, in disposing of the issue before it, modify, affirm, or reverse the order of the Division in whole or in part.

1 (c) The provisions of Chapter 150B of the General Statutes apply to proceedings  
2 under this section to the extent that they are not in conflict with subsections (a) and  
3 (b) of this section.

4 **"§ 131E-306. Department of Insurance review and comment.**

5 (a) The Division shall forward to the Department of Insurance each substantially  
6 complete application for a PSO license in a timely manner. The Department of  
7 Insurance shall review the application with respect to fiscal responsibility and  
8 fiduciary responsibility under the following sections:

- 9       (1) 131E-277. Direct or indirect sharing of substantial financial risk.  
10       (2) 131E-282. Issuance of license.  
11       (3) 131E-283. Financial plan.  
12       (4) 131E-285. Deposits.

13 The Department of Insurance shall forward its comments and recommendations to  
14 the Division within 60 days. The Division must review the comments and  
15 recommendations of the Department of Insurance that are received within the 60-day  
16 period before issuing a PSO license.

17 (b) Each licensed PSO shall submit to the Department of Insurance a copy of each  
18 monthly, quarterly, or annual financial solvency statement required by G.S. 131E-  
19 287(a) to be submitted to the Division. The Department of Insurance shall review  
20 the statements and report its findings and recommendations to the Division. If, based  
21 on the information contained in the financial statements, the Department of  
22 Insurance determines that the PSO does not comply with G.S. 131E-304(a)(3) and  
23 demonstrates to the Division that remedial actions under G.S. 131E-297 are not  
24 adequate to remedy the condition, the Department of Insurance may recommend  
25 suspension, revocation, or nonrenewal of the PSO's license, and the Division shall  
26 implement that recommendation.

27 (c) Any additional information needed by the Department of Insurance for  
28 purposes of its review of a PSO's or PSO applicant's solvency pursuant to this section  
29 shall be obtained through the Division.

30 (d) This section expires January 1, 2000.

31 **"§ 131E-307. Penalties and enforcement.**

32 (a) The provisions of G.S. 58-2-70, modified to replace the word 'Commissioner'  
33 by the word 'Division', applies to this Article. The Division may, in addition to or in  
34 lieu of suspending or revoking a license under G.S. 131E-304, proceed under G.S. 58-  
35 2-70, as so modified, provided that the provider sponsored organization has a  
36 reasonable time within which to remedy the defect in its operations that gave rise to  
37 the procedure under G.S. 58-2-70.

38 (b) Any person who violates this Article shall be guilty of a Class 1 misdemeanor.

39 (c) If the Division shall for any reason have cause to believe that any violation of  
40 this Article has occurred or is threatened, the Division may give notice to the  
41 provider sponsored organization and to the representatives or other persons who  
42 appear to be involved in such suspected violation to arrange a conference with the  
43 alleged violators or their authorized representatives for the purpose of attempting to  
44 ascertain the facts relating to such suspected violation, and, in the event it appears

1 that any violation has occurred or is threatened, to arrive at an adequate and effective  
2 means of correcting or preventing such violation.

3 Proceedings under this subsection shall not be governed by any formal procedural  
4 requirements and may be conducted in such manner as the Division may deem  
5 appropriate under the circumstances.

6 (d) The Division may issue an order directing a provider sponsored organization  
7 or a representative of a provider sponsored organization to cease and desist from  
8 engaging in any act or practice in violation of the provisions of this Article.

9 Within 30 days after service of the order of cease and desist, the respondent may  
10 request a hearing on the question of whether acts or practices in violation of this  
11 Article have occurred. These hearings shall be conducted pursuant to Chapter 150B  
12 of the General Statutes, and judicial review shall be available as provided by this  
13 Chapter.

14 (e) In the case of any violation of the provisions of this Article, if the Division  
15 elects not to issue a cease and desist order, or in the event of noncompliance with a  
16 cease and desist order issued pursuant to subsection (d) of this section, the Division  
17 may institute a proceeding to obtain injunctive relief, or seeking other appropriate  
18 relief, in the Superior Court of Wake County.

19 **"§ 131E-308. Statutory construction and relationship to other laws.**

20 (a) Except as otherwise provided in this Article, provisions of the insurance laws  
21 and provisions of hospital or medical service corporation laws shall not be applicable  
22 to any provider sponsored organization granted a license under this Article or to its  
23 sponsoring providers when operating under such a license. This provision shall not  
24 apply to an insurer or hospital or medical service corporation licensed and regulated  
25 pursuant to the insurance laws or the hospital or medical service corporation laws of  
26 this State except with respect to its provider sponsored organization activities  
27 authorized and regulated pursuant to this Article.

28 (b) Solicitation of beneficiaries by a provider sponsored organization granted a  
29 license, or its representatives, shall not be construed to violate any provision of law  
30 relating to solicitation or advertising by health professionals or health care providers.

31 (c) Any provider sponsored organization licensed under this Article shall not be  
32 considered to be a provider of medicine and shall be exempt from the provisions of  
33 Chapter 90 of the General Statutes relating to the practice of medicine; provided,  
34 however, that this exemption does not apply to individual providers under contract  
35 with or employed by the provider sponsored organization or sponsoring providers or  
36 to the sponsoring providers.

37 (d) Except as otherwise limited by this Article, a PSO may organize in the same  
38 manner and may exercise the same prerogatives, powers, and privileges as other  
39 entities that are organized and existing under the same laws as the PSO.

40 **"§ 131E-309. Filings and reports as public documents.**

41 Except for information that constitutes a bona fide trade secret, proprietary  
42 information or competitively sensitive information of a sponsoring provider or parent  
43 of a sponsoring provider, all applications, filings, and reports required under this  
44 Article shall be treated as public documents.



1 **"§ 131E-310. Confidentiality of medical information.**

2 Any data or information pertaining to the diagnosis, treatment, or health of any  
3 beneficiary or applicant obtained from the person or from any provider by any  
4 provider sponsored organization or by any provider acting pursuant to its provider  
5 contract with a provider sponsored organization shall be held in confidence and shall  
6 not be disclosed to any person except to the extent that it may be necessary to carry  
7 out the purposes of this Article; or upon the express consent of the beneficiary or  
8 applicant; or pursuant to statute or court order for the production of evidence or the  
9 discovery thereof; or in the event of claim or litigation between such person and the  
10 provider sponsored organization wherein such data or information is pertinent. A  
11 provider sponsored organization shall be entitled to claim any statutory privileges  
12 against such disclosure which the provider who furnished such information to the  
13 provider sponsored organization is entitled to claim.

14 **"§ 131E-311. Conflicts; severability.**

15 To the extent that the provisions of this Article may be in conflict with any other  
16 provision of this Chapter, the provisions of this Article shall prevail and apply with  
17 respect to provider sponsored organizations. Notwithstanding the absence of adopted  
18 rules, the Division shall continue to process applications for provider sponsored  
19 organization licenses as described in this Article. If any section, term, or provision of  
20 this Article shall be adjudged invalid for any reason, these judgments shall not affect,  
21 impair, or invalidate any other section, term, or provision of this Article, but the  
22 remaining sections, terms, and provisions shall be and remain in full force and effect.

23 **"§ 131E-312. Regulations.**

24 This Article shall be self-implementing. No later than six months after the date of  
25 enactment of this Article, the Division may adopt rules consistent with this Article to  
26 authorize and regulate provider sponsored organizations to contract directly with the  
27 federal Medicare program to provide health care services to the beneficiaries of such  
28 programs. The Division shall issue permanent rules and, may issue temporary rules,  
29 to the extent these rules may be necessary. The Division shall limit its regulation of  
30 provider sponsored organizations to the licensing and regulating of these  
31 organizations as risk-bearing entities contracting directly with the Medicare program  
32 and to the consumer protection and quality standards as provided in G.S. 131E-294  
33 and shall not regulate any matters described in 42 U.S.C. § 1395W-26(b)(3), or any  
34 successor thereof.

35 **"§ 131E-313. Utilization review and grievances.**

36 Unless otherwise preempted by federal law or mandated by the Medicare program,  
37 the provisions of G.S. 58-50-61 and G.S. 58-50-62 apply to a PSO licensed under this  
38 Article as if the PSO was an 'insurer' under those sections, except that the Division  
39 rather than the Commissioner of Insurance shall regulate a PSO's compliance with  
40 those sections."

41 Section 2. G.S. 58-67-10(b) reads as rewritten:

- 42 "(b) (1) It is specifically the intention of this section to permit such persons  
43 as were providing health services on a prepaid basis on July 1,  
44 1977, or receiving federal funds under Section 254(c) of Title 42,

U.S. Code, as a community health center, to continue to operate in the manner which they have heretofore operated.

(2) Notwithstanding anything contained in this Article to the contrary, any person can provide health services on a fee for service basis to individuals who are not enrollees of the organization, and to enrollees for services not covered by the contract, provided that the volume of services in this manner shall not be such as to affect the ability of the health maintenance organization to provide on an adequate and timely basis those services to its enrolled members which it has contracted to furnish under the enrollment contract.

(3) This Article shall not apply to any employee benefit plan to the extent that the Federal Employee Retirement Income Security Act of 1974 preempts State regulation thereof.

(3a) This Article does not apply to any prepaid health service or capitation arrangement implemented or administered by the Department of Health and Human Services or its representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the General Statutes, a provider sponsored organization or other organization certified, qualified, or otherwise approved by the Division of Medical Assistance of the Department of Health and Human Services pursuant to Article 17 of Chapter 131E of the General Statutes, or to any provider of health care services participating in such a prepaid health service or capitation arrangement. Article; provided, however, that to the extent this Article applies to any such person acting as a subcontractor to a Health Maintenance Organization licensed in this State, that person shall be considered a single service Health Maintenance Organization for the purpose of G.S. 58-67-20(4), G.S. 58-67-25, and G.S. 58-67-110.

(4) Except as provided in paragraphs (1), (2), (3), and (3a) of this subsection, the persons to whom these paragraphs are applicable shall be required to comply with all provisions contained in this Article."

Section 3. G.S. 90-21.22A reads as rewritten:

**"§ 90-21.22A. Medical review committees.**

(a) As used in this section, 'medical review committee' means a committee composed of health care providers licensed under this Chapter that is formed for the purpose of evaluating the quality of, cost of, or necessity for health care services, including provider credentialing. 'Medical review committee' does not mean a medical review committee established under G.S. 131E-95.

(b) A member of a duly appointed medical review committee who acts without malice or fraud shall not be subject to liability for damages in any civil action on account of any act, statement, or proceeding undertaken, made, or performed within the scope of the functions of the committee.

(c) The proceedings of a medical review committee, the records and materials it produces, and the materials it considers shall be confidential and not considered public records within the meaning of ~~G.S. 132-1~~ G.S. 132-1, 131E-309, or ~~G.S. 58-2-100~~; and shall not be subject to discovery or introduction into evidence in any civil action against a provider of health care services who directly provides services and is licensed under this ~~Chapter or Chapter~~, a PSO licensed under Article 17 of Chapter 131E of the General Statutes, or a hospital licensed under Chapter 122C or Chapter 131E of the General Statutes or that is owned or operated by the State, which civil action results from matters that are the subject of evaluation and review by the committee. No person who was in attendance at a meeting of the committee shall be required to testify in any civil action as to any evidence or other matters produced or presented during the proceedings of the committee or as to any findings, recommendations, evaluations, opinions, or other actions of the committee or its members. However, information, documents, or records otherwise available are not immune from discovery or use in a civil action merely because they were presented during proceedings of the committee. A member of the committee may testify in a civil action but cannot be asked about his or her testimony before the committee or any opinions formed as a result of the committee hearings.

(d) This section applies to a medical review committee, including a medical review committee appointed by one of the entities licensed under Articles 1 through 67 of Chapter 58 of the General Statutes.

(e) Subsection (c) of this section does not apply to proceedings initiated under G.S. 58-50-61 or G.S. 58-50-62."

Section 4. The Division of Medical Assistance of the Department of Health and Human Services shall report quarterly to the Joint Legislative Health Care Oversight Committee on its regulatory activities in the enforcement of this act and shall provide the Committee with a summary of nonconfidential information on the financial plans and operations of PSOs. The report to the Committee shall include a description and explanation of any regulations or regulatory interpretations that differ from Department of Insurance regulations applicable to HMOs, a summary of the Department of Insurance's comments and recommendations pursuant to G.S. 131E-306, and the Department's response to and action upon those recommendations. The report shall also include PSO efforts to improve community health status. The Committee may request the Department of Insurance to review the Division of Medical Assistance's regulations and regulatory interpretations relating to PSO licensure and monitoring. The Division shall develop processes or methods to measure improvements in health outcomes for Medicare beneficiaries served by managed care organizations and shall report quarterly to the Joint Legislative Health Care Oversight Committee on the development of these standards.

Section 5. Effective January 1, 2000, Section 4 of this act reads as rewritten:

"Section 4. The Division of Medical Assistance of the Department of Health and Human Services shall report quarterly to the Joint Legislative Health Care Oversight Committee on its regulatory activities in the enforcement of this act and shall provide



1 the Committee with a summary of nonconfidential information on the financial plans  
2 and operations of PSOs. The report to the Committee shall include a description and  
3 explanation of any regulations or regulatory interpretations that differ from  
4 Department of Insurance regulations applicable to HMOs, ~~a summary of the~~  
5 ~~Department of Insurance's comments and recommendations pursuant to G.S.~~  
6 ~~131E-306, and the Department's response to and action upon those recommendations.~~  
7 HMOs. The report shall also include PSO efforts to improve community health  
8 status. ~~The Committee may request the Department of Insurance to review the~~  
9 ~~Division of Medical Assistance's regulations and regulatory interpretations relating to~~  
10 ~~PSO licensure and monitoring.~~ The Division shall develop processes or methods to  
11 measure improvements in health outcomes for Medicare beneficiaries served by  
12 managed care organizations and shall report quarterly to the Joint Legislative Health  
13 Care Oversight Committee on the development of these standards."

14 Section 6. There is allocated from funds appropriated to the Department  
15 of Health and Human Services for the 1998-99 fiscal year the sum of fifty thousand  
16 dollars (\$50,000) to be used by the Division of Medical Assistance to implement this  
17 act, to the extent these funds are necessary for implementation. Nothing in this act  
18 shall obligate the General Assembly to appropriate or allocate additional funds to  
19 implement this act.

20 Section 7. Section 6 of this act becomes effective July 1, 1998. The  
21 remainder of this act is effective when it becomes law.

# NORTH CAROLINA GENERAL ASSEMBLY

## LEGISLATIVE FISCAL NOTE

**BILL NUMBER:** House Bill 74 (Proposed Senate Committee Substitute PCS6480)

**SHORT TITLE:** PSO Medicare Licensing

**SPONSOR(S):**

### FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
<b>EXPENDITURES</b>					
<b>Health &amp; Human Services</b>					
Recurring		\$350,000	\$500,000	\$520,000	\$540,000
Nonrecurring	\$50,000*				
<b>Positions</b>	(0)	(3 to 5)	(5 to 7)	(5 to 7)	(5 to 7)
<b>Insurance</b>					
Recurring			<u>No Fiscal Impact</u>		
Nonrecurring					
<b>Correction</b>					
Recurring			<u>No Fiscal Impact</u>		
Nonrecurring					
<b>Judicial</b>					
Recurring			<u>No Fiscal Impact</u>		
Nonrecurring					

### PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

Department of Health and Human Services  
Department of Insurance  
Department of Correction  
Judicial Department

**EFFECTIVE DATE:** Effective upon enactment.

**BILL SUMMARY:** House Bill 1455 authorizes public, private, or non-profit providers of health care services to form “provider sponsored organizations” (PSOs) and provide services to Medicare beneficiaries. The bill designates the Division of Medical Assistance in the Department of Health and Human Resources (HHS) as the regulatory agency for Medicare PSOs and establishes detailed requirements for these organizations, including application, financial reporting, and operating standards. The Department of Insurance reviews and comments on Medicare PSO applications with respect to fiscal and fiduciary responsibility. The penalties and enforcement provision makes it a Class 1 misdemeanor to violate any requirements or standards specified in the bill. Authorizes HHS to use up to \$50,000 from existing funds to implement this legislation in 1998-99.

## **ASSUMPTIONS AND METHODOLOGY:**

### **I. Department of Health and Human Services**

#### **A. Background**

The proposed legislation designates the Division of Medical Assistance in the Department of Health and Human Services (HHS) as the regulatory agency for Medicare Provider Sponsored Organizations (PSOs). Under the proposed legislation, HHS will be responsible for licensing and monitoring Medicare PSOs.

**Licensing:** The proposed legislation requires that HHS issue a license to a PSO as a risk-bearing entity eligible to offer health benefits coverage in North Carolina to Medicare beneficiaries if the PSO complies with the proposed requirements. The license must be granted or denied not longer than 90 days after the receipt of a substantially complete application for licensing. In addition, HHS has 45 days to determine whether an application is substantially complete and notify the applicant in writing that additional information is needed to complete the application. Under these time frames, HHS must complete an extensive financial and operational review of each license application to determine whether the proposed PSO can adequately provide health care services for Medicare beneficiaries while also meeting the financial risk and solvency requirements established under the proposed legislation.

**Monitoring:** Once PSO licenses are issued, HHS will be responsible for monitoring the operations and financial solvency of each PSO to ensure that health care services continue for the Medicare beneficiaries covered by each PSO and that each PSO is financially solvent and can meet its obligations. The proposed legislation requires PSOs to meet ongoing financial standards relating to their net worth once they are operational. PSOs are required to report quarterly on financial information relating to PSO solvency standards until they break-even and have an operating surplus and then this reporting becomes annual. All PSOs are also required to report annually on their operations providing detailed information to HHS on all aspects of their operations. HHS is responsible for ensuring that PSOs are financially solvent and able to meet their financial obligations; and that PSO’s meet consumer protection and quality

standards. HHS is authorized to suspend or revoke a PSO license if it finds that a PSO fails to meet the requirements of the proposed legislation. The monitoring activities are extensive and will become more extensive if some licensed PSO's have financial problems.

**Start-Up:** The proposed legislation requires HHS to establish the application form and application procedures for the licensing process. In addition, the proposed legislation authorizes HHS to adopt rules consistent with the law to authorize and regulate PSO's. If HHS determines that rule-making is necessary, the proposed legislation requires that rules be adopted no later than six months after the proposed law is enacted. These start-up activities will need to occur regardless of any applications during the first year.

B. Assumptions and Methodology

1. **Number of PSOs:** Since Medicare PSOs were just authorized by federal law in 1997, there is limited information available to assist in estimating how many PSO's may develop in North Carolina and how quickly PSO applications will be filed with HHS. Since it is impossible to reliably estimate the number of PSOs, the following assumptions relating to the number of PSO's applications and the timing of applications have been used for this fiscal note:

- a. No more than one application will be submitted in 1998-99.
- b. No more than four applications will be received through the end 1999-2000.
- c. At the end of 2002-03, there will not be more than 10 PSOs.

2. **Work Requirements:** Based on the requirements of the proposed legislation, it is assumed that monitoring compliance of licensed PSO's will require more resources than reviewing initial applications and that the work required will increase as each new licensee is added and requires monitoring.

3. **Staffing Requirements:** Based on the requirements of the proposed legislation, it is assumed that HHS will need additional staff with expertise in health care financing and managed care operations. The exact number of staff required to implement the proposed legislation will depend on whether HHS decides to rely entirely on new in-house staff or use a combination of in-house staff and consultant services. Using the assumptions estimating the number and timing of PSO applications as a guide, the following assumptions have been used for this fiscal note:

- a. HHS will use existing in-house staff in the Division of Medical Assistance and hire consultants only during 1998-99.
- b. HHS will need three to five new in-house staff in 1999-2000 to review new PSO applications and begin the monitoring process for existing PSOs.

- c. HHS staffing requirements will increase to five to seven staff beginning in 2000-01 and future years to monitor existing PSOs and continue licensing new ones.
4. **1998-99 Expenditures:** This fiscal note assumes that HHS will receive one PSO application in 1998-99 and use existing in-house staff and consultants to meet the 90 day licensing requirement specified in the proposed legislation. While the Division of Medical Assistance has existing staff which could be redirected to review a PSO application, HHS may need up to \$50,000 to buy consulting services to ensure that a PSO application can be thoroughly reviewed within the 90 day time frame.
5. **Expenditures for 1999-2000:** This fiscal note assumes that HHS will receive no more than four PSO license applications through the end of 1999-2000 and will create a PSO unit within the Division of Medical Assistance to review and monitor PSOs. The PSO unit will include three to five staff with an average salary and benefits of \$50,000 per position. In addition, \$100,000 is allocated to cover consulting services and support costs for total estimated expenditures up to \$350,000 for 1999-2000.
6. **Expenditures for Future Years:** This fiscal note assumes that no more than 10 PSOs will exist by the end of 2002-03 and that the PSO unit within the Division of Medical Assistance will include five to seven staff to review and monitor PSOs. Assuming an average salary and benefits of \$50,000 per position and \$150,000 allocated to cover consulting services and support costs, total expenditures for 2000-01 is estimated to be up to \$500,000. Future years are assumed to increase 4% year.

## II. Department of Insurance

The Department of Insurance is required to review and comment on Medicare PSO applications with respect to fiscal and fiduciary responsibilities within 60 days of receiving the Medicare PSO application from the Department of Health and Human Resources. This responsibility expires January 1, 2000. Since this fiscal note assumes that there will be no more than a total of five Medicare PSO applications through June 30, 2000, the review and comment responsibilities required under the proposed legislation will have no significant fiscal impact on the Department of Insurance during fiscal years 1998-99 and 1999-2000.

## III. Department of Correction

Since this establishes a misdemeanor penalty, the Sentencing Commission does not expect this bill to have any significant impact on the state prison population. In addition, because this bill creates a new crime, there is no conviction data available from which to estimate the impact on jail populations.

#### IV. Judicial Department

The Administrative Office of the Courts (AOC) does not expect this bill to impact the court system. The creation of a Class 1 misdemeanor penalty could increase the number of cases coming through the courts, but the AOC has no evidence to believe that these new "provider service organizations" will not comply with the new regulations.

#### **SOURCES OF DATA:**

Department of Health and Human Services  
Department of Insurance  
Sentencing and Policy Advisory Commission  
Judicial Department  
N. C. Hospital Association  
Health Policy Tracking Service  
National Conference of State Legislatures

**TECHNICAL CONSIDERATIONS:** None.

#### **FISCAL RESEARCH DIVISION**

**733-4910**

**PREPARED BY:** L. Carol Shaw, Matt Bronson

**APPROVED BY:** Tom L. Covington

**DATE:** October 21, 1998

## VISITOR REGISTRATION SHEET

Rules & Operations of the Senate  
Name of Committee

10-21-98  
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Bernard Allen

SOS

David Simmons

ZDAPA

Chris Parker

Bones & Associates

Ed W. Co

NC Med Soc.

For [unclear]

Boyer & Spill

Amey Jo Bain

Smith Anderson

Laura DeVoor

DENR

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS  
OF THE SENATE

October 27, 1998

The Senate Committee on Rules and Operations of the Senate met at 12:00 Noon on October 27, 1998 in Room 300 - LOB Conference Room. Ten members of the committee were present.

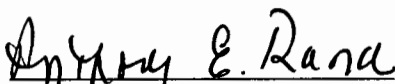
**House Bill 898 - Clarify Records Access** - Senator Rand stated that a Committee Substitute had been drawn up for the above bill. Senator Cooper moved that the Committee Substitute be adopted. The motion carried the Committee.

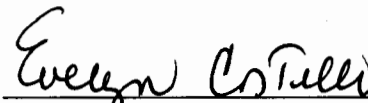
Gerry Cohen, Director of Bill Drafting, explained the Committee Substitute. This bill would expand a statute passed in 1937 that gives members of the General Assembly access to state government records so that it will now cover local government records (except for hospitals).

Senator Phillips stated that he had heard from local governments in his district and that they had a real concern about this bill. Legislative authority should not include access to local government personnel records, etc.

Senator Cooper moved that HB 898 be sent to a sub-committee. This motion was seconded by Senator Hoyle. The motion carried and Senator Jordan was named chairman of the sub-committee.

The committee adjourned at 12:30 p.m.

  
Senator Anthony E. Rand,  
Chairman

  
Evelyn Costello,  
Committee Clerk



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

3

HOUSE BILL 898\*

Committee Substitute Favorable 4/23/97

Senate Judiciary Committee Substitute Adopted 8/19/97

Short Title: UNC Public Records/Open Meeting.

(Public)

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Sponsors:

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Referred to: Rules and Operations of the Senate.

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April 8, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE STUDY OF THE RELATIONSHIP OF THE  
3 OPEN MEETINGS LAW AND THE PUBLIC RECORDS LAW TO  
4 INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

5 The General Assembly of North Carolina enacts:

6 Section 1. The Legislative Research Commission may study the  
7 relationship of the Open Meetings Law, as set forth in Article 33C of Chapter 143 of  
8 the General Statutes, and the Public Records Law, as set forth in Chapter 132 of the  
9 General Statutes, to The University of North Carolina and its constituent institutions.  
10 The study shall include at least the following:

- 11 (1) Excluding from the definition of public records, attorney work  
12 product, certain donor and alumni records, and drafts of certain  
13 documents;  
14 (2) Inclusion of faculty as professional staff under the Open Meetings  
15 Law; and  
16 (3) Other ways to assist the University system to best serve its  
17 educational purposes within the public purposes of the Open  
18 Meetings Law and the Public Records Law.

19 Section 2. The Legislative Research Commission may make an interim  
20 report to the 1997 General Assembly, 1998 Regular Session, and shall make a final  
21 report to the 1999 General Assembly.

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

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

H

D

HOUSE BILL 898\*

Committee Substitute Favorable 4/23/97

Senate Judiciary Committee Substitute Adopted 8/19/97

Proposed Senate Committee Substitute H898-PCS2434-LB100

Short Title: Clarify Records Access.

(Public)

Sponsors:

Referred to:

April 8, 1997

1 A BILL TO BE ENTITLED

2 AN ACT TO CLARIFY LEGISLATIVE ACCESS TO PUBLIC RECORDS.

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 120-19 reads as rewritten:

5 "**§ 120-19. State officers, etc., upon request, to furnish data and information to**  
6 **legislative committees.**

7 Except as provided in G.S. 105-259, all officers, agents, agencies and departments  
8 of the ~~State~~ State, or any county, municipality, or other political subdivision of  
9 government other than a public hospital as defined in G.S. 159-39, are required to  
10 give to any committee of the General Assembly, upon request, all information and all  
11 data within their possession, or ascertainable from their records. This requirement is  
12 mandatory and shall include requests made by any individual member of the General  
13 Assembly or one of its committees or the chair of a committee."

14 Section 2. G.S. 120-32.01 reads as rewritten:

15 "**§ 120-32.01. Information to be supplied.**

16 (a) Every State department, State agency, ~~or State institution~~ institution, or any  
17 county, municipality, or other political subdivision of government other than a public  
18 hospital as defined in G.S. 159-39 shall furnish the Legislative Services Office and the  
19 Research, Fiscal Research, and Bill Drafting Divisions any information or records  
20 requested by them. Except when accessibility is prohibited by a federal statute,  
21 federal regulation or State statute, every State department, State agency, ~~or State~~

1 ~~institution~~ institution, or any county, municipality, or other political subdivision of  
2 government other than a public hospital as defined in G.S. 159-39 shall give the  
3 Legislative Services Office and the Fiscal Research Division access to any data base  
4 or stored information maintained by computer, telecommunications, or other  
5 electronic data processing equipment, whether stored on tape, disk, or otherwise, and  
6 regardless of the medium for storage or transmission.

7 (b) Notwithstanding subsection (a) of this section, access to the State Personnel  
8 Management Information System by the Research and Bill Drafting Divisions shall  
9 only be through the Fiscal Research Division."

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

# VISITOR REGISTRATION SHEET

RULES & OPERATIONS OF THE SENATE

10/27/98

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Michael Callahan	Self - Help
Evelyn Shawhorne	UNC-CH
Barbara Barrett	Governor's Office
Zeh Alamy	ZDA PA
Ken Hume	NCHA
Andy Lomewit	N.C.L.M.
HUGH TILSON	NCHA
Tommy Woz	LHS
Harriet Dial	NCAE
Mad Rair	NCAE
David Ferrell	HMCCE & C
Eddie Cawwell	NC Sheriff's Assn / NC Law Enforcement Assn

# VISITOR REGISTRATION SHEET

RULES AND OPERATIONS OF THE SENATE

10/27/98

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK.

NAME

FIRM OR AGENCY AND ADDRESS

Deborah Ross

ACLU

James R. ...

Legislature

Wade Rantier

The News Observer

Ruth Sappie

NC DOT

Jan Dattis

NCASA

James Williams

NCCE

Dean Coles

BPML

MINUTES

SENATE COMMITTEE ON RULES AND OPERATIONS  
OF THE SENATE

October 27, 1998

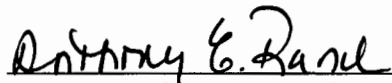
The Senate Committee on Rules and Operations of the Senate met at 3:45 p.m. on October 27, 1998 at Senator Rand's Senate Chamber Desk. Thirteen members of the committee were present.

**Senate Bill 1428 - Pro-Tem Appointments** Senator Rand offered a Committee Substitute for Senate Bill 1428. He explained that the Committee Substitute incorporated the Speaker's appointments on Page 5 and adds one appointment to the Structural Pest Control Division to be made by the Speaker.

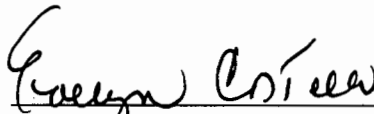
Senator Hoyle moved for a favorable report for the Committee Substitute and this was seconded by Senator Gulley. The Committee voted to adopt the Committee Substitute.

Senator Horton moved for a favorable report of the Committee Substitute for SB 1428. This motion carried the committee.

The meeting adjourned at 4:00 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 Anthony E. Rand, Chairman

Tuesday, October 27, 1998

**SENATOR RAND,**

submits the following with recommendations as to passage:

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

S.B. 1428

Pro Tem Appointments.

Draft Number: PCS4724

Sequential Referral: None

Recommended Referral: None

Long Title Amended: Yes

TOTAL REPORTED: 1

Committee Clerk Comment:

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 1997**

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**SENATE BILL 1428**

Short Title: Pro Tem Appointments.

(Public)

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Sponsors: Senator Rand.

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Referred to: Rules and Operations of the Senate.

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May 28, 1998

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. Unless otherwise specified, all appointments made by this act  
12 are for terms to begin July 1, 1998.

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



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1428

Proposed Committee Substitute S1428-PCS4724-LB2

Short Title: Appointments.

(Public)

Sponsors:

Referred to:

May 28, 1998

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 AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES  
5 AND TO EXPAND THE STRUCTURAL PEST CONTROL COMMITTEE.  
6 Whereas, G.S. 120-121 authorizes the General Assembly to make certain  
7 appointments to public offices upon the recommendation of the President Pro  
8 Tempore of the Senate and the Speaker of the House of Representatives; and  
9 Whereas, the President Pro Tempore of the Senate and the Speaker of  
10 the House of Representatives have made recommendations; Now, therefore,  
11 The General Assembly of North Carolina enacts:  
12 PART I. PRESIDENT PRO TEMPORE OF THE SENATE  
13 Section 1. (a) Correction of term. Section 5 of S.L. 1997-495 reads as  
14 rewritten:  
15 "Section 5. Thomas J. Burgin, Jr., of Lincoln County is appointed to the Private  
16 Protective Services Board for a term expiring on June 30, 2000, and William A. Allen  
17 of Pasquotank County ~~are~~ is appointed to the Private Protective Services Board for  
18 ~~terms~~ a term expiring on June 30, 1999."  
19 (b) Mack Donaldson of Guilford County is appointed to the Private  
20 Protective Services Board for a term expiring June 30, 2001.  
21 Section 2. Guy J. Phillips of Jackson County is appointed to the Alarm  
22 Systems Licensing Board for a term expiring June 30, 2001.

1 with G.S. 120-121, and one member of the Committee shall be appointed by the  
2 General Assembly upon the recommendation of the President Pro Tempore of the  
3 Senate in accordance with G.S. 120-121. Vacancies in such appointments shall be  
4 filled in accordance with G.S. 120-122.

5 The initial Committee members from the pest control industry shall be appointed  
6 as follows: one for a two-year term and one for a three-year term. The Governor shall  
7 appoint one member of the Committee who is a public member and who is  
8 unaffiliated with the structural pest control industry, the pesticide industry, the  
9 Department of Agriculture and Consumer Services, the Department of Health and  
10 Human Services and the School of Agriculture at North Carolina State University at  
11 Raleigh. The initial public member shall be appointed for a term of two years,  
12 commencing July 1, 1991. After the initial appointments by the Governor, all ensuing  
13 appointments by the Governor shall be for terms of four years. Any vacancy  
14 occurring on the Committee by reason of death, resignation, or otherwise shall be  
15 filled by the Governor or the Commissioner of Agriculture, as the case may be, for  
16 the unexpired term of the member whose seat is vacant.

17 The Committee shall make final decisions under this Article concerning licenses,  
18 certified applicator cards, and identification cards. The Committee shall report  
19 annually to the Board of Agriculture the action taken in the Committee's final  
20 decisions and the financial status of the Structural Pest Control Division.

21 The Director shall be responsible for and answerable to the Commissioner of  
22 Agriculture as to the operation and conduct of the Structural Pest Control Division.

23 Each member of the Committee who is not an employee of the State shall receive  
24 as compensation for services per diem and necessary travel expenses and registration  
25 fees in accordance with the provisions as outlined for members of occupational  
26 licensing boards and currently provided for in G.S. 93B-5. Such per diem and  
27 necessary travel expenses and registration fees shall apply to the same effect that G.S.  
28 93B-5 might hereafter be amended.

29 ~~Four~~ Five members of the Committee shall constitute a quorum but no action at  
30 any meeting of the Committee shall be taken without four votes in accord. The  
31 chairman shall be entitled to vote at all times.

32 The Committee shall meet at such times and such places in North Carolina as the  
33 chairman shall direct; provided, however, that four members of the Committee may  
34 call a special meeting of the Committee on five days' notice to the other members  
35 thereof.

36 Except as otherwise provided herein, all members of the Committee shall be  
37 appointed or designated, as the case may be, prior to and shall commence their  
38 respective terms on July 1, 1967.

39 At the first meeting of the Committee they shall elect a chairman who shall serve  
40 as such at the pleasure of the Committee."

41 (b) The two additional members authorized by subsection (a) of this  
42 section shall be appointed for initial terms to expire June 30, 2002.

43 (c) G.S. 120-123 is amended by adding a new subdivision to read:

1           "(31a) The North Carolina Structural Pest Control Committee, as  
2           established by G.S. 106-65.23."

3           (d) William A. Tesh of Guilford County is appointed to the North  
4 Carolina Structural Pest Control Committee on the recommendation of the President  
5 Pro Tempore of the Senate for a term expiring June 30, 2002.

6           Section 20. Ralph S. Mobley of Martin County is appointed to the  
7 Northeastern North Carolina Regional Economic Development Commission for a  
8 term expiring June 30, 1999 (unexpired term of Mary Lilley).

9           Section 21. James Vann of Wake County is appointed to the Board of  
10 Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan  
11 for a term expiring June 30, 2001.

12          Section 22. Vernon James of Pasquotank County is appointed to the  
13 North Carolina Low-Level Radioactive Waste Management Authority for a term  
14 expiring on June 30, 2002.

15          Section 23. Diana Jones Wilson of Chowan County and Debi Mull  
16 Harrill of Cleveland County are appointed to the Child Care Commission for terms  
17 expiring June 30, 2000.

18          Section 24. Troy Brickey of Forsyth County (supplier) and J. P. Cauley  
19 of Lenoir County (set-up contractor) are appointed to the North Carolina  
20 Manufactured Housing Board for terms expiring September 30, 2001.

21          Section 25. Carolyn Dust of Durham County and George Kerns of  
22 Mecklenburg County are appointed to the Governor's Advocacy Council for Persons  
23 with Disabilities to fill the remainder of terms expiring June 30, 1999.

24 PART II. SPEAKER OF THE HOUSE OF REPRESENTATIVES

25          Section 26. Jack Welborn of Wilkes County, Paul Smith of Rowan  
26 County, and James Gary Hyatt of Mitchell County are appointed to the North  
27 Carolina Agricultural Finance Authority for terms expiring June 30, 2001.

28          Section 27. Phillip D. Matthews of Wake County is appointed to the  
29 Alarm Systems Licensing Board (public member) for a term expiring June 30, 2001.

30          Section 28. Morris L. McGough of Buncombe County is appointed to the  
31 North Carolina Arboretum Board of Directors for a term expiring June 30, 2002.

32          Section 29. Susan Hayes of Randolph County is appointed to the North  
33 Carolina Board of Dietetics and Nutrition to fill the unexpired term of Deborah  
34 Rosenquist, which expires June 30, 2000.

35          Section 30. Kermit Williamson of Sampson County and Lee Stevens, Jr.,  
36 of Robeson County are appointed to the Southeastern North Carolina Farmers  
37 Market Commission for terms expiring June 30, 2002.

38          Section 31. Benny E. Scarbro of Yadkin County is appointed to the State  
39 Fire and Rescue Commission for a term expiring June 30, 2001.

40          Section 32. Michael W. Haley of Guilford County and James R. Trotter  
41 of Wake County are appointed to the First Flight Centennial Commission for terms  
42 expiring June 30, 2000.

43          Section 33. Cliff Gentry of Wake County (insurance representative) is  
44 appointed to the North Carolina Manufactured Housing Board to fill the unexpired

1 term of Bob Doepke, which expires September 30, 2000. Judy Ward of Alamance  
2 County (finance representative) is appointed to the North Carolina Manufactured  
3 Housing Board to fill the unexpired term of Don Fuquay, which expires September  
4 30, 2000.

5 Section 34. Michael Holden of Moore County is appointed to the Board  
6 of Trustees of the Teachers' and State Employees' Comprehensive Major Medical  
7 Plan for a term expiring June 30, 2000.

8 Section 35. Barbara McCullough of Moore County is appointed to the  
9 board of directors of the North Carolina Center for Nursing for a term expiring June  
10 30, 2001.

11 Section 36. Dr. G. Robert Horton of Moore County and Walt Israel of  
12 Gaston County are appointed to the North Carolina Parks and Recreation Authority  
13 for terms expiring June 30, 2000. Drane McCall of Forsyth County and Glenn Pope  
14 of Sampson County are appointed to the North Carolina Parks and Recreation  
15 Authority for terms expiring June 30, 1999.

16 Section 37. Russell Williams of Rowan County is appointed to the North  
17 Carolina State Board of Examiners of Fee-Based Practicing Pastoral Counselors for a  
18 term expiring September 30, 2002.

19 Section 38. Patrick Joyce of Carteret County is appointed to the North  
20 Carolina State Ports Authority for a term expiring June 30, 2000.

21 Section 39. Gregg Scott of Forsyth County is appointed to the Private  
22 Protective Services Board for a term expiring June 30, 2001.

23 Section 40. Steven Stadelman of Franklin County (licensed soil scientist)  
24 is appointed to the Soil Scientists Licensing Board for a term expiring June 30, 2001.

25 Section 41. Dane Mastin of Wilkes County (sheriff position), David  
26 Keever of Mecklenburg County (CMRS provider), Frank Thomason of Rowan  
27 County (NC Chapter of Association of Public Safety Communications Officials),  
28 Pamela M. Tope of Wake County (CMRS provider), and Mike Watson of Wake  
29 County (CMRS provider) are appointed to the Wireless 911 Board for terms expiring  
30 June 30, 2002.

31 Section 42. Unless otherwise specified, all appointments made by this act  
32 are for terms to begin when this act becomes law.

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