2001

HOUSE APPROPRIATIONS

MINUTES

HOUSE APPROPRIATIONS COMMITTEE

2001 SESSION, Book 1 of 3

Co-Chairs
Representative Ruth Easterling
Representative David Redwine
Representative Warren P. Oldham
Representative Gregg Thompson

Rita Harris
Committee Assistant

NORTH CAROLINA GENERAL ASSEMBLY

APPROPRIATIONS
2001 – 2002 SESSION



Rep. Easterling
Chair



Rep. Oldham
Chair



Rep. Redwine
Chair



Rep. Thompson
Chair



Rep. Crawford
Vice-Chair

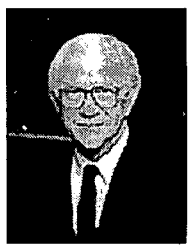


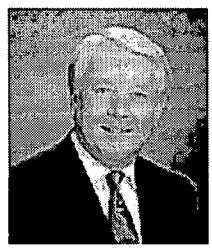
Rep. Owens
Vice-Chair

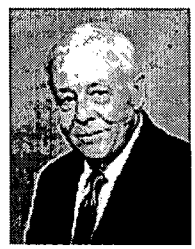
NORTH CAROLINA GENERAL ASSEMBLY

APPROPRIATIONS
2001 – 2002 SESSION


Rep. Adams

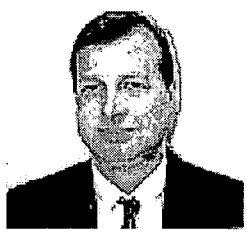

Rep. Allred


Rep. Arnold


Rep. Baker


Rep. Barbee


Rep. Barefoot


Rep. Barnhart


Rep. Bell


Rep. Blue


Rep. Bonner


Rep. Bowie


Rep. Boyd-McIntyre


Rep. Brubaker


Rep. Cansler


Rep. Carpenter


Rep. Church


Rep. Clary


Rep. Coates

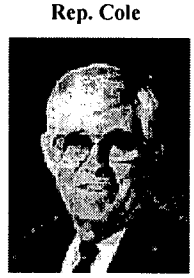

Rep. Cole


Rep. Creech


Rep. Culp


Rep. Culpepper


Rep. Daughtry


Rep. Davis


Rep. Dockham


Rep. Earle


Rep. Ellis


Rep. Esposito


Rep. Fox


Rep. Gillespie

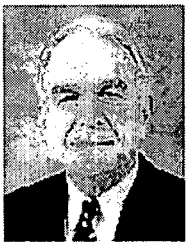
NORTH CAROLINA GENERAL ASSEMBLY

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2001 – 2002 SESSION


Rep. Goodwin


Rep. Grady


Rep. Gulley


Rep. Haire


Rep. Hall


Rep. Harrington


Rep. Hensley


Rep. Hiatt


Rep. Hilton


Rep. Holmes


Rep. Howard


Rep. Hunter


Rep. Insko


Rep. Jeffus


Rep. Justus


Rep. Kiser


Rep. Lucas


Rep. McAllister


Rep. McLawhorn


Rep. Michaux


Rep. Miller


Rep. Miner


Rep. Mitchell


Rep. Morgan


Rep. Nesbitt


Rep. Nye


Rep. Preston


Rep. Rogers


Rep. Russell


Rep. Saunders

NORTH CAROLINA GENERAL ASSEMBLY

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Rep. Setzer


Rep. Sexton

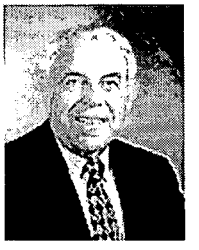

Rep. Sherrill


Rep. Shubert


Rep. Smith


Rep. Sutton


Rep. Teague


Rep. Tolson


Rep. Tucker


Rep. Underhill


Rep. Walend


Rep. Walker


Rep. Warner


Rep. Warren


Rep. Warwick


Rep. Weatherly


Rep. West


Rep. Wilson, G.


Rep. Wright


Rep. Yongue

House Appropriations Committee

2001 SESSION

MEMBERSHIP

Easterling, Oldham, Redwine and Thompson, Co-chairs
Owens, Vice Chair
Crawford, Vice-Chair

Capital: Wright; Chair
Allred, Arnold, Boyd-McIntyre, *Brubaker*, Crawford, *Daughtry*, Earle, *Ellis*, Fox, *Gillespie*, *Grady,* Haire, *Holmes*, *Howard*, Jeffus, *Justus, Kiser, Miner*, Nesbitt, *Sherrill, Shubert,* Tolson

Education: Boyd-McIntyre, Rogers & Yongue, Chairs
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General Government: Jeffus & Sherrill, Chairs
Adams, Barefoot, Lucas, *Setzer, Walend*

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Crawford,M, Church, *Clary, Creech, Esposito*, Insko

Information Technology: Tolson & Tucker, Chairs
Baker, Harrington, Hensley, *Hilton*, Miller, *Wilson, G.*

Justice & Public Safety: Culpepper & Haire, Chairs
Goodwin, Hall, *Justus, Kiser, Sexton*

Natural & Economic Resources: Fox & Owens, Chairs
Culp, Hunter, *Mitchell,* Underhill, *Walker*, Warren, Warwick, *Weatherly, West*

Transportation: Cole & Crawford, Chairs; Bowie, Vice Chair
Barbee, Blue, Coates, *Davis, Dockham, Gulley, Hiatt*, McAllister, Saunders, Sutton

House Appropriations Committee

Room/Phone/E-mail

Rep. Ruth M. Easterling CHAIR	631 LOB	919-733-5900	Ruthe@ncleg.net
Rep. Warren C. Oldham CHAIR	634 LOB	919-715-2530	Warreno@ncleg.net
Rep. E. David Redwine CHAIR	635 LOB	919-733-5829	Davidr@ncleg.net
Rep. Gregory J. Thompson CHAIR	1002 LB	919-733-5828	Greggt@ncleg.net
Rep. James W. Crawford, Jr., Vice Chair	1301 LB	919-733-5824	Jimcr@ncleg.net
Rep. William C. Owens, Jr. Vice Chair	632 LOB	919-733-0010	Billo@ncleg.net
Rep. Alma S. Adams	542 LOB	919-733-5902	Almaa@ncleg.net
Rep. Cary D. Allred	611 LOB	919-733-5878	Carya@ncleg.net
Rep. Gene G. Arnold	604 LOB	919-733-5802	Genea@ncleg.net
Rep. Rex L. Baker	608 LOB	919-733-5787	Rexb@ncleg.net
Rep. Bobby H. Barbee, Sr.	1025 LB	919-733-5908	Bobbyb@ncleg.net
Rep. Daniel W. Barefoot-	416B LOB	919-715-3021	Danielb@ncleg.net
Rep. Jeff Barnhart	1019 LB	919-733-5661	jeffba@ncleg.net
Rep. Larry Bell	531 LOB	919-733-5863	larryb@ncleg.net
Rep. Daniel T. Blue, Jr.	1227 LB	919-715-2528	Danb@ncleg.net
Rep. Donald A. Bonner	1313 LB	919-733-5803	Donaldb@ncleg.net
Rep. Joanne W. Bowie	538 LOB	919-733-5877	Jonib@ncleg.net
Rep. Flossie Boyd-McIntyre	506 LOB	919-733-5974	Flossieb@ncleg.net
Rep. Harold J. Brubaker	1229 LB	919-715-4946	Brub@ncleg.net
Rep. Lanier M. Cansler	1217 LB	919-733-5757	Lanierc@ncleg.net
Rep. Marge Carpenter	1015 LB	919-733-5886	Margec@ncleg.net
Rep. Walter G. Church, Sr.	1311 LB	919-733-5805	Waltc@ncleg.net
Rep. Debbie A. Clary	1211 LB	919-733-5654	Debbiec@ncleg.net
Rep. Lorene Coates	633 LOB	919-733-5784	Lorenec@ncleg.net
Rep. E. Nelson Cole	1218 LB	919-733-5779	Nelsonc@ncleg.net
Rep. Billy J. Creech	602 LOB	919-715-4466	Billyc@ncleg.net
Rep. Arlie F. Culp	1010 LB	919-733-5865	Arliec@ncleg.net
Rep. William T. Culpepper, III	404 LOB	919-715-3028	Billc@ncleg.net
Rep. N. Leo Daughtry	510 LOB	919-733-5868	Leod@ncleg.net

Rep. Donald S. Davis	504 LOB	919-715-6707	Dond@ncleg.net
Rep. Jerry C. Dockham	1106 LB	919-733-5822	Jerryd@ncleg.net
Rep. Beverly M. Earle	535 LOB	919-733-5747	Beverlye@ncleg.net
Rep. J. Sam Ellis	607 LOB	919-733-5755	Same@ncleg.net
Rep. Theresa H. Esposito	418C LOB	919-715-3009	Theresae@ncleg.net
Rep. Stanley H. Fox	2123 LB	919-733-5758	Stanf@ncleg.net
Rep. Mitch Gillespie	1201 LB	919-733-5987	Mitchg@ncleg.net
Rep. G. Wayne Goodwin	503 LOB	919-733-5849	Wayneg@ncleg.net
Rep. W. Robert Grady	616 LOB	919-715-9644	Robertg@ncleg.net
Rep. Jim Gulley	1307 LB	919-733-5860	Jimg@ncleg.net
Rep. R. Phillip Haire	419B LOB	919-715-3005	Philliph@ncleg.net
Rep. John D. Hall	614 LOB	919-733-5898	Johnh@ncleg.net
Rep. Michael Harrington	1305 LB	919-733-5823	michaelha@ncleg.net
Rep. Robert J. Hensley, Jr.	610 LOB	919-733-5780	Bobhe@ncleg.net
Rep. William S. Hiatt	1008 LB	919-733-5862	Billh@ncleg.net
Rep. Mark Hilton	1409 LB	919-733-5609	Markh@ncleg.net
Rep. George M. Holmes	2119 LB	919-733-5771	Georgeho@ncleg.net
Rep. Julia C. Howard	1023 LB	919-733-5904	Juliah@ncleg.net
Rep. Howard J. Hunter, Jr.	613 LOB	919-733-2962	Howardh@ncleg.net
Rep. Verla C. Insko	2121 LB	919-733-7208	Verlai@ncleg.net
Rep. Maggie Jeffus	1013 LB	919-733-5191	Maggiej@ncleg.net
Rep. Larry T. Justus	2204 LB	919-733-5956	Larryj@ncleg.net
Rep. Joe L. Kiser	1317 LB	919-733-5782	Joek@ncleg.net
Rep. Marvin Lucas	1323 LB	919-733-5775	Marvinl@ncleg.net
Rep. Mary E. McAllister	638 LOB	919-733-5959	Marymc@ncleg.net
Rep. Marian N. McLawhorn	417B LOB	919-715-3017	Marianm@ncleg.net
Rep. Henry M. Michaux, Jr.	1325 LB	919-733-5772	Mickeym@ncleg.net
Rep. Paul Miller	640 LOB	919-733-5872	paulmi@ncleg.net
Rep. David M. Miner	1006 LB	919-733-5861	Davidm@ncleg.net
Rep. W. Franklin Mitchell	513 LOB	919-733-5931	Frankm@ncleg.net
Rep. Richard T. Morgan	418B LOB	919-715-3010	Richardm@ncleg.net
Rep. Martin L. Nesbitt, Jr.	420 LOB	919-715-3001	Martinn@ncleg.net
Rep. Edd Nye	639 LOB	919-733-5477	Eddn@ncleg.net
Rep. Jean R. Preston	603 LOB	919-733-5706	Jeanp@ncleg.net
Rep. R. Eugene Rogers	416A LOB	919-715-3023	Gener@ncleg.net

Rep. Carolyn B. Russell	1213 LB	919-715-0873	Carolynr@ncleg.net
Rep. Drew P. Saunders	2217 LB	919-733-5606	Drews@ncleg.net
Rep. Mitchell S. Setzer	1204 LB	919-733-4948	Mitchells@ncleg.net
Rep. P. Wayne Sexton, Sr.	508 LOB	919-733-5905	Waynes@ncleg.net
Rep. Wilma M. Sherrill	403 LOB	919-715-3026	Wilmas@ncleg.net
Rep. Fern Shubert	1426 LB	919-733-5602	Ferns@ncleg.net
Rep. Ronald L. Smith	2223 LB	919-733-5773	Ronalds@ncleg.net
Rep. Ronnie N. Sutton	1321 LB	919-715-0875	Rons@ncleg.net
Rep. W. B. Teague, Jr.	1017 LB	919-733-5530	Worthyt@ncleg.net
Rep. Joe P. Tolson	402 LOB	919-715-3024	Joet@ncleg.net
Rep. Russell E. Tucker	417C LOB	919-715-3015	Russellt@ncleg.net
Rep. Alice G. Underhill	1219 LB	919-733-5776	Aliceu@ncleg.net
Rep. Trudi Walend	418A LOB	919-715-3012	Trudiw@ncleg.net
Rep. R. Tracy Walker	1111 LB	919-733-5935	Tracyw@ncleg.net
Rep. Alex Warner	1206 LB	919-733-5853	Alexw@ncleg.net
Rep. Edith D. Warren	417A LOB	919-715-3019	Edithw@ncleg.net
Rep. Nurham O. Warwick	419C LOB	919-715-3003	Nurhamw@ncleg.net
Rep. John Weatherly	502 LOB	919-733-4838	Johnw@ncleg.net
Rep. Roger West	1004 LB	919-733-5859	Rogerw@ncleg.net
Rep. Gene Wilson	1109 LB	919-733-7727	Genew@ncleg.net
Rep. Thomas E. Wright	528 LOB	919-733-5754	Tomw@ncleg.net
Rep. Douglas Y. Yongue	1303 LB	919-733-5821	Douglasy@ncleg.net

Rep. Philip A. Baddour, Jr. ex officio	2301 LB	919-715-0850	Philb@ncleg.net
Rep. W. Pete Cunningham ex officio	541 LOB	919-733-5778	Petec@ncleg.net
Rep. Andrew T. Dedmon ex officio	2213 LB	919-733-5732	Andrewd@ncleg.net
Rep. Joe Hackney ex officio	2207 LB	919-733-5752	Joeh@ncleg.net

	Bill	Short Title		Date	Latest Action
	H 4	LAW OFFICERS' 25-YEAR RETIREMENT.	H	04-04-2001	Re-ref Com On Appropriations
	H 27	INCREASE FIREMEN AND RESCUE SQUAD PENSIONS.	*H	04-19-2001	Re-ref Com On Appropriations
	H 80	INCREASE LOCAL RETIREMENT BENEFITS.	H	04-16-2001	Re-ref Com On Appropriations
	H 81	INCREASE DEATH BENEFIT/LOCAL RETIREMENT.	H	04-04-2001	Re-ref Com On Appropriations
	H 140=	RACIAL JUSTICE ACT.	*H	04-25-2001	Re-ref Com On Appropriations
	H 147=	RAISE CAP ON FUNDS TO ADMINISTER FRGP.	*H	03-14-2001	Re-ref Com On Appropriations
$	H 288=	EMERGENCY FUNDS FOR INVENTORY REIMBURSEMENT.	H	02-28-2001	Ref To Com On Appropriations
$	H 316	EXPAND FLOYD RELIEF TO INCLUDE FISH DEALERS.	H	04-11-2001	Re-ref Com On Appropriations
$	H 317=	MEDICAID COUNTY SHARE/FUNDS-2.	H	04-24-2001	Re-ref Com On Appropriations
	H 333	DEATH BENEFITS TO LEGAL REPRESENTATIVE.	*H	04-16-2001	Re-ref Com On Appropriations
$	H 361	LUMBEE ELECTION FUNDS.	*H	04-03-2001	Re-ref Com On Appropriations
$	H 397	2001 CURRENT OPERATIONS-1.	H	03-01-2001	Ref To Com On Appropriations
$	H 398	2001 CURRENT OPERATIONS-2.	H	03-01-2001	Ref To Com On Appropriations
$	H 399	2001 CURRENT OPERATIONS-3.	H	03-01-2001	Ref To Com On Appropriations
	H 441=	STATE EMPLOYEES INCENTIVE BONUS PROGRAM.	*H	04-23-2001	Re-ref Com On Appropriations
$	H 445	CODE OFFICIALS PROFESSIONALISM.	H	03-29-2001	Re-ref Com On Appropriations
	H 479	ZERO-BASED BUDGET.	H	03-05-2001	Ref To Com On Appropriations
$	H 619	TEACHER ASSISTANT SALARY SCHEDULE.	H	03-15-2001	Ref To Com On Appropriations
$	H 659	STATE PAYS FOR SCHOOL UTILITIES.	H	03-19-2001	Ref To Com On Appropriations
$	H 805	UNC INDIGENT PSYCHIATRY FUNDS.	H	06-14-2001	Reptd To Appropriations
	H 825	CORRECTIONAL OFFICERS/28-YEAR RETIREMENT.	H	05-10-2001	Re-ref Com On Appropriations
$	H 863	SOUTH PIEDMONT C.C. FUNDS.	H	06-14-2001	Reptd To Appropriations
	H 915	LMT BUDGET EXPENSES/PRIOR FISCAL YEAR REVENUE.	H	04-17-2001	Re-ref Com On Appropriations
	H 944	STATE FISCAL RESPONSIBILITY ACT.	H	04-11-2001	Re-ref Com On Appropriations
$	H 987=	MUSEUM OF LIFE AND SCIENCE FUNDS.	H	04-05-2001	Ref To Com On Appropriations
	H 999	AMEND MEMBERSHIP REQUIREMENTS.	*H	06-25-2001	Re-ref Com On Appropriations
	H1017=	RAISE FIRE AND RESCUE PENSION AMOUNT.	*H	04-19-2001	Re-ref Com On Appropriations
	H1031	LIVABLE STATE MINIMUM WAGE.	H	04-09-2001	Ref To Com On Appropriations
$	H1040=	CURRENT OPERATIONS	H	04-10-2001	Ref To Com On Appropriations

$		APPROPRIATIONS ACT OF 2001.			
$	H1056=	UNC NONAPPROPRIATED CAPITAL PROJECTS.	H	04-10-2001	Ref To Com On Appropriations
$	H1080	ROCKY MOUNT FLOOD AID FUNDS.	H	04-11-2001	Ref To Com On Appropriations
	H1107	REMOVE CAP ON SICK LEAVE	H	04-19-2001	Re-ref Com On Appropriations
	H1131	FEDERAL FUNDS.	H	04-12-2001	Ref To Com On Appropriations
$	H1133	DELAY INITIATIVES DUE TO BUDGET CRISIS.	H	04-12-2001	Ref To Com On Appropriations
$	H1145	INCREASE PAY/TEACHERS OF EXCEPTIONAL CHILDREN.	H	04-12-2001	Ref To Com On Appropriations
	H1182=	NONLICENSED LOCAL SCHOOL EMPLOYEES UNDER SPA.	H	04-24-2001	Re-ref Com On Appropriations
	H1213	REBATE AND GRANT PROGRAM FOR AFVS.	*H	08-15-2001	Re-ref Com On Appropriations
$	H1223=	TEACHER ASSISTANTS SALARY INCREASE.	H	04-12-2001	Ref To Com On Appropriations
	H1241	SICK LEAVE/JUDICIAL RETIREMENT SYSTEM.	H	05-16-2001	Re-ref Com On Appropriations
	H1255	INCREASE RETIREMENT BENEFITS.	*H	05-22-2001	Re-ref Com On Appropriations
	H1295	STATE EMPLOYEE PAY PERIODS.	H	04-19-2001	Re-ref Com On Appropriations
	H1331	RETIRED SCHOOL EMPLOYEES RETURN TO SCHOOLS.	*H	06-25-2001	Re-ref Com On Appropriations
$	H1386	COMMUNITY COLLEGE FACULTY SALARY FUNDS.	H	06-13-2001	Re-ref Com On Appropriations
	H1390	RETIREMENT WITHDRAWAL SERVICE.	*H	06-20-2001	Re-ref Com On Appropriations
$	H1393	TRAFFIC SIMULATION SOFTWARE FUNDS.	H	06-14-2001	Reptd To Appropriations
$	H1405	HIV/AIDS PUBLIC HEALTH CRISIS.	H	06-19-2001	Re-ref Com On Appropriations
$	H1415=	SCHOOL COUNSELOR PAY SCALE INCREASE.	H	04-26-2001	Ref To Com On Appropriations
	H1424	RESTORE FISCAL RESP. TO STATE BUDGET.	H	04-26-2001	Ref To Com On Appropriations
	H1454	WITHHOLDING OF LOCAL GOVERNMENT REIMBURSEMENTS.	H	05-21-2001	Ref To Com On Appropriations
	S 600	MV TECHNICAL CHANGES.	*H	10-02-2001	Re-ref Com On Appropriations
	S 822	STATE SELF-FUNDED HEALTH CARE PLAN.	*H	12-06-2001	Re-ref Com On Appropriations
	S 901	DOT CASH MANAGEMENT.	*H	06-26-2001	Ref To Com On Appropriations

'$' indicates the bill is an appropriations bill.
A bold line indicates the bill is an appropriations bill.
'*' indicates that the text of the original bill was changed by some action.
'=' indicates that the original bill is identical to another bill.

Minutes
House Appropriations Committee Meeting
Thursday, October 18, 2001
8:30 AM
643 LOB

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order at 9 am for the purposes of considering **S 968, UNC Nonappropriated Capital Projects**. He recognized the House Pages in attendance.

The presiding Co-Chair Representative Thompson recognized Co-Chair Representative Redwine to explain the bill. Representative Redwine moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote.

Representative Redwine then explained that Senator Kerr could not be in attendance and had asked the he explain the bill. Therefore, Representative Redwine stated that the bill before the committee authorizes the financing of projects with funds from gifts, grants, self-liquidating indebtedness, or any combination and that there is no cost or does any money come from the general fund. He further informed the committee that the proposed committee substitute differed from the Senate passed and Finance Committee version. He referred the committee to page 1 line 22 item 2 and stated this construction was not in the Senate bill and is in the house proposed committee substitute for consideration.

Representative Redwine also pointed out that Section 5, with respect to two capital projects at North Carolina State University will be done by a lease arrangement to and from nonprofit corporations.

The list of projects received from the Board of Governors was discussed with University System and list before you are what came from that meeting and that's why the amount is diff from the Board of Governors.

On page 3, Section 4 notice that the bill provides $6,300,000 for related additional cost to help with operating cost associated with issuance expenses.

When asked, Representative Redwine stated overhead receipts are not being used to fund any projects.

A motion by Representative Tucker to favorably report the House committee substitute bill, unfavorable as to the Senate committee substitute bill passed by voice vote. Representative Thompson adjourned the meeting at 10:15 am.

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			May 29, 2001,		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans	✓		
ARNOLD, GENE	3 5806	cap	✓		
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp	✓		
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CRAWFORD, MARK.	3 5605	hhs	✓		
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			May 29, 2001		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp	✓		
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	✓		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it	✓		
HOLMES, GEORGE M.	3 5771	cap, ed	✓		
~~**HOWARD, JULIA**~~	3-5904	cap	✓		
HUNTER, HOWARD M., JR.	3 2962	ner	2		
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp	3		
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it	✓		
MINER, DAVID	3-5861	cap	✓		
MITCHELL, FRANK	3 5861	ner	✓		

Dates			May 29, 2001		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S.	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	4		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner			
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner	✓		
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**	✓		
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓		
Baddour, Philip, Majority Leader	5 0850		✓		
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778		✓		

46 37
49 D 42R

6R 4D

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			May 29, 2001,	June 25 2001	June 26 830
CHAIRS:					
EASTERLING, RUTH	3-5900			✓	✓
OLDHAM, WARREN, "PETE"	5-2530			✓	✓
REDWINE, DAVID	3 5829			✓	✓
THOMPSON, GREGG	3-5828			✓	✓
OWENS, BILL, VICE-CHAIR	3 0010	**NER**		✓	✓
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap		✓	✓
ADAMS, ALMA S.	3 5902	gg		✓	✓
ALLRED, CARY D.	3 5607	cap, trans		✓	✓
ARNOLD, GENE	3 5806	cap		✓	✓
BAKER, REX L.	3 5787	ner		✓	✓
BARBEE, BOBBY H., SR.	3 5908	Transp		✓	✓
BAREFOOT, DANIEL W.	5 3021	gg		✓	✓
BARNHART, JEFF	3-5661	ed		✓	✓
BELL, LARRY	3-5863	ed		✓	✓
BLUE, DANIEL T., JR.	5 2528	transp		✓	✓
BONNER, DONALD A.	3 5803	ed		✓	✓
BOWIE, JOANNE W. (Joni)	3 5877	transp		✓	
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap		✓	✓
BRUBAKER, HAROLD J.	5 4946	cap		✓	✓
CRAWFORD, MARK.	3 5605	hhs		✓	✓
CARPENTER, MARGE	3-5886	ed		✓	✓
CHURCH, WALTER	3-5805	hhs		✓	✓
CLARY, DEBBIE A.	3 5654	jps		✓	✓
COATES, LORENE	3-5784	transp		✓	
COLE, NELSON	3 5779	**TRANSP**,cap		✓	✓
CRAWFORD, MARK.	3 5605	hhs		✓	✓
CREECH, BILLY	3-5609	hhs		✓	✓
CULP, ARLIE F.	3 5865	ner		✓	✓
CULPEPPER, BILL	5 3028	**JPS**, cap		✓	✓

Dates			May 29, 2001	June 25 2001	6/26 6/30
DAUGHTRY, N. LEO	3 5868	cap		✓	✓
DAVIS, DONALD	5 6707	transp		✓	✓
DOCKHAM, JERRY C.	3 5822	transp			✓
EARLE, BEVERLY M.	3 5747	**HHS**, cap		✓	✓
ELLIS, J. SAM	3 5755	cap		✓	
ESPOSITO, THERESA H.	5 3009	hhs			
FOX, STANLEY H.	3 5757	**NER**, cap		✓	✓
GILLESPIE, MITCH	3 5987	cap		✓	✓
GOODWIN, WAYNE	3-5849	jps		EX ✓	✓
GRADY, ROBERT	5 9644	cap		✓	✓
GULLEY, JIM	3 5860	transp		✓	✓
HAIRE, PHIL	5 3005	**JPS**,cap		✓	✓
HALL, JOHN D.	3-5898	transp		✓	✓
HARRINGTON, MICHAEL	3-5823	it		✓	✓
HENSLEY, BOB	3 5780	it		✓	✓
HIATT, WILLIAM S. (BILL)	3 5862	transp			✓
HILTON, MARK	3-5609	it		✓	✓
HOLMES, GEORGE M.	3 5771	cap, ed		✓	✓
HOWARD, JULIA	3-5904	cap			✓
HUNTER, HOWARD M., JR.	3 2962	ner		✓	
HURLEY, JOHN W.	3 5601	transp			✓
INSKO, VERLA	3 5775	ed		✓	✓
JEFFUS, MARGARET M.	3 5191	**GG**, cap		✓	✓
JUSTUS, LARRY T.	3 5958	cap, jps		✓	✓
KISER, JOE L.	3 5782	Cap, jps		✓	✓
LUCAS, MARVIN	3-5775	gg			✓
MCALLISTER, MARY E.	3 5959	transp		✓	✓
MCLAWHORN, MARIAN N.	5 3017	gg-v		✓	✓
MICHAUX, MICKEY	3 5772	hhs		✓	✓
MILLER, PAUL	3-5872	it		✓	✓
MINER, DAVID	3-5861	cap		✓	✓
MITCHELL, FRANK	3 5861	ner		✓	✓

Dates			May 29, 2001	June 25, 2001	6/26 8:30
MORGAN, RICHARD T.	5 3010	ed		✓	✓
NESBITT, MARTIN L., JR.	3 5956	cap		✓	✓
NYE, EDD	3 5477	**HHS**, cap		✓	✓
PRESTON, JEAN ROUSE	3 5706	ed		✓	✓
ROGERS, GENE	5 3023	**ED**, cap		✓	✓
RUSSELL, CAROLYN B.	5 0873	cap, ner		✓	✓
SAUNDERS, DREW P.	3 5776	transp		✓	✓
SETZER, MITCHELL S.	3 5886	gg		✓	✓
SEXTON, P. WAYNE	3 5974	jps		✓	✓
SHERRILL, WILMA M.	5 4466	**GG**, cap,		✓	✓
SHUBERT, FERN	3-5602	cap		✓	✓
SMITH, RONALD L.	3 5773	ed		✓	✓
SUTTON, RONNIE	5 0875	transp		✓	✓
TEAGUE, W.B., JR.	3 5530	ed			✓
TOLSON, JOE	5 3024	**IT**, ner		✓	✓
TUCKER, RUSSELL	5-3015	**IT**		✓	✓
UNDERHILL, ALICE	3-5776	ner		✓	✓
WALEND, TRUDI	5 3012	hhs		✓	✓
WALKER, TRACY	3-5935	ner		✓	✓
WARNER, ALEX	3 5853	Ed-		✓	✓
WARREN, EDITH D.	5 3019	ner-v		✓	✓
WARWICK, NURHAM	5 3003	ner		✓	✓
WEATHERLY, JOHN	3-4838	ner		✓	✓
WEST, ROGER	3-5859	ner		✓	✓
WILSON, GENE	3 7727	hhs			✓
WRIGHT, THOMAS	3 5754	**CAP**		✓	✓
YONGUE, DOUGLAS Y.	3 5821	**ED**		✓	✓
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752			✓	✓
Baddour, Philip, Majority Leader	5 0850			✓	✓
Dedmon, Andrew, Majority Whip	3 5732			✓	✓
Cunningham, Pete (At Large)	3 5778				✓

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			May 29, 2001,	August 23	
CHAIRS:					
EASTERLING, RUTH	3-5900			✓	
OLDHAM, WARREN, "PETE"	5-2530			✓	
REDWINE, DAVID	3 5829			✓	
THOMPSON, GREGG	3-5828			✓	
OWENS, BILL, VICE-CHAIR	3 0010	**NER**		✓	
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap		✓	
ADAMS, ALMA S.	3 5902	gg		Excused	
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap		✓	
BAKER, REX L.	3 5787	ner		✓	
BARBEE, BOBBY H., SR.	3 5908	Transp		✓	
BAREFOOT, DANIEL W.	5 3021	gg		✓	
BARNHART, JEFF	3-5661	ed		✓	
BELL, LARRY	3-5863	ed		✓	
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed		✓	
BOWIE, JOANNE W. (Joni)	3 5877	transp		✓	
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap		✓	
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs		✓	
CARPENTER, MARGE	3-5886	ed		✓	
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps		✓	
COATES, LORENE	3-5784	transp		✓	
COLE, NELSON	3 5779	**TRANSP**,cap		✓	
CRAWFORD, MARK.	3 5605	hhs		✓	
CREECH, BILLY	3-5609	hhs			
CULP, ARLIE F.	3 5865	ner		✓	
CULPEPPER, BILL	5 3028	**JPS**, cap		✓	

Dates			May 29, 2001	August 23	
DAUGHTRY, N. LEO	3 5868	cap		✓	
DAVIS, DONALD	5 6707	transp		✓	
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap		✓	
ESPOSITO, THERESA H.	5 3009	hhs		✓	
FOX, STANLEY H.	3 5757	**NER**, cap		✓	
GILLESPIE, MITCH	3 5987	cap		✓	
GOODWIN, WAYNE	3-5849	jps		✓	
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp		✓	
HAIRE, PHIL	5 3005	**JPS**,cap		✓	
HALL, JOHN D.	3-5898	transp		✓	
HARRINGTON, MICHAEL	3-5823	it		✓	
HENSLEY, BOB	3 5780	it		✓	
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it		✓	
HOLMES, GEORGE M.	3 5771	cap, ed		✓	
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp		✓	
INSKO, VERLA	3 5775	ed		✓	
JEFFUS, MARGARET M.	3 5191	**GG**, cap		✓	
JUSTUS, LARRY T.	3 5958	cap, jps		✓	
KISER, JOE L.	3 5782	Cap, jps		✓	
LUCAS, MARVIN	3-5775	gg		✓	
MCALLISTER, MARY E.	3 5959	transp		✓	
MCLAWHORN, MARIAN N.	5 3017	gg-v		✓	
MICHAUX, MICKEY	3 5772	hhs		✓	
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner		✓	

Dates			May 29, 2001	August 23	
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap			
NYE, EDD	3 5477	**HHS**, cap		✓	
PRESTON, JEAN ROUSE	3 5706	ed		✓	
ROGERS, GENE	5 3023	**ED**, cap		✓	
RUSSELL, CAROLYN B.	5 0873	cap, ner		✓	
SAUNDERS, DREW P.	3 5776	transp		✓	
SETZER, MITCHELL S.	3 5886	gg		✓	
SEXTON, P. WAYNE	3 5974	jps		✓	
SHERRILL, WILMA M.	5 4466	**GG**, cap,		✓	
SHUBERT, FERN	3-5602	cap		✓	
SMITH, RONALD L.	3 5773	ed		✓	
SUTTON, RONNIE	5 0875	transp		✓	
TEAGUE, W.B., JR.	3 5530	ed		✓	
TOLSON, JOE	5 3024	**IT**, ner		✓	
TUCKER, RUSSELL	5-3015	**IT**		✓	
UNDERHILL, ALICE	3-5776	ner			
WALEND, TRUDI	5 3012	hhs		✓	
WALKER, TRACY	3-5935	ner		✓	
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v		✓	
WARWICK, NURHAM	5 3003	ner		✓	
WEATHERLY, JOHN	3-4838	ner		✓	
WEST, ROGER	3-5859	ner		✓	
WILSON, GENE	3 7727	hhs		✓	
WRIGHT, THOMAS	3 5754	**CAP**		✓	
YONGUE, DOUGLAS Y.	3 5821	**ED**		✓	
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001		9.26	May 29, 2001,	August 23	9.12
CHAIRS:					
EASTERLING, RUTH	3-5900	✓			✓
OLDHAM, WARREN, "PETE"	5-2530	✓			✓
REDWINE, DAVID	3 5829	✓			✓
THOMPSON, GREGG	3-5828	✓			✓
OWENS, BILL, VICE-CHAIR	3 0010	**NER** ✓			✓
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS,cap**✓			✓
ADAMS, ALMA S.	3 5902	gg EX			ex
ALLRED, CARY D.	3 5607	cap, trans			✓
ARNOLD, GENE	3 5806	cap			✓
BAKER, REX L.	3 5787	ner ✓			✓
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg			✓
BARNHART, JEFF	3-5661	ed			✓
BELL, LARRY	3-5863	ed			✓
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed			
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs			
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp ✓			✓
COLE, NELSON	3 5779	**TRANSP**,cap ✓			✓
CRAWFORD, MARK.	3 5605	hhs			
CREECH, BILLY	3-5609	hhs			
CULP, ARLIE F.	3 5865	ner ✓			
CULPEPPER, BILL	5 3028	**JPS**, cap ✓			

Dates			May 29, 2001	August 23	9.12
DAUGHTRY, N. LEO	3 5868	cap ✓			
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			✓
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs			✓
FOX, STANLEY H.	3 5757	**NER**, cap			✓
GILLESPIE, MITCH	3 5987	cap			✓
GOODWIN, WAYNE	3-5849	jps			✓
GRADY, ROBERT	5 9644	cap			✓
GULLEY, JIM	3 5860	transp			✓
HAIRE, PHIL	5 3005	**JPS**,cap ✓			✓
HALL, JOHN D.	3-5898	transp			✓
HARRINGTON, MICHAEL	3-5823	it			✓
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp ✓			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed ✓			
HOWARD, JULIA	3-5904	cap			✓
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed			✓
JEFFUS, MARGARET M.	3 5191	**GG**, cap ✓			
JUSTUS, LARRY T.	3 5958	cap, jps ✓			
KISER, JOE L.	3 5782	Cap, jps ✓			✓
LUCAS, MARVIN	3-5775	gg			✓
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v			
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner ✓			✓

Dates			May 29, 2001	August 23	9.12
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap			v
NYE, EDD	3 5477	**HHS**, cap			√
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap			
RUSSELL, CAROLYN B.	5 0873	cap, ner			
SAUNDERS, DREW P.	3 5776	transp			√
SETZER, MITCHELL S.	3 5886	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,			
SHUBERT, FERN	3-5602	cap			√
SMITH, RONALD L.	3 5773	ed			√
SUTTON, RONNIE	5 0875	transp			√
TEAGUE, W.B., JR.	3 5530	ed			√
TOLSON, JOE	5 3024	**IT**, ner			
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner			√
WALEND, TRUDI	5 3012	hhs			
WALKER, TRACY	3-5935	ner √			√
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v √			
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner			
WEST, ROGER	3-5859	ner			
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850	✓			√
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			9/26	10/16	
CHAIRS:					
EASTERLING, RUTH	3-5900		✓	✓	
OLDHAM, WARREN, "PETE"	5-2530		✓	✓	
REDWINE, DAVID	3 5829		✓	✓	
THOMPSON, GREGG	3-5828		✓	✓	
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓	✓	
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓	✓	
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap		✓	
BAKER, REX L.	3 5787	ner	✓	✓	
BARBEE, BOBBY H., SR.	3 5908	Transp	✓	✓	
BAREFOOT, DANIEL W.	5 3021	gg		✓	
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed		✓	
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓	✓	
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs		✓	
CARPENTER, MARGE	3-5886	ed	✓	✓	
CHURCH, WALTER	3-5805	hhs	✓	✓	
CLARY, DEBBIE A.	3 5654	jps		✓	
COATES, LORENE	3-5784	transp	✓	✓	
COLE, NELSON	3 5779	**TRANSP**,cap		✓	
CREECH, BILLY	3-5609	hhs	✓	✓	
CULP, ARLIE F.	3 5865	ner	✓	✓	
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			9/26	10/18	
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap		√	
NYE, EDD	3 5477	**HHS**, cap		√	
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED,** cap	✓	√	
RUSSELL, CAROLYN B.	5 0873	cap, ner		√	
SAUNDERS, DREW P.	3 5776	transp		√	
SETZER, MITCHELL S.	3 5886	gg		√	
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG,** cap,	✓	√	
SHUBERT, FERN	3-5602	cap	✓	√	
SMITH, RONALD L.	3 5773	ed	✓	√	
SUTTON, RONNIE	5 0875	transp		√	
TEAGUE, W.B., JR.	3 5530	ed	✓	√	
TOLSON, JOE	5 3024	**IT**, ner	✓	√	
TUCKER, RUSSELL	5-3015	**IT**	✓	√	
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs		√	
WALKER, TRACY	3-5935	ner	✓	√	
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓	√	
WARWICK, NURHAM	5 3003	ner	✓	√	
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓	√	
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**	✓	√	
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓	√	
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

Dates			9/26	10/18	
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp		✓	
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap		✓	
ELLIS, J. SAM	3 5755	cap		✓	
ESPOSITO, THERESA H.	5 3009	hhs	✓	✓	
FOX, STANLEY H.	3 5757	**NER**, cap	✓	✓	
GILLESPIE, MITCH	3 5987	cap	✓	✓	
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap		✓	
GULLEY, JIM	3 5860	transp	✓	✓	
HAIRE, PHIL	5 3005	**JPS**,cap		✓	
HALL, JOHN D.	3-5898	transp	✓	✓	
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it	✓	✓	
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed		✓	
HOWARD, JULIA	3-5904	cap		✓	
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp		✓	
INSKO, VERLA	3 5775	ed	✓	✓	
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓	✓	
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg		✓	
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓	✓	
MICHAUX, MICKEY	3 5772	hhs	✓	✓	
MILLER, PAUL	3-5872	it	✓	✓	
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner		✓	

ATTENDANCE

20/20

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			Oct 31 2001,		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**			
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap			
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap			
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
~~CRAWFORD, MARK~~	~~3-5605~~	~~hhs~~	~~✓~~		
CREECH, BILLY	3-5609	hhs			
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			Oct 31, 2001		
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp	✓		
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps			
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates			6 & 31 , 2001		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap			
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner			
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S.	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,			
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850		✓		
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			Nov. 15		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap			
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			Nov. 15		
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	✓		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp	✓		
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps			
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates			Nov. 15		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S.	3 5886	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

Attendance ~~ROLL CALL VOTE~~ 12.03.01

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Attendance

Date: Dec. 3 ~~2001~~, 2001 **Amendment No.** _____

Total: Yes _____ **No** _____ **Bill Number:** _____

YES	NO	NAME	YES	NO	NAME
✓		Easterling, Chair	✓		Church
✓		Oldham, Chair			Clary
✓		Redwine, Chair	✓		Coates
		Thompson, Chair			Cole
✓		Owens, Vice-Chair			Crawford, Mark
✓		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
		Adams	✓		Culpepper
		Allred			Daughtry
		Arnold			Davis
✓		Baker			Dockham
✓		Barbee			Earle
		Barefoot			Ellis
		Barnhart	✓		Esposito
		Bell	✓		Fox
		Blue	✓		Gillespie
✓		Bonner			Goodwin
		Bowie			Grady
		Boyd-McIntyre	✓		Gulley
		Brubaker			Haire
		Carpenter	✓		Hall

YES	NO	NAME	YES	NO	NAME
		Harrington	✓		Rogers
✓		Hensley			Russell
		Hiatt			Saunders
✓		Hilton			Setzer
		Holmes			Sexton
	J	Howard	✓		Sherrill
	#	Hunter	✓		Shubert
✓		Insko			Smith
✓		Jeffus			Sutton
✓		Justus	✓		Teague
✓		Kiser	✓		Tolson
		Lucas	✓		Tucker
		McAllister			Underhill
✓		McLawhorn	✓		Walend
✓		Michaux			Walker
✓		Miller			Warner
		Miner	✓		Warren
✓		Mitchell	✓		Warwick
		Morgan	✓		Weatherly
		Nesbitt	✓		West
		Nye			Wilson, G
		Preston	✓		Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
___	___	Hackney, Spkr Pro Tem	✓	___	Dedmon, Maj. Leader
___	___	Baddour, Maj. Leader	✓	___	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			DEC 7		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS,cap**			
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans	✓		
ARNOLD, GENE	3 5806	cap			
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			DEC 7		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp	✓		
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	✓		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap			
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp	✓		
HILTON, MARK	3-5609	it	✓		
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it	✓		
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates			DEC 7		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp			
SETZER, MITCHELL S.	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed			
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs			
WALKER, TRACY	3-5935	ner			
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner	✓		
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner			
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**	✓		
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

HOUSE MEETINGS OF THE APPROPRIATIONS COMMITTEE

2001 SESSION

May 29, 2001
June 25, 2001
June 26, 2001
August 23, 2001
September 12, 2001
September 26, 2001
October 18, 2001
October 31, 2001
November 15, 2001
December 3, 2001
December 7, 2001

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

May 29, 2001
643 LOB
Immediately after Session

HB. 969, Air Quality/Motor Vehicle Inspection Fees Rep. Hackney

Minutes
House Appropriations Committee Meeting
Tuesday, May 29, 2001
2:15
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order for the purposes of considering HB. 969, Air Quality/Motor Vehicle Inspection Fees. He recognized the House Pages in attendance.

The Co-Chair recognized the bill sponsor, Representative Hackney to explain the bill and stated that Co-Chair Representative Easterling moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote. Representative Hackney explained that the bill would make modifications to the motor vehicle safety and emissions inspection program as listed in the Bill Analysis (attached).

Rep. Nesbitt was recognized to request further explanation of the safety and emissions inspection checklist. Ruth Sappie with the Department of Transportation was recognized and stated the the emissions program in the last four years had improved greatly, disagreeing with the statement previously by Rep. Nesbitt that the program was in a mess.

A verbal amendment by Rep. Hensley, explained by Research Division staffer George Givens, eliminating emissions requirements on cars older than 25 years passed by voice vote. Representative Tucker moved to favorably report the committee substitute as amended by Rep. Hensley. By a recorded vote, requested by Rep. Daughtry, of 41 to 27, the motion passed and the meeting was adjourned.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ Committee Substitute for
H.B. 969 A BILL TO BE ENTITLED AN ACT AN ACT TO PROVIDE FOR THE IMPLEMENTATION OF THE AMBIENT AIR QUALITY IMPROVEMENT ACT OF 1999, AS AMENDED BY S.L. 2000-134, BY INCREASING THE FEES CHARGED FOR MOTOR VEHICLE EMISSIONS AND SAFETY INSPECTIONS AND TO MAKE OTHER AMENDMENTS TO THE LAWS GOVERNING MOTOR VEHICLE SAFETY AND EMISSIONS INSPECTIONS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 2, unfavorable as to Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/29/01

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE

You are hereby notified that the Committee on **APPROPRIATIONS** will meet as follows:

DAY & DATE: **May 29, 2001**

TIME: **immediately after session**

LOCATION: **643 LOB**

The following bills will be considered (Bill # & Short Title):

HB. 969, Air Quality/Motor Vehicle Inspection Fees Rep. Hackney

Respectfully,

Representatives Easterling, Oldham, Redwine & Thompson
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **2:35** on **Thursday, May 24, 2001**.

___Principal Clerk
___Reading Clerk - House Chamber

Rita Harris, Committee Assistant

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 969*

Committee Substitute Favorable 5/16/01

PROPOSED COMMITTEE SUBSTITUTE H969*-PCS7240-RT-41

Short Title: Air Quality/Motor Vehicle Inspection Fees. (Public)

Sponsors:

Referred to:

April 4, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE IMPLEMENTATION OF THE AMBIENT AIR QUALITY IMPROVEMENT ACT OF 1999, AS AMENDED BY S.L. 2000-134, BY INCREASING THE FEES CHARGED FOR MOTOR VEHICLE EMISSIONS AND SAFETY INSPECTIONS AND TO MAKE OTHER AMENDMENTS TO THE LAWS GOVERNING MOTOR VEHICLE SAFETY AND EMISSIONS INSPECTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-183.7 reads as rewritten:

"**§ 20-183.7. Fees for performing an inspection and putting an inspection sticker on a vehicle; use of civil penalties.**

(a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an inspection sticker, the fee must be collected. The following fees apply to an inspection of a vehicle and the issuance of an inspection sticker:

Type	Inspection	Sticker
Safety Only, Without After-Factory Tinted Window	$ 8.25	$ 1.00
Safety Only, With After-Factory Tinted Window	18.25	1.00
Emissions and Safety Without After-Factory Tinted Window	17.00	~~2.40~~4.15
Emissions and Safety With After-Factory Tinted Window	27.00	~~2.40~~4.15.

The fee for performing an inspection of a vehicle applies when an inspection is performed, regardless of whether the vehicle passes the inspection. The fee for an inspection sticker applies when an inspection sticker is put on a vehicle. The fee for performing an inspection of a vehicle with a tinted window applies only to an inspection performed with a light meter after a safety inspection mechanic determined that the window had after-factory tint.

A vehicle that is inspected at an inspection station and fails the inspection is entitled to be reinspected at the same station at any time within 30 days of the failed inspection without paying another inspection fee.

(b) Self-Inspector. – The fee for an inspection does not apply to an inspection performed by a self-inspector. The fee for putting an inspection sticker on a vehicle applies to an inspection performed by a self-inspector.

(c) Fee Distribution. – Fees collected for inspection stickers are payable to the Division of Motor Vehicles. The amount of each fee listed in the table below shall be credited to the Highway Fund, the Emissions Program Account established in subsection (d) of this section, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the Department of Environment and Natural Resources:

Recipient	Safety Only Sticker	Emissions and Safety Sticker
Highway Fund	.75	.00
Emissions Program Account	.00	1.80
Telecommunications Account	.00	1.75
Volunteer Rescue/EMS Fund	.15	.15
Rescue Squad Workers' Relief Fund	.10	.10
Division of Air Quality	.00	.35.

(d) Emissions Program Account. – The Emissions Program Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to fund the vehicle emissions inspection and maintenance program.

(d1) Telecommunications Account. – The Telecommunications Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to provide equipment and telecommunications services associated with the vehicle emissions inspection and maintenance program.

(e) Civil Penalties. – Civil penalties collected under this Part shall be credited to the Highway Fund as nontax revenue."

SECTION 2. G.S. 20-183.7 reads as rewritten:

"**§ 20-183.7. Fees for performing an inspection and putting an inspection sticker on a vehicle; use of civil penalties.**

(a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an inspection sticker, the fee must be collected. The following fees apply to an inspection of a vehicle and the issuance of an inspection sticker:

Type	Inspection	Sticker
Safety Only	$ ~~8.25~~13.40	$ ~~1.00~~1.05
Emissions and Safety	~~17.00~~27.70	~~3.90~~5.75

The fee for performing an inspection of a vehicle applies when an inspection is performed, regardless of whether the vehicle passes the inspection. The fee for an inspection sticker applies when an inspection sticker is put on a vehicle. The fee for inspecting after-factory tinted windows shall be ten dollars ($10.00), and the fee applies only to an inspection performed with a light meter after a safety inspection mechanic determined that the window had after-factory tint. A safety inspection mechanic shall not inspect an after-factory tinted window of a vehicle for which the Division has issued a medical exception permit pursuant to G.S. 20-127(f).

A vehicle that is inspected at an inspection station and fails the inspection is entitled to be reinspected at the same station at any time within 30 days of the failed inspection without paying another inspection fee.

The inspection fee set out in this subsection is the maximum amount that an inspection station or an inspection mechanic may charge for an inspection of a vehicle. An inspection station or inspection mechanic may charge the maximum amount or any lesser amount for an inspection of a vehicle. The sticker fee set out in this subsection may not be increased or decreased.

(b) Self-Inspector. – The fee for an inspection does not apply to an inspection performed by a self-inspector. The fee for putting an inspection sticker on a vehicle applies to an inspection performed by a self-inspector.

(c) Fee Distribution. – Fees collected for inspection stickers are payable to the Division of Motor Vehicles. The amount of each fee listed in the table below shall be credited to the Highway Fund, the Emissions Program Account established in subsection (d) of this section, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the Department of Environment and Natural Resources:

Recipient	Safety Only Sticker	Emissions and Safety Sticker
Highway Fund	.75	.00
Emissions Program Account	.00	~~1.80~~3.05
Telecommunications Account	.00	1.75
Volunteer Rescue/EMS Fund	~~.15~~.18	~~.15~~.18
Rescue Squad Workers' Relief Fund	~~.10~~.12	~~.10~~.12
Division of Air Quality	.00	~~.35~~.65.

(d) Emissions Program Account. – The Emissions Program Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to fund the vehicle emissions inspection and maintenance program.

(d1) Telecommunications Account. – The Telecommunications Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to provide equipment and

telecommunications services associated with the vehicle emissions inspection and maintenance program.

(e) Civil Penalties. – Civil penalties collected under this Part shall be credited to the Highway Fund as nontax revenue.

(f) Inspection Stations Required to Post Fee Information. – The Division shall approve the form and style of one or more standard signs to be used to display the information required by this subsection. The Division shall require that one or more of the standard signs be conspicuously posted at each inspection station in a manner reasonably calculated to make the information on the sign readily available to each person who presents a motor vehicle to the station for inspection. The sign shall include the following information:

(1) The maximum and minimum amounts of the inspection fee authorized by this section.

(2) The amount of the inspection fee charged by the inspection station and a statement that clearly indicates that the amount of the inspection fee is determined by the inspection station, that the inspection fee is retained by the inspection station to compensate the station for performing the inspection, and that the inspection fee is not paid to the State.

(3) The amount of the sticker fee, if the motor vehicle passes the inspection, a statement that the sticker fee is paid to the State, and a brief summary of the purposes for which the sticker fee is collected.

(4) The total fee to be charged if the motor vehicle passes the inspection.

(5) A statement that a vehicle that fails an inspection may be reinspected at the same station within 30 days of the inspection without payment of another inspection fee."

SECTION 3. G.S. 20-183.7 reads as rewritten:

"**§ 20-183.7. Fees for performing an inspection and putting an inspection sticker on a vehicle; use of civil penalties.**

(a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an inspection sticker, the fee must be collected. The following fees apply to an inspection of a vehicle and the issuance of an inspection sticker:

Type	Inspection	Sticker
Safety Only	$ 13.40	$ ~~1.05~~2.60
Emissions and Safety	27.70	~~5.45~~6.30

The fee for performing an inspection of a vehicle applies when an inspection is performed, regardless of whether the vehicle passes the inspection. The fee for an inspection sticker applies when an inspection sticker is put on a vehicle. The fee for inspecting after-factory tinted windows shall be ten dollars ($10.00), and the fee applies only to an inspection performed with a light meter after a safety inspection mechanic determined that the window had after-factory tint. A safety inspection mechanic shall

not inspect an after-factory tinted window of a vehicle for which the Division has issued a medical exception permit pursuant to G.S. 20-127(f).

A vehicle that is inspected at an inspection station and fails the inspection is entitled to be reinspected at the same station at any time within 30 days of the failed inspection without paying another inspection fee.

The inspection fee set out in this subsection is the maximum amount that an inspection station or an inspection mechanic may charge for an inspection of a vehicle. An inspection station or inspection mechanic may charge the maximum amount or any lesser amount for an inspection of a vehicle. The sticker fee set out in this subsection may not be increased or decreased.

(b) Self-Inspector. – The fee for an inspection does not apply to an inspection performed by a self-inspector. The fee for putting an inspection sticker on a vehicle applies to an inspection performed by a self-inspector.

(c) Fee Distribution. – Fees collected for inspection stickers are payable to the Division of Motor Vehicles. The amount of each fee listed in the table below shall be credited to the Highway Fund, the Emissions Program Account established in subsection (d) of this section, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the Rescue Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality of the Department of Environment and Natural Resources:

Recipient	Safety Only Sticker	Emissions and Safety Sticker
Highway Fund	~~.75~~.55	~~.00~~.55
Emissions Program Account	.00	3.05
Telecommunications Account	~~.00~~1.75	1.75
Volunteer Rescue/EMS Fund	.18	.18
Rescue Squad Workers' Relief Fund	.12	.12
Division of Air Quality	.00	.65.

(d) Emissions Program Account. – The Emissions Program Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to fund the vehicle emissions inspection and maintenance program.

(d1) Telecommunications Account. – The Telecommunications Account is created as a nonreverting account within the Highway Fund. The Division shall administer the Account. Revenue in the Account may be used only to provide equipment and telecommunications services associated with the safety inspection program and vehicle emissions inspection and maintenance program.

(e) Civil Penalties. – Civil penalties collected under this Part shall be credited to the Highway Fund as nontax revenue.

(f) Inspection Stations Required to Post Fee Information. – The Division shall approve the form and style of one or more standard signs to be used to display the information required by this subsection. The Division shall require that one or more of

the standard signs be conspicuously posted at each inspection station in a manner reasonably calculated to make the information on the sign readily available to each person who presents a motor vehicle to the station for inspection. The sign shall include the following information:

(1) The maximum and minimum amounts of the inspection fee authorized by this section.

(2) The amount of the inspection fee charged by the inspection station and a statement that clearly indicates that the amount of the inspection fee is determined by the inspection station, that the inspection fee is retained by the inspection station to compensate the station for performing the inspection, and that the inspection fee is not paid to the State.

(3) The amount of the sticker fee, if the motor vehicle passes the inspection, a statement that the sticker fee is paid to the State, and a brief summary of the purposes for which the sticker fee is collected.

(4) The total fee to be charged if the motor vehicle passes the inspection.

(5) A statement that a vehicle that fails an inspection may be reinspected at the same station within 30 days of the inspection without payment of another inspection fee."

SECTION 3.1. G.S. 20-183.2 is amended by adding a new subsection to read:

"(b1) Exemption. – Notwithstanding subsections (a) and (b) of this section and G.S. 20-183.3, a motor vehicle is exempt from an emissions inspection and from the requirement that it have the emissions control devices set out in G.S. 20-183.7B(b)(8) if the motor vehicle is more than 25 model years old and if the motor vehicle is either insured as a classic car under a stated value contract of insurance for physical damage or has been driven less than 2,500 miles since the motor vehicle was last inspected. A motor vehicle that is exempt from an emissions inspection under this subsection is subject to a safety inspection. In order to establish that the motor vehicle is exempt under this subsection, the owner or operator of the motor vehicle shall present to the inspection mechanic the current registration certificate showing the model year of the vehicle and either evidence of insurance satisfactory to the Division or the inspection receipt from the prior inspection for comparison of the odometer reading shown on the receipt with the vehicle's current odometer reading."

SECTION 4. G.S. 20-183.2(b) is amended by adding a new subdivision to read:

"(8) It is not a privately owned, nonfleet motor home or house car, as defined in G.S. 20-4.01(27)d2., that is built on a single chassis, has a gross vehicle weight of more than 10,000 pounds, and is designed primarily for recreational use."

SECTION 5. G.S. 20-183.4C(a) is amended by adding a new subdivision to read:

"(5a) If the registration of a vehicle is transferred from a county that is not an emissions county to an emissions county, the vehicle must be inspected in accordance with this Part within 60 days of the transfer of registration."

SECTION 6. Part 1 of Article 3A of Chapter 20 of the General Statutes is amended by adding two new sections to read:

"**§ 20-183.7A. Penalties applicable to license holders and suspension or revocation of license for safety violations.**

(a) Kinds of Violations. – The civil penalty schedule established in this section applies to safety self-inspectors, safety inspection stations, and safety inspection mechanics. The schedule categorizes safety violations into serious (Type I), minor (Type II), and technical (Type III) violations. A serious violation is a violation of this Part or a rule adopted to implement this Part that directly affects the safety or emissions reduction benefits of the safety inspection program. A minor violation is a violation of this Part or a rule adopted to implement this Part that reflects negligence or carelessness in conducting a safety inspection or complying with the safety inspection requirements but does not directly affect the safety benefits or emission reduction benefits of the safety inspection program. A technical violation is a violation that is not a serious violation, a minor violation, or another type of offense under this Part.

(b) Penalty Schedule. – The Division must take the following action for a violation:

(1) Type I. – For a first or second Type I violation within three years by a safety self-inspector or a safety inspection station, assess a civil penalty of two hundred fifty dollars ($250.00) and suspend the license of the business for six months. For a third or subsequent Type I violation within three years by a safety self-inspector or a safety inspection station, assess a civil penalty of one thousand dollars ($1,000) and revoke the license of the business for two years. For a first or second Type I violation within seven years by a safety inspection mechanic, assess a civil penalty of one hundred dollars ($100.00) and suspend the mechanic's license for six months. For a third or subsequent Type I violation within seven years by a safety inspection mechanic, assess a civil penalty of two hundred fifty dollars ($250.00) and revoke the mechanic's license for two years.

(2) Type II. – For a first or second Type II violation within three years by a safety self-inspector or a safety inspection station, assess a civil penalty of one hundred dollars ($100.00). For a third or subsequent Type II violation within three years by a safety self-inspector or a safety inspection station, assess a civil penalty of two hundred fifty dollars ($250.00) and suspend the license of the business for 90 days. For a first or second Type II violation within seven years by a safety inspection mechanic, assess a civil penalty of fifty dollars ($50.00).

For a third or subsequent Type II violation within seven years by a safety inspection mechanic, assess a civil penalty of one hundred dollars ($100.00) and suspend the mechanic's license for 90 days.

(3) Type III. – For a first or second Type III violation within seven years by a safety self-inspector, a safety inspection station, or a safety inspection mechanic, send a warning letter. For a third or subsequent Type III violation within seven years by the same safety license holder, assess a civil penalty of twenty-five dollars ($25.00).

(c) Station or Self-Inspector Responsibility. – It is the responsibility of a safety inspection station and a safety self-inspector to supervise the safety inspection mechanics it employs. A violation by a safety inspection mechanic is considered a violation by the station or self-inspector for whom the mechanic is employed.

(d) Multiple Violations. – If a safety self-inspector, a safety inspection station, or a safety inspection mechanic commits two or more violations in the course of a single safety inspection, the Division shall take only the action specified for the most significant violation.

(e) Mechanic Training. – A safety inspection mechanic whose license has been suspended or revoked must retake the course required under G.S. 20-183.4 and successfully complete the course before the mechanic's license can be reinstated. Failure to successfully complete this course continues the period of suspension or revocation until the course is completed successfully.

"**§ 20-183.7B. Acts that are Type I, II, or III safety violations.**

(a) Type I. – It is a Type I violation for a safety self-inspector, a safety inspection station, or a safety inspection mechanic to do any of the following:

(1) Put a safety inspection sticker on a vehicle without performing a safety inspection of the vehicle.

(2) Put a safety inspection sticker on a vehicle after performing a safety inspection of the vehicle and determining that the vehicle did not pass the inspection.

(3) Allow a person who is not licensed as a safety inspection mechanic to perform a safety inspection for a self-inspector or at a safety station.

(4) Sell or otherwise give an inspection sticker to another, other than as the result of a vehicle inspection in which the vehicle passed the inspection.

(5) Be unable to account for five or more inspection stickers at any one time upon the request of an officer of the Division.

(6) Perform a safety-only inspection on a vehicle that is subject to both a safety and an emissions inspection.

(7) Transfer an inspection sticker from one vehicle to another.

(8) Conduct a safety inspection of a vehicle without driving the vehicle and without raising the vehicle and without opening the hood of the vehicle to check equipment located therein.

(9) Solicit or accept anything of value to pass a vehicle other than as provided in this Part.

(b) Type II. – It is a Type II violation for a safety self-inspector, a safety inspection station, or a safety inspection mechanic to do any of the following:

(1) Put a safety inspection sticker on a vehicle without driving the vehicle and checking the vehicle's braking reaction, foot brake pedal reserve, and steering free play.

(2) Put a safety inspection sticker on a vehicle without raising the vehicle to free each wheel and checking the vehicle's tires, brake lines, parking brake cables, wheel drums, exhaust system, and the emissions equipment.

(3) Put a safety inspection sticker on a vehicle without raising the hood and checking the master cylinder, horn mounting, power steering, and emissions equipment.

(4) Conduct a safety inspection of a vehicle outside the designated inspection area.

(5) Put a safety inspection sticker on a vehicle with inoperative equipment, or with equipment that does not conform to the vehicle's original equipment or design specifications, or with equipment that is prohibited by any provision of law.

(6) Put a safety inspection sticker on a vehicle without performing a visual inspection of the vehicle's exhaust system.

(7) Put a safety inspection sticker on a vehicle without checking the exhaust system for leaks.

(8) Put a safety inspection sticker on a vehicle that is required to have any of the following emissions control devices but does not have the device:

a. Catalytic converter.
b. PCV valve.
c. Thermostatic air control.
d. Oxygen sensor.
e. Unleaded gas restrictor.
f. Gasoline tank cap.
g. Air injection system.
h. Evaporative emissions system.
i. Exhaust gas recirculation (EGR) valve.

(9) Put a safety inspection sticker on a vehicle after failing to inspect four or more of the following:

a. Emergency brake.
b. Horn.
c. Headlight high beam indicator.
d. Inside rearview mirror.

e. Outside rearview mirror.
f. Turn signals.
g. Parking lights.
h. Headlights – operation and lens.
i. Headlights – aim.
j. Stoplights.
k. Taillights.
l. License plate lights.
m. Windshield wiper.
n. Windshield wiper blades.
o. Window tint.

(10) Impose no fee for a safety inspection of a vehicle or the issuance of a safety inspection sticker or impose a fee for one of these actions in an amount that differs from the amount set in G.S. 20-183.7.

(c) Type III. – It is a Type III violation for a safety self-inspector, a safety inspection station, or a safety inspection mechanic to do any of the following:

(1) Fail to post a safety inspection station license issued by the Division.
(2) Fail to send information on safety inspections to the Division at the time or in the form required by the Division.
(3) Fail to post all safety information required by federal law and by the Division.
(4) Fail to put the required information on an inspection sticker or inspection receipt in a legible manner using ink.
(5) Issue a receipt that is signed by a person other than the safety inspection mechanic.
(6) Place an incorrect expiration date on an inspection sticker.
(7) Put a safety inspection sticker on a vehicle after having failed to inspect three or fewer of the following:

a. Emergency brake.
b. Horn.
c. Headlight high beam indicator.
d. Inside rearview mirror.
e. Outside rearview mirror.
f. Turn signals.
g. Parking lights.
h. Headlights – operation and lens.
i. Headlights – aim.
j. Stoplights.
k. Taillights.
l. License plate lights.
m. Windshield wiper.
n. Windshield wiper blades.

o. Window tint.

(d) Other Acts. – The lists in this section of the acts that are Type I, Type II, or Type III violations are not the only acts that are one of these types of violations. The Division may designate other acts that are a Type I, Type II, or Type III violation."

SECTION 7. G.S. 20-183.8 reads as rewritten:

"**§ 20-183.8. Infractions and criminal offenses for violations of inspection requirements.**

(a) Infractions. – A person who does any of the following commits an infraction and, if found responsible, is liable for a penalty of up to fifty dollars ($50.00):

(1) Operates a motor vehicle that is subject to inspection under this Part on a highway or public vehicular area in the State when the vehicle has not been inspected in accordance with this Part, as evidenced by the vehicle's lack of a current inspection sticker or otherwise.

(2) Allows an inspection sticker to be put on a vehicle owned or operated by that person, knowing that the vehicle was not inspected before the sticker was attached or was not inspected properly.

(3) Puts an inspection sticker on a vehicle, knowing or having reasonable grounds to know that an inspection of the vehicle was not performed or was performed improperly. A person who is cited for a civil penalty under G.S. 20-183.8B for an emissions violation involving the inspection of a vehicle may not be charged with an infraction under this subdivision based on that same vehicle.

(4) Alters the original certified configuration or data link connectors of a vehicle in such a way as to make an emissions inspection by analysis of data provided by on-board diagnostic (OBD) equipment inaccurate or impossible.

(b) Defenses to Infractions. – Any of the following is a defense to a violation under subsection (a) of this section:

(1) The vehicle was continuously out of State for at least the 30 days preceding the date the inspection sticker expired and a current inspection sticker was obtained within 10 days after the vehicle came back to the State.

(2) The vehicle displays a dealer license plate or a transporter plate, the dealer repossessed the vehicle or otherwise acquired the vehicle within the last 10 days, and the vehicle is being driven from its place of acquisition to the dealer's place of business or to an inspection station.

(3) Repealed by Session Laws 1997-29, s. 5.

(4) The charged infraction is described in subdivision (a)(1) of this section, the vehicle is subject to a safety inspection or an emissions inspection and the vehicle owner establishes in court that the vehicle was inspected after the citation was issued and within 30 days of the

expiration date of the inspection sticker that was on the vehicle when the citation was issued.

(c) Felony. – A person who does any of the following commits a Class I felony:

(1) Forges an inspection sticker.

(2) Buys, sells, or possesses a forged inspection sticker.

(3) Buys, sells, or possesses an inspection sticker other than as the result of either of the following:

a. Having a license as an inspection station, a self-inspector, or an inspection mechanic and obtaining the inspection sticker from the Division in the course of business.

b. A vehicle inspection in which the vehicle passed the inspection or for which the vehicle received a waiver.

(4) Solicits or accepts anything of value in order to pass a vehicle that fails a safety or emissions inspection.

(5) Fails a vehicle for any reason not authorized by law."

SECTION 8. G.S. 20-183.8B(d) reads as rewritten:

"(d) Missing Stickers. – The Division must assess a civil penalty against an emissions inspection ~~station~~ station, a windshield replacement station, or an emissions self-inspector that cannot account for an emissions inspection sticker issued to it. A station or a self-inspector cannot account for a sticker when the sticker is missing and the station or self-inspector cannot establish reasonable grounds for believing the sticker was stolen or destroyed by fire or another accident.

(d1) Penalty for Missing Stickers. – The amount of the penalty is twenty-five dollars ($25.00) for each missing sticker. If a penalty is imposed under subsection (b) of this section as the result of missing stickers, the monetary penalty that applies is the higher of the penalties required under this subsection and subsection (b); the Division may not assess a monetary penalty as a result of missing stickers under both this subsection and subsection ~~(b).~~ (b) of this section. Imposition of a monetary penalty under this subsection does not affect suspension or revocation of a license required under subsection ~~(b).~~ (b) of this section."

SECTION 9. G.S. 20-183.8C(a) reads as rewritten:

"(a) Type I. – It is a Type I violation for an emissions self-inspector, an emissions inspection station, or an emissions inspection mechanic to do any of the following:

(1) Put an emissions inspection sticker on a vehicle without performing an emissions inspection of the vehicle.

(1a) Put an emissions inspection sticker on a vehicle after performing an emissions inspection of the vehicle and determining that the vehicle did not pass the inspection.

(2) Use a test-defeating strategy when conducting an emissions inspection, such as holding the accelerator pedal down slightly during an idle test, disconnecting or crimping a vacuum hose to effect a passing result, ~~or~~ changing the emission standards for a vehicle by incorrectly entering

the vehicle type or model ~~year~~ year, or using data provided by the on-board diagnostic (OBD) equipment of another vehicle to achieve a passing result.

(3) Allow a person who is not licensed as an emissions inspection mechanic to perform an emissions inspection for a self-inspector or at an emissions station.

(4) Sell or otherwise give an inspection sticker to another other than as the result of a vehicle inspection in which the vehicle passed the inspection or for which the vehicle received a waiver.

(5) Be unable to account for five or more inspection stickers at any one time upon the request of an auditor of the Division.

(6) Perform a safety-only inspection on a vehicle that is subject to both a safety and an emissions inspection.

(7) Transfer an inspection sticker from one vehicle to another."

SECTION 10. G.S. 20-183.8C(b) reads as rewritten:

"(b) Type II. – It is a Type II violation for an emissions self-inspector, an emissions inspection station, or an emissions inspection mechanic to do any of the following:

(1) Use the identification code of another to gain access to an emissions analyzer or to equipment to analyze data provided by on-board diagnostic (OBD) equipment.

(2) Keep inspection stickers and other compliance documents in a manner that makes them easily accessible to individuals who are not inspection mechanics.

(3) Put a safety inspection sticker or an emissions inspection sticker on a vehicle that is required to have one of the following emissions control devices but does not have it:

a. Catalytic converter.
b. PCV valve.
c. Thermostatic air control.
d. Oxygen sensor.
e. Unleaded gas restrictor.
f. Gasoline tank cap.
g. Air injection system.
h. Evaporative emissions system.
i. Exhaust gas recirculation (EGR) valve.

(4) Put a safety inspection sticker or an emissions inspection sticker on a vehicle without performing a visual inspection of the vehicle's exhaust system and checking the exhaust system for leaks.

(5) Impose no fee for an emissions inspection of a vehicle or the issuance of an emissions inspection sticker or impose a fee for one of these

actions in an amount that differs from the amount set in G.S. 20-183.7."

SECTION 11. G.S. 20-183.8F reads as rewritten:

"**§ 20-183.8F. Requirements for giving license holders notice of violations and for taking summary action.**

(a) Finding of Violation. – When an auditor of the Division finds that a violation has occurred that could result in the suspension or revocation of an inspection station license, a self-inspector license, ~~or a mechanic license,~~ a mechanic license, or the registration of a person engaged in the business of replacing windshields, the auditor must give the affected license holder written notice of the finding. The notice must be given within five business days after the ~~violation occurred.~~ completion of the investigation that resulted in the discovery of the violation. The notice must state the period of suspension or revocation that could apply to the violation and any monetary penalty that could apply to the violation. The notice must also inform the license holder of the right to a hearing if the Division charges the license holder with the violation.

(b) Notice of Charges. – When the Division decides to charge an inspection station, a self-inspector, ~~or a mechanic~~ a mechanic, or a person who is engaged in the business of replacing windshields with a violation that could result in the suspension or revocation of the person's license, an auditor of the Division must deliver a written statement of the charges to the affected license holder. The statement of charges must inform the license holder of this right, instruct the person on how to obtain a hearing, and inform the license holder of the effect of not requesting a hearing. The license holder has the right to a hearing before the license is suspended or revoked. G.S. 20-183.8E sets out the procedure for obtaining a hearing.

(c) Exception for Summary Action. – The right granted by subsection (b) of this section to have a hearing before a license is suspended or revoked does not apply if the Division summarily suspends or revokes the license after a judge has reviewed and authorized the proposed action. A license issued to an inspection station, a self-inspector, or a mechanic is a substantial property interest that cannot be summarily suspended or revoked without judicial review.

(d) A notice or statement prepared pursuant to this section or an order of the Division that is directed to a mechanic may be served on the mechanic by delivering a copy of the notice, statement, or order to the station or to the place of business of the self-inspector where the mechanic is employed."

SECTION 12. In order to detect and remedy any deficiency in the equipment, computer software, or procedures used to analyze the data provided by on-board diagnostic (OBD) equipment in connection with an emissions inspection, the Division of Motor Vehicles of the Department of Transportation and the Division of Air Quality of the Department of Environment and Natural Resources may conduct field trials of the equipment, computer software, and procedures to be used during the six-month period immediately prior to the implementation of OBD-based emissions testing in any county. Field trials shall be conducted in accordance with Part 2 of

Article 3A of Chapter 20 of the General Statutes, as amended to provide for the use of OBD equipment, at emissions inspection stations or by emissions self-inspectors that have volunteered to conduct field trials and that have been approved by the Division of Motor Vehicles to conduct the trials. A vehicle that passes a field trial emissions inspection and a safety inspection shall be deemed to have met the requirements of Part 2 of Article 3A of Chapter 20 of the General Statutes in effect at the time the vehicle is inspected and shall be issued an inspection sticker unless the vehicle improperly passes the emissions inspection as a result of a defect in equipment, computer software, or procedures, and the emissions inspection mechanic is aware of the defect.

SECTION 13. This act constitutes a recent act of the General Assembly within the meaning of G.S. 150B-21.1. Notwithstanding G.S. 150B-21.1(a)(2) and 26 NCAC 2C.0102(11), the Environmental Management Commission and the Division of Motor Vehicles of the Department of Transportation may adopt temporary rules to implement the provisions of this act. This section shall continue in effect until all rules necessary to implement the provisions of this act have become effective as either temporary rules or permanent rules.

SECTION 14. The Environmental Review Commission shall review the motor vehicle emissions inspection and maintenance program to determine ways in which the cost of the program to vehicle owners could be reduced. In particular, the Commission shall consider the advantages and disadvantages of requiring that vehicles undergo an emissions inspection no more frequently than once each two years. The Commission may report its findings and recommendations to the 2002 Regular Session of the 2001 General Assembly and shall report its findings and recommendations to the 2003 General Assembly.

SECTION 15. Sections 1 and 4 of this act become effective on the first day of the month that follows by more than 15 days the month in which this act becomes law. Sections 2, 3.1, 5, 6, 8, 10, and 11 of this act become effective 1 October 2001. Sections 7, 9, and 12 of this act become effective 1 January 2002. Section 3 of this act becomes effective 1 January 2003. Sections 13, 14, and 15 of this act are effective when this act becomes law.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

adopted

EDITION No. _____

H. B. No. 969 DATE 5.29.2001

S. B. No. _____ Amendment No. #1
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE H969-PCS7240-RT-41

(Rep.)) Hensley
~~Sen.~~)

moves to amend the bill on page 6, lines 25 through 34

( ) WHICH CHANGES THE TITLE

by rewriting those lines to read:

" the motor vehicle is more than 25 model years old. A motor vehicle that is exempt from an emissions inspection under this subsection is subject to a safety inspection. "

~~and~~

~~by~~

29 May 2001

SIGNED _____

ADOPTED PV FAILED _____ TABLED _____

This amdt was written upon the mtg floor

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

HOUSE BILL 969:
Air Quality/Motor Vehicle Inspection Fees.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Representative Hackney
Date:	May 29, 2001	**Summary by:**	George Givens, Staff Attorney
Version:	PCS for Second Edition H969*-PCS7240-RT-41		Tim Dodge, Research Assistant

SUMMARY: ***The proposed committee substitute for House Bill 969 would make the following substantive changes to the motor vehicle safety and emissions inspection program:***

- ***Create the nonreverting Telecommunication Account within the Highway Fund to provide equipment and telecommunications services associated with the vehicle emissions inspection program;***
- ***Establish a three-step fee adjustment for the motor vehicle safety and emissions inspection program to accommodate for program expansion and to adjust return to inspection stations;***
- ***Exempt certain motor homes, house cars, classic vehicles, or low-mileage vehicles from emissions inspection requirements;***
- ***Require a vehicle transferred from a non-emissions county to an emissions county to be inspected within sixty (60) days of transfer of the registration;***
- ***Establish a system of civil penalties for violations committed by persons and stations licensed to perform safety inspections or replace windshields;***
- ***Identify additional actions committed in violation of inspection requirements as penalties, infractions, or felonies; and***
- ***Authorize the Environmental Management Commission (EMC) and the Division of Motor Vehicles (DMV) of the Department of Transportation to adopt temporary rules to implement the provisions of the act.***

BACKGROUND: According to the United States Environmental Protection Agency (EPA), mobile sources of emissions (cars, trucks, etc.) collectively are the single greatest contributor in this country to carbon monoxide pollution and to ground-level ozone, the major component of smog.[1] In typical urban areas, vehicles contribute between 35 and 70 percent of ozone-forming emissions and 90 percent or more of carbon monoxide emissions.

The Ambient Air Quality Act of 1999[2] contained a number of provisions designed to improve air quality in the State, including the expansion of the motor vehicle inspections and maintenance (I/M) program from nine (9) to forty-eight (48) counties. The expansion counties are identified in Table I below:

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[1] "The Plain English Guide To The Clean Air Act." United States Environmental Protection Agency document no. 400-K-93-001. Online: http://www.epa.gov/oar/oaqps/peg_caa/pegcaain.html#index.

[2] S.L. 1999-328.

TABLE I: Emissions Inspection Expansion Schedule

July 1, 2003	Catawba, Cumberland, Davidson, Iredell, Johnston, Rowan
January 1, 2004	Alamance, Chatham, Franklin, Lee, Lincoln, Moore, Randolph, Stanley
July 1, 2004	Buncombe, Cleveland, Granville, Harnett, Rockingham
January 1, 2005	Edgecombe, Lenoir, Nash, Pitt, Robeson, Wayne, Wilson
July 1, 2005	Burke, Caldwell, Haywood, Henderson, Rutherford, Stokes, Surry, Wilkes
January 1, 2006	Brunswick, Carteret, Craven, New Hanover, Onslow

S.L. 2000-134 further modified the I/M program by authorizing the use of on-board diagnostic (OBD) systems in place of other testing requirements. The fees charged for emissions and safety inspections have not been adjusted since they were established in 1993.

BILL ANALYSIS: House Bill 969 would make the following modifications the I/M program:

Create Telecommunications Account *(Section 1):* Currently, stations performing an emissions inspection are required to maintain a dedicated phone line to contact the DMV in order to comply with the DMV registration denial program.[3] The DMV has paid these telecommunications costs to the telecommunications provider with funds allocated for this purpose from the federal Congestion Mitigation and Air Quality (CMAQ) program, but these funds are no longer available. The bill proposes to create the Telecommunications Account as a nonreverting account within the Highway Fund. A portion of the increase in the sticker fee described below would be dedicated to covering these telecommunications costs. The funds would also be used to provide the equipment necessary to perform OBD emissions inspections to current stations and to all expansion stations.

Increase Fees *(Section 2):*

The fee charged for a vehicle inspection consists of two portions: (1) a station fee, which is paid to the station performing the inspection, and (2) a sticker fee, which is allocated among various funds and the State agencies charged with administering the program. The station fees have not been adjusted since 1993.[4] The PCS for House Bill 969 proposes to establish a maximum fee that an inspection station may charge, rather than a flat amount for the station fee. This modification would allow stations to charge any amount *up to the maximum* allowed for the station portion of the fee. The station fee for an emissions inspection would increase from the current flat rate of $17.00 to a maximum cap of $27.70, effective October 1, 2001. The station fee for a safety inspection would increase from the current flat rate of $8.25 to a maximum cap of $13.40, effective October 1, 2001. Table II (page 6) provides a breakdown of the proposed fee changes for the emissions inspection program and Table III (page 6) describes the changes in the safety inspection fee proposed in the bill.

[3] G.S. 20-183.8A.
[4] S.L. 1993-385.

The sticker fee would be adjusted in three steps. The first fee increase would take effect the on the first day of the month that follows by more than 15 days the month in which the act becomes law. The fee increase of $1.75 for emissions inspections would be directed to the Telecommunications Account to cover the costs associated with the DMV registration denial program. The fee increase would also cover the costs of providing the telecommunications equipment necessary for inspection stations to communicate electronically with the DMV and to perform OBD emissions inspections once the program is developed and implemented.

The second increase in the sticker fee would occur in conjunction with the expansion of the emissions program and the transition to the OBD inspection method. The portion of the emissions program sticker fee dedicated to the Emissions Program Account would increase from $1.80 to $3.05, and the portion directed to the Division of Air Quality (DAQ) would increase from $0.35 to $0.65, effective October 1, 2001. In addition, the portion of the sticker fee (from both emissions inspections and safety inspections) designated to the Volunteer Rescue / EMS Fund and the Rescue Squad Workers' Relief Fund would increase by 3 cents and 2 cents per inspection, respectively.

In addition to changing fees, the PCS for House Bill 969 directs the DMV to develop signage for display in inspection stations that provides information on the I/M program and the distribution of the inspection fee.

(Section 3) The third change in the sticker fees would occur on January 1, 2003, and would include the application of the telecommunications fee ($1.75) to also include safety inspections.

The sticker fee would also be adjusted at this time to normalize the revenue flow to the Highway fund from the inspection program. Currently the Highway fund receives $0.75 from the sticker fee for each safety inspection conducted in North Carolina, but the emissions inspection fee does not disburse any portion of the fee to the Highway fund. As the emission program expands, the number of vehicles receiving safety only inspections would decrease, while the number receiving emissions inspections would increase. This would result in a decrease in the funds designated to the Highway fund each year. To stabilize the revenue stream to the Highway fund, House Bill 969 would charge a standard fee of $0.55 for both safety and emissions inspections. This would result in a decrease of $0.20 per safety inspection, and an increase of $0.55 per I/M inspection.

Exempt classic cars and low-mileage vehicles*(Section 3.1):*

Currently, 1975 or later model motor vehicles are exempted from emissions inspection requirements. The PCS for House Bill 969 would expand the exemption to include the following vehicle classifications:

- A motor vehicle more than 25 model years old and insured as a classic car under a stated value contract of insurance for physical damage.
- A motor vehicle that has been driven less than 2,500 mules since the last vehicle inspection.

To qualify for the exemption, the vehicle owner or operator must present to the inspection mechanic the current registration certificate and evidence of insurance, or present a copy of the previous inspection receipt for comparison with the vehicle's current odometer reading (Effective October 1, 2001).

Exempt motor homes *(Section 4):*

Current law requires motor homes or house cars, as defined in G.S. 20-4.01(27)d2, to comply with the emissions inspection program as required in their county of registration. House bill 969 would exempt a vehicle under this definition from emissions inspection requirements, providing that the vehicle:

- Is not part of a fleet;
- Is built on a single chassis;
- Has a gross vehicle weight of more than 10,000 pounds; and
- Is designed primarily for recreational use.

(Effective on the first day of the month that follows by more than 15 days the month in which the act becomes law).

Require inspection of transferred vehicles *(Section 5):*

Under current law, vehicles transferred to North Carolina from another State are required to comply with the inspection requirements required in their county of registration within 60 days. Vehicles transferred within North Carolina from a non-emissions county to an emissions county are not required to have an emissions inspection conducted on the car until the registration is renewed in the new county.

House Bill 969 would require vehicles transferring their registration from a non-emissions county to an emissions county to have a passing emissions inspection performed on the vehicle within sixty days of transfer of the registration (Effective October 1, 2001).

Establish and amend violations and penalty schedules for inspection programs *(Sections 6 to 11):*

Section 6 would establish a schedule of punitive actions for stations and inspectors who violate the *safety* inspection requirements similar to those applying to violations committed by *emissions* inspectors and *emissions* inspection stations under G.S. 20-183.8B (Effective October 1, 2001).

Section 7 establishes that a person found responsible for altering the configuration of the data link connectors on a vehicle in such a way that the OBD inspection method cannot be accurately performed is guilty of an infraction and is liable for a penalty up to $50.00. Section 7 would also find that a person who unlawfully fails a vehicle or a person who solicits or accepts anything of value in exchange for unlawfully passing a vehicle is guilty of a Class I felony (Effective January 1, 2002).

Section 8 would establish that windshield replacement stations or stations performing windshield replacements that cannot account for all the inspection stickers they are issued would result in a civil penalty of $25.00 for each missing sticker (Effective October 1, 2001).

Section 9 would establish that a person who uses the data provided by the OBD equipment of a vehicle other than the one being inspected to achieve a passing result is guilty of a Type I civil violation and is liable for a penalty of $250.00 for the first violation (Effective October 1, 2001).

Section 10 would hold *safety* inspectors that do not perform a full visual inspection of *emissions* control devices as required during all inspections would be subject to a Type II civil violation and a penalty of $100.00 for the first violation (Effective October 1, 2001).

Section 11 would allow the DMV to serve a notice of violation committed by an inspection station, an inspector, or a person engaged in replacing windshields by delivering the notice, statement, or order to the station or place of business where the person is employed (Effective October 1, 2001).

Field Tests of OBD Inspection Method *(Section 12):*

The bill would authorize the DMV and DAQ, prior to the implementation of the OBD inspection method, to perform field tests of the equipment, computer software, and procedures used in connection with the OBD program. Inspection stations would participate in the field trials on a voluntary basis. The field tests would be conducted during the six-month period immediately prior to the implementation of the OBD-based emissions testing in any county (Effective January 1, 2002).

Development of Rules *(Section 13):*

House Bill 969 would also authorize the EMC and DMV to adopt temporary rules to implement the provisions of the act. This authority would become effective when the act becomes law, and would continue in effect until all rules necessary to implement the act were effective as either temporary or permanent rules (Effective when the act becomes law).

Study Emissions Inspection and Maintenance Program *(Section 14):*

Lastly, the PCS for House Bill 969 directs the Environmental Review Commission (ERC) to review the I/M program to determine ways in which the cost of the program to vehicle owners could be reduced, including the option of requiring biennial inspections rather than annual inspections. The ERC is directed to report its findings to the 2003 General Assembly (Effective when the act becomes law).

TABLE II: Proposed Emissions Inspection Fee Changes under House Bill 969

EMISSIONS INSPECTION FEE:	Current		Month after Passage	1-Oct-01	1-Jan-03
Station Fee (Maximum allowed)	$17.00		$17.00	$27.70 Max	$27.70 Max
Total Sticker Fee	$2.40		$4.15	$5.75	$6.30
*- Highway fund**	*$0.00*		*$0.00*	*$0.00*	*$0.55*
- DMV Emissions Program	*$1.80*		*$1.80*	*$3.05*	*$3.05*
- Division of Air Quality	*$0.35*		*$0.35*	*$0.65*	*$0.65*
- Volunteer Rescue / EMS Fund	*$0.15*		*$0.15*	*$0.18*	*$0.18*
- Rescue Squad Worker's Relief Fund	*$0.10*		*$0.10*	*$0.12*	*$0.12*
*- Telecommunications Account***	*$0.00*		*$1.75*	*$1.75*	*$1.75*
Maximum Inspection Fee Possible	**$19.40**		**$21.15**	**$33.45**	**$34.00**

* Adjustment necessary to normalize highway fund revenue during expansion of emissions program.

** Cost of required phone calls (including data refresh and reinspections) and equipment at all existing and expansion stations.

TABLE III: Proposed Safety Inspection Fee Changes under House Bill 969

SAFETY INSPECTION FEE:	Current		Month after Passage	1-Oct-01	1-Jan-03
Station Fee (Maximum allowed)	$8.25		$8.25	$13.40 Max	$13.40 Max
Total Sticker Fee	$1.00		$1.00	$1.05	$2.60
*- Highway fund**	*$0.75*		*$0.75*	*$0.75*	*$0.55*
- DMV Emissions Program	*$0.00*				
- Division of Air Quality	*$0.00*				
- Volunteer Rescue / EMS Fund	*$0.15*		*$0.15*	*$0.18*	*$0.18*
- Rescue Squad Worker's Relief Fund	*$0.10*		*$0.10*	*$0.12*	*$0.12*
*- Telecommunications Account***	*$0.00*		*$0.00*	*$0.00*	*$1.75*
Maximum Inspection Fee Possible	**$9.25**		**$9.25**	**$14.45**	**$16.00**

* Adjustment necessary to normalize highway fund revenue during expansion of emissions program.

** Cost of required phone calls (including data refresh and reinspections) and equipment at all existing and expansion stations.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 969 (First Edition) REVISED

SHORT TITLE: Air Quality/Motor Vehicle Inspection Fees

SPONSOR(S): Rep. Hackney

FISCAL IMPACT

Yes (X) **No ()** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Div. of Air Quality					
REVENUES	$622,714	$633,197	$850,034	$1,080,514	$1,341,672
EXPENDITURES	$913,213	$961,184	$1,117,634	$1,390,303	$1,204,303
Cash Balances*	$666,663	$285,403	$184,310	$273,819	$1,078,258
POSITIONS:	1	2	2	2	
DMV Program Costs					
REVENUES	$6,330,928	$6,437,507	$8,642,010	$10,985,222	$13,640,332
EXPENDITURES	$3,808,360	$8,873,215	$9,219,240	$12,690,867	$12,730,151
Cash Balances*	$2,522,568	$86,860	($490,370)	($2,196,015)	$(1,285,834)
POSITIONS:	4	59	48	44	
Telecommunications Fee					
Receipts	$3,632,500	$7,648,633	$11,835,687	$12,072,400	$12,313,848
Expenditures	$3,632,500	$7,648,633	$11,835,687	$12,072,400	$12,313,848
Volunteer Rescue/ EMS Fund	$195,019	$198,919	$202,898	$206,956	$211,095
Rescue Squad Workers' Relief Fund	$130,013	$132,613	$135,265	$137,970	$140,730

***Cash balances includes projected beginning cash balance of $1,051,140 as of July 1, 2001 plus revenues minus expenditures for the existing program (see page 6) plus revenues minus expenditures for the expansion program, shown above.**

***Starts with a cash balance of zero. End of year cash balances are carried forward to subsequent years.**

Civil Penalties **No Estimate Available**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources, Division of Air Quality; Department of Transportation, Division of Motor Vehicles (DMV); Department of Insurance, Highway Fund.

EFFECTIVE DATE: Sections 1 and 4 on the first day of the month that follows by more than 15 days the month in which this act becomes law. Sections 2,5,6,8,10,11 on October 1, 2001. Sections 7,9,12 on January 1, 2002. Section 3 on January 1, 2003. Sections 13,14 when the bill becomes law.

BILL SUMMARY: Provides for the implementation of the Ambient Air Quality Improvement Act of 1999, as amended by SL 2000-134. The bill creates a telecommunications fee of $1.75 and increases the "safety only" inspection and sticker fee from $9.25 currently to $14.45 on October 1, 2001 and to $16.00 on January 1, 2003 and the "emissions and safety" fee from $19.40 currently to $33.45 on October 1, 2001 and $34.00 on January 1, 2003. **(See page 4, Table 2 for details on these fee changes.)** Adds two new sections establishing a civil penalty schedule for violations of the emissions and safety inspection statutes.

ASSUMPTIONS AND METHODOLOGY:

Background: Currently, a "safety-only" inspection is required in 91 counties and an "emissions and safety" inspection is required in nine counties. In 1999, the General Assembly expanded the Motor Vehicles Emissions Inspection and Maintenance Program (I&M) from the current nine participating counties to an additional 39 counties to be phased in over a three-year schedule beginning in July 2003. At the same time, the General Assembly changed the type of test required for emissions inspections from the tailpipe test to an on-board diagnostic (OBD) test beginning in July 2002. This newer test can only be performed on cars manufactured from 1996 on that are equipped with the OBD technology. During the expansion to the additional counties and transition to the new OBD test, the idle test will be retained in the original nine counties only and will be ended on December 31, 2005.

The following chart lists all the counties and the date they are required to participate in the I&M program.

Emissions and Maintenance Inspection Program
Expansion Schedule for OBD Technology

Original Counties*	Expansion Counties		Expansion Counties		Expansion Counties	
July 1, 2002	July 1, 2003	Jan. 1, 2004	July 1, 2004	Jan. 1, 2005	July 1, 2005	Jan. 1, 2006
Cabarrus	Catawba	Alamance	Buncombe	Edgecombe	Burke	Brunswick
Durham	Cumberland	Chatham	Cleveland	Lenior	Caldwell	Carteret
Forsyth	Davidson	Franklin	Granville	Nash	Haywood	Craven
Gaston	Iredell	Lee	Harnett	Pitt	Henderson	New Hanover
Guilford	Johnston	Lincoln	Rockingham	Robeson	Rutherford	Onslow
Mecklenburg	Rowan	Moore		Wayne	Stokes	
Orange		Randolph		Wilson	Surry	
Union		Stanley			Wilkes	
Wake						

* Fee increase goes into effect on October 1, 2001

Revenue Impact: The increased revenues resulting from this bill are the result of the increase in the number of vehicles inspected as the program expands from nine to 48 counties and the increase in fees that the Division of Air Quality (DAQ) and the Division of Motor Vehicles (DMV) receive to develop the infrastructure for that expansion. The estimates shown on page 1 for DMV indicate significant negative cash balances in Fiscal Years 2003-04, 2004-05, and 2005-06. These negative cash balances could essentially be eliminated by raising the amount that DMV receives from $3.05 in the bill to $3.20. This would leave a negative cash balance in only one year, FY 2004-05, of $602,786. This change would give the General Assembly time to adjust the program and/or the fee based on actual experience.

Forecasting the number of vehicles inspected and the resulting revenues is complex. In the 39 expansion counties only 1996 and newer vehicles will be tested for emissions, while in the nine current emission counties all vehicles from 1975 will be tested (1975-1995 vehicles with the current tail-pipe test and 1996 and newer with the new OBD test) through the end of the year 2005. At that time the tail-pipe test will be ended in the nine original emission counties and only OBD testing will be used and only 1996 and newer vehicles will be tested. Also, as the number of emissions inspections increases through expansion, the number of safety-only inspections will decrease. The forecast of the number of vehicles by year and category was developed with input from DAQ, DMV, and the Fiscal Research Division and is shown in Table 1.

Table 1

Number of Safety-Only and Safety and Emissions Tests					
	FY01-02	**FY02-03**	**FY03-04**	**FY04-05**	**FY05-06**
Safety-Only	4,424,910	4,519,979	3,929,803	3,296,802	2,564,245
Safety and Emissions	2,075,714	2,110,658	2,833,446	3,601,712	4,472,240
Total	6,500,624	6,630,637	6,763,249	6,898,514	7,036,485

The fee schedules incorporated in the bill are shown in Table 2.

Table 2

Fees for Safety-Only Inspections				
Fee	**Current**		**10/01/01**	**1/01/03**
Service Station Fee	$8.25		*$13.40*	$13.40
Highway Fund	0.75		0.75	*0.55*
Volunteer Rescue/EMS Fund	0.15		*0.18*	0.18
Rescue Squad Workers' Relief Fund	0.10		*0.12*	0.12
Telecommunications Fund				*$1.75*
Total	**$9.25**		***$14.45***	***$16.00***
Fees for Emissions and Safety Inspections				
	Current	**Month after enactment**	**10/01/01**	**1/01/03**
Service Station Fee	$17.00	$17.00	*$27.70*	$27.70
Highway Fund				*0.55*
DMV Emissions Program	1.80	1.80	*3.05*	3.05
Division of Air Quality	0.35	0.35	*0.65*	0.65
Volunteer Rescue/EMS Fund	0.15	0.15	*0.18*	0.18
Rescue Squad Workers' Relief Fund	0.10	0.10	*0.12*	0.12
Telecommunications Fund		*1.75*	1.75	1.75
Total	**$19.40**	***$21.15***	***$33.45***	***$34.00***

Italics show changes in fees

Division of Air Quality: The Division of Air Quality's (DAQ) primary role in the Motor Vehicles Emissions Inspection and Maintenance Program (I&M) includes developing emissions inspection equipment/analyzer specifications, certifying new and modified analyzers, troubleshooting reported hardware and software problems, answering public inquiries about inspections, and auditing the program to determine its effectiveness. (Note: EPA regulations require that the program auditor, DMV, be audited by an outside entity, a role that DAQ fills.) Currently, the Division of Air Quality receives $0.35 from each emissions and safety inspection sticker issued in the nine participating counties. The revenue generated from the inspection sticker fee supports eleven positions and three outside contracts related to mobile source air pollution.

As the program grows from 9 counties to 48, the number of cars being inspected is estimated to increase from approximately 2 million to 4.5 million cars. The number of inspection stations, inspectors and analyzers will grow proportionally. To assist with the expansion of the motor vehicle emissions program, this bill increases DAQ's portion of the sticker fee to $0.65, an eighty-five percent increase. This increase will support the addition of 7 new positions to be phased in as the program expands. The fee increase will also support a

number of time limited contracts including: 1) a public outreach campaign to raise awareness about the relationship between air pollution, vehicles' emissions and the new OBD technology, 2) car care clinics to familiarize car owners with the OBD technology prior to the implementation of the new test, and 3) auto mechanic training at community colleges to prepare mechanics on how to repair a car that fails the OBD emissions test. Each of these expansion items is explained in more detail below:

New Positions:

The Office of State Personnel has identified Environmental Engineers as a hard to recruit position, so the Environmental Engineer II position is proposed at the midpoint of the salary range. The 6 Environmental Technician positions are proposed at the starting salary.

- *1 Environmental Engineer II* – Duties include oversight of I&M expansion, including the development of emissions program policy, determining the effectiveness of emissions technology and program, technical review of proposed changes in technology, software and hardware, and quality control efforts.
- *6 Regional Environmental Technician III* – These six positions would be identical to one that DAQ's budget currently supports in the Raleigh office. These new positions would be located in each of the regional offices in the expansion counties. Duties include auditing the program for compliance and effectiveness, and serving as the local liaison with testing and repair industries.

New Contracts:

- *Mechanic Training at Community Colleges* – Currently, all vehicle emissions inspectors are required to take an 8-hour continuing education course to become certified to perform an emissions inspection. To help inspectors fulfill this requirement, 11 community colleges currently offer a continuing education course related to emissions testing procedures using the idle test. Because the OBD technology is relatively new and auto mechanics may be unfamiliar with the emission failure codes and the types of repairs necessary to fix an emissions problem, DAQ proposes to add-on to each of these existing courses a new section to train automotive technicians *how to use the OBD technology to diagnose and repair emissions problems*. DAQ also proposes to expand these repair courses to additional community colleges in the expansion counties. The Community College System Office estimates that it would cost approximately $25,000 to update an existing course. This fiscal note assumes that each emissions county with a community college will offer a continuing education emissions course related to the required certification and that the repair portion of the course would always be added-on after the certification course was in place.
- *Car Care Clinics* – As part of a public outreach effort prior to starting the official OBD testing, DAQ, operating through private inspection stations, would perform unofficial tests free of charge and diagnostics for failing cars. DAQ would pay a participating inspection station $25 per car inspected and an hourly fee of $50 to diagnose failing cars and provide repair advice. Total cost estimate is based on testing 13,000 cars with an approximate failure rate of five percent. This fiscal note assumes that car owners in the expansion counties who are unfamiliar with the vehicles emission program will be more likely to take advantage of this service and thus more money is budgeted for this item in the expansion counties.

- *Public Outreach Campaign* – In October 2001, the fee charged for a safety and emissions inspection in the current nine counties will increase 72 percent from $19.40 to $33.45. Beginning in July 2003, car owners in the expansion counties who currently pay $9.25 for a safety inspection will begin to pay $34.00 for the combined safety and emissions inspection for a total fee increase of 268 percent. To prepare the driving public for this fee increase and to help educate them about the relationship between air pollution and their vehicles' emissions, DAQ proposes to conduct an intensive public outreach campaign to begin four months prior to the implementation of the emissions testing with the OBD technology and to continue for a full 12 months in each of the participating counties.

Below is a chart that outlines both DAQ's current I&M Program revenues and expenditures as well as the additional revenue generated by the fee increase and the proposed new expenditures. This fiscal note assumes that DAQ will spend down its existing cash balance to support its expansion efforts.

Division of Air Quality - I&M Program Revenues and Expenditures

	Estimate FY 2001-02	Estimate FY 2002-03	Estimate FY 2003-04	Estimate FY 2004-05	Estimate FY 2005-06
Number of emissions inspection	2,075,714	2,110,658	2,833,446	3,601,712	4,472,240
Cash Balance from Previous FY	**1,051,140**	**666,663**	**285,403**	**184,310**	**273,819**
Revenues					
Current DAQ revenue ($0.35/sticker)	726,500	738,730	991,706	1,260,599	1,565,284
Additional DAQ revenue ($0.30/sticker)	622,714	633,197	850,034	1,080,514	1,341,672
Total DAQ Revenue ($0.65)	**1,349,214**	**1,371,928**	**1,841,740**	**2,341,113**	**2,906,956**
Current Expenditures					
Current Salaries & Benefits	536,977	563,826	591,454	621,026	652,078
Current Operating	159,154	162,178	165,745	169,723	174,136
Current Contracts	124,347	66,000	68,000	70,000	72,000
Total Current Expenditures	**820,478**	**792,004**	**825,199**	**860,749**	**898,214**
Expansion Expenditures					
Positions					
1 Env Engineer II (salary & benefits)	67,413	70,783	74,252	77,964	81,862
6 Env Technician (salaries & benefits)		66,402	139,312	219,415	230,385
Nonrecurring Equipment Costs	7,500	15,000	15,000	15,000	
Associated Operating Costs	7,000	21,399	35,770	50,176	57,456
Contracts					
Mechanic Training @ Comm College	200,000	125,000	225,000	250,000	125,000
Car Care Clinics	31,300	62,600	78,300	78,300	109,600
OBD Advertising	600,000	600,000	550,000	700,000	600,000
Total Expansion Expenditures	**913,213**	**961,184**	**1,117,634**	**1,390,855**	**1,204,303**
Change in Cash Balance	(384,477)	(381,260)	(101,093)	89,509	804,439

Cash Balance Availability	666,663	285,403	184,310	273,819	1,078,258

DAQ's portion of the emission inspection sticker is proposed to increase from $0.35 to $0.65. Using their existing cash balance of $1,051,140 and the additional revenue generated from the fee increase, DAQ is able to cover all of its expenses in each of the next five years.

By fiscal year 2005, DAQ no longer has to spend down its cash balance to cover expenditures. The fee increase times the number of new cars required to be inspected is generating enough revenue to cover expenditures without using its cash balance. In fiscal year 2006, the amount of projected revenue generated exceeds the proposed expenditures by $804,439. In the years after 2006, once the expansion contracts have ended, it is estimated that revenues will exceed expenditures by approximately $1.5 million. DAQ does have the authority to use revenue generated from the I&M sticker fee to support expenditures not related to the I&M Program. Specifically, DAQ has the authority to use I&M fees to support an air pollution control program for mobile sources (G.S. 143-215.3A(b1)).

Division of Motor Vehicles: The Division of Motor Vehicles is responsible for administering the safety inspection and the emissions inspection programs (G.S. 20-183.6A). As the number of emissions counties increases, the Division expects the number of emissions inspection stations to increase by approximately 3,800. The Division's added personnel costs are generally to administer this larger program. Other expansion expenses result from the adoption of the OBD test and related computer hardware and software, advertising and promotion to inform motorists of the new requirements (required by EPA), and letters to additional noncomplying motorists.

The Division plans to add 155 positions over the next four years, as follows:

Position	FY01-02	FY02-03	FY03-04	FY04-05	Total
Pay Grade 73 Captain	1				1
Pay Grade 71 Lieutenant	2	6	1	1	10
Pay Grade 70 Inspector		22	20	18	60
Pay Grade 66 I/M Auditor		26	22	20	68
Pay Grade 57 Processing Assistant		4	3	5	12
Pay Grade 68 Hearing Officer			2		2
Programmer	1				1
Pay Grade 67 Electronic Technician		1			1
Total	4	59	48	44	155

Personnel costs for the 155 additional positions, including recurring and non-recurring office and equipment expenses, plus non-personnel expenses, are summarized below:

	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06
Personnel Expenses	$330,578	$4,811,766	$7,919,601	$11,136,587	$11,016,311
Non-Personnel Expenses					
Letters to Non-Complying Motorists, Consumer Hot-Line		$415,587	$541,991	$687,020	$801,160
Consultant/Technical Writer	$57,782	$59,515	$61,301	$63,140	$65,034
Converting Existing Mainframe Program to OBD	$170,000				
MCI OBD Conversion (hardware)	$1,000,000				
MCI OBD Conversion (software)	$2,000,000				
MCI Conversion (triggers)		$3,000,000			
Advertising/Promotional	$250,000	$500,000	$500,000	$500,000	$500,000
License Plates and Stickers		$1,747	$37,887	$76,300	$119,826
Safety Investigations		$84,600	$158,460	$227,820	$227,820
Total Non-Personnel	$3,477,782	$4,061,449	$1,299,639	$1,554,280	$1,713,840
GRAND TOTAL	**$3,808,360**	**$8,873,215**	**$9,219,240**	**$12,690,867**	**$12,730,151**

Some of the major items of expenditure include advertising and promotion ($2,250,000), which is required by EPA, and computer expenses ($6,170,000). The computer expenses are for converting the system to the OBD test and for implementing a system of "triggers." The triggers analyze test data by station, mechanic, vehicle model, etc. and alert DMV to patterns that might indicate fraud or other problems (e.g. very high pass rates for particular stations or mechanics given the cars they test, sudden changes in passing rates, etc.).

Telecommunications Fee: In the current program, the cost of computer communications between the stations and the State has been paid by federal funds (which have now run out) or by existing cash balances. The bill creates a Telecommunications Fee of $1.75 as part of the cost of the sticker. This is intended to pay the total cost, including hardware, software, and communications costs, for the stations to interface with the State. Thus, the equipment cost for stations participating in the OBD program in the expansion counties will be significantly lower than for those stations that have been doing tailpipe tests in the existing emissions counties.

Highway Fund: Under current law, the Highway Fund receives $.75 for each safety-only inspection and nothing for emission and safety inspections. Increasing the number of emission and safety inspections and reducing the number of safety-only inspections would reduce receipts of the Highway Fund. The bill holds the Highway Fund harmless by establishing a $.55 fee on both inspection stickers as of January 1, 2003. As a result, no fiscal impact is shown for the Highway Fund.

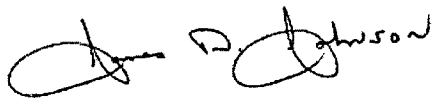
Department of Insurance – Volunteer Rescue/EMS Fund (G.S. 58-87-5) and Rescue Squad Workers' Relief Fund (G.S. 58-88-1 through 30): The Volunteer Rescue/EMS Fund currently receives $.15 of each vehicle inspection. This would rise to $.18 on October 1, 2001. The Rescue Squad Workers' Relief Fund currently receives $.10 of each vehicle inspection. This would rise to $.12 on October 1, 2001. Each of these funds has generally had more eligible requests for assistance than they have been able to accommodate with available funds.

Civil Penalties: No estimate of the fiscal impact of the bill on the total of civil penalties collected is available.

TECHNICAL CONSIDERATIONS: Given the uncertainty of revenue and expenditure forecasts this far into the future, the General Assembly may wish to reexamine the program's financial status in two years and consider a temporary surcharge if revenues are inadequate and/or phasing out some of the fee increases after start-up expenditures have been paid.

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Bob Weiss and Jennifer Hoffmann

APPROVED BY: James D. Johnson



DATE: May 14, 2001

Rep. Joe Hackney
By Drew Nelson

Diesel Fuel Regulation – What Has Been Done About Trucks and Buses?

A Revolutionary Approach:

- The Bush Administration recently announced a historic program aimed at reducing toxic emissions from heavy-duty trucks and buses. Similar in significance to the introduction of the catalytic converter on cars, the **2001 EPA rule** will reduce harmful emissions from trucks and buses by 95 percent.
- Just as removing lead from gasoline enables the use of catalytic converters, this program removes sulfur from diesel fuel and enables the use of advanced emission controls on diesel vehicles.

How do Diesel Trucks and Buses Pollute the Environment?

- Like gasoline engines, diesel engines emit exhaust. Generally, this exhaust is in thick clouds, full of "particulate matter" and nitrous oxide, both harmful pollutants.
- Heavy-duty trucks and buses today account for about one-third of nitrous oxide emissions and one-quarter of "particulate matter" emissions from mobile sources.
- Diesel emissions cause premature deaths, respiratory problems, asthma attacks, and lung cancer.

Preventive Measure

An estimated 8,300 premature deaths, 5,500 cases of chronic bronchitis and 17,600 cases of acute bronchitis in children will be prevented annually.

This rule will help avoid more than 360,000 asthma attacks and 386,000 cases of respiratory symptoms in asthmatic children every year.

In addition, 1.5 million lost workdays, 7,100 hospital visits and 2,400 emergency room visits for asthma will be prevented.

Transition Period: 2006-2009

While the rule requires refiners to begin producing low-sulfur fuel in 2006, it includes provisions such as temporary compliance options and an averaging, banking and trading component in order to ensure a smooth transition for both large and small refiners.

Cost Increase per Vehicle

	Currently	w/Rule (estimate)
Trucks	$150,000	$151,200-151,900
Buses	$250,000	$251,200-251,900

How Does the New Rule Address the Problem?

- The recent EPA rule combines two pollution reduction methods to achieve its goal: (1) reducing sulfur in diesel fuel and (2) requiring the addition of "high-efficiency catalytic exhaust emission control devices or comparably effective advanced technologies" to diesel engines.
- Sulfur levels in diesel fuel must be lowered to enable modern pollution-control technology to be effective on diesel trucks and buses. The rule requires a 97 percent reduction in the sulfur content of highway diesel fuel from its current level of 500 parts per million to 15 parts per million and allows significant lead time for the introduction of the cleaner fuel (effective 2006, phased-in through 2009).
- The introduction of the low-sulfur fuel paves the way for the catalytic exhaust emission control devices (second aspect of rule). The new technologies are rendered ineffective without the low-sulfur fuel; therefore, requiring the untied approach to cleaner diesel engines.

** sources available upon request

N.C. Clean Air: I/M Program
Support HB 969

- The inspection and maintenance program (I/M) is key to complying with the federal air quality standard for ozone, which is met through the control of nitrogen oxides (NOx).
- N.C.'s economy depends on clean air; the I/M program generates pollution reduction credits that are necessary to allow new sources of NOx to expand or locate in N.C.
- N.C.'s transportation funding depends on clean air; without the I/M program, N.C. will not meet EPA air quality standards. EPA has the authority to withhold our federal transportation funding for areas violating air quality standards.
- N.C.'s tourism depends on clean air; our views are now obstructed by haze.
- Motor vehicles are responsible for 50% of NOx emissions in N.C. This bill is the mechanism to address mobile emissions.
- Stationary sources (utilities, industry) are responsible for the remaining 50% of NOx, which is being addressed through rules. Together the I/M program and the rules addressing stationary sources make up a major part of N.C.'s ozone State Implementation Plan.
- Newer cars, while generally cleaner, emit a large percentage of NOx emissions when the pollution abatement equipment fails. The I/M program will guard against failure.
- Once the I/M program is fully implemented, the 48 counties will represent 82% of N.C.'s registered vehicles.

CLEAN AIR FOR NORTH CAROLINA
for healthy citizens, a healthy economy and a healthy environment.
Support HB 969

VISITOR REGISTRATION SHEET

APPROPRIATIONS — May 29, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Russell Hageman	DENR, Div of Air Quality

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: May 29, 2001 ~~Amendment No.~~ PCS as amended by Hensey

Total: Yes 41 No 27 Bill Number: HB 969

YES	NO	NAME	YES	NO	NAME
✓		Easterling, Chair			Church
✓		Oldham, Chair			Clary
✓		Redwine, Chair		✓	Coates
	✓	Thompson, Chair	✓		Cole
✓		Owens, Vice-Chair	✓		Crawford, Mark
		Crawford, Jim Vice-Chair		✓	Creech
				✓	Culp
		Adams	✓		Culpepper
	✓	Allred		✓	Daughtry
	✓	Arnold		✓	Davis
	✓	Baker	✓		Dockham
		Barbee	✓		Earle
✓		Barefoot	✓		Ellis
		Barnhart		✓	Esposito
✓		Bell	✓		Fox
		Blue		✓	Gillespie
✓		Bonner	✓		Goodwin
✓		Bowie			Grady
		Boyd-McIntyre		✓	Gulley
		Brubaker	✓		Haire
	✓	Carpenter	✓		Hall

7

18

13 NV

YES	NO	NAME	YES	NO	NAME
	✓	Harrington	✓		Rogers
✓		Hensley		✓	Russell
		Hiatt	✓		Saunders
	✓	Hilton		✓	Setzer
	✓	Holmes		✓	Sexton
		Howard	✓		Sherrill
		Hunter		✓	Shubert
✓		Insko			Smith
✓		Jeffus	✓		Sutton
	✓	Justus		✓	Teague
	✓	Kiser	✓		Tolson
✓		Lucas	✓		Tucker
		McAllister			Underhill
✓		McLawhorn		✓	Walend
		Michaux			Walker
✓		Miller	✓		Warner
✓		Miner	✓		Warren
	✓	Mitchell	✓		Warwick
		Morgan		✓	Weatherly
✓		Nesbitt		✓	West
✓		Nye			Wilson, G
		Preston	✓		Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
✓	___	Hackney, Spkr Pro Tem	___	___	Dedmon, Maj. Leader
✓	___	Baddour, Maj. Leader	✓	___	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

4 / 4 yeas
96 nays

HOUSE BILL 969:
Air Quality/Motor Vehicle Inspection Fees.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Representative Hackney
Date:	May 29, 2001	**Summary by:**	George Givens, Staff Attorney
Version:	PCS for Second Edition H969*-PCS7240-RT-41		Tim Dodge, Research Assistant

SUMMARY: ***The proposed committee substitute for House Bill 969 would make the following substantive changes to the motor vehicle safety and emissions inspection program:***

- ***Create the nonreverting Telecommunication Account within the Highway Fund to provide equipment and telecommunications services associated with the vehicle emissions inspection program;***
- ***Establish a three-step fee adjustment for the motor vehicle safety and emissions inspection program to accommodate for program expansion and to adjust return to inspection stations;***
- ***Exempt certain motor homes, house cars, classic vehicles, or low-mileage vehicles from emissions inspection requirements;***
- ***Require a vehicle transferred from a non-emissions county to an emissions county to be inspected within sixty (60) days of transfer of the registration;***
- ***Establish a system of civil penalties for violations committed by persons and stations licensed to perform safety inspections or replace windshields;***
- ***Identify additional actions committed in violation of inspection requirements as penalties, infractions, or felonies; and***
- ***Authorize the Environmental Management Commission (EMC) and the Division of Motor Vehicles (DMV) of the Department of Transportation to adopt temporary rules to implement the provisions of the act.***

BACKGROUND: According to the United States Environmental Protection Agency (EPA), mobile sources of emissions (cars, trucks, etc.) collectively are the single greatest contributor in this country to carbon monoxide pollution and to ground-level ozone, the major component of smog.[1] In typical urban areas, vehicles contribute between 35 and 70 percent of ozone-forming emissions and 90 percent or more of carbon monoxide emissions.

The Ambient Air Quality Act of 1999[2] contained a number of provisions designed to improve air quality in the State, including the expansion of the motor vehicle inspections and maintenance (I/M) program from nine (9) to forty-eight (48) counties. The expansion counties are identified in Table I below:

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[1] "The Plain English Guide To The Clean Air Act." United States Environmental Protection Agency document no. 400-K-93-001. Online: http://www.epa.gov/oar/oaqps/peg_caa/pegcaain.html#index.

[2] S.L. 1999-328.

TABLE I: Emissions Inspection Expansion Schedule

July 1, 2003	Catawba, Cumberland, Davidson, Iredell, Johnston, Rowan
January 1, 2004	Alamance, Chatham, Franklin, Lee, Lincoln, Moore, Randolph, Stanley
July 1, 2004	Buncombe, Cleveland, Granville, Harnett, Rockingham
January 1, 2005	Edgecombe, Lenoir, Nash, Pitt, Robeson, Wayne, Wilson
July 1, 2005	Burke, Caldwell, Haywood, Henderson, Rutherford, Stokes, Surry, Wilkes
January 1, 2006	Brunswick, Carteret, Craven, New Hanover, Onslow

S.L. 2000-134 further modified the I/M program by authorizing the use of on-board diagnostic (OBD) systems in place of other testing requirements. The fees charged for emissions and safety inspections have not been adjusted since they were established in 1993.

BILL ANALYSIS: House Bill 969 would make the following modifications the I/M program:

Create Telecommunications Account *(Section 1):* Currently, stations performing an emissions inspection are required to maintain a dedicated phone line to contact the DMV in order to comply with the DMV registration denial program.[3] The DMV has paid these telecommunications costs to the telecommunications provider with funds allocated for this purpose from the federal Congestion Mitigation and Air Quality (CMAQ) program, but these funds are no longer available. The bill proposes to create the Telecommunications Account as a nonreverting account within the Highway Fund. A portion of the increase in the sticker fee described below would be dedicated to covering these telecommunications costs. The funds would also be used to provide the equipment necessary to perform OBD emissions inspections to current stations and to all expansion stations.

Increase Fees *(Section 2):*

The fee charged for a vehicle inspection consists of two portions: (1) a station fee, which is paid to the station performing the inspection, and (2) a sticker fee, which is allocated among various funds and the State agencies charged with administering the program. The station fees have not been adjusted since 1993.[4] The PCS for House Bill 969 proposes to establish a maximum fee that an inspection station may charge, rather than a flat amount for the station fee. This modification would allow stations to charge any amount *up to the maximum* allowed for the station portion of the fee. The station fee for an emissions inspection would increase from the current flat rate of $17.00 to a maximum cap of $27.70, effective October 1, 2001. The station fee for a safety inspection would increase from the current flat rate of $8.25 to a maximum cap of $13.40, effective October 1, 2001. Table II (page 6) provides a breakdown of the proposed fee changes for the emissions inspection program and Table III (page 6) describes the changes in the safety inspection fee proposed in the bill.

[3] G.S. 20-183.8A.
[4] S.L. 1993-385.

The sticker fee would be adjusted in three steps. The first fee increase would take effect the on the first day of the month that follows by more than 15 days the month in which the act becomes law. The fee increase of $1.75 for emissions inspections would be directed to the Telecommunications Account to cover the costs associated with the DMV registration denial program. The fee increase would also cover the costs of providing the telecommunications equipment necessary for inspection stations to communicate electronically with the DMV and to perform OBD emissions inspections once the program is developed and implemented.

The second increase in the sticker fee would occur in conjunction with the expansion of the emissions program and the transition to the OBD inspection method. The portion of the emissions program sticker fee dedicated to the Emissions Program Account would increase from $1.80 to $3.05, and the portion directed to the Division of Air Quality (DAQ) would increase from $0.35 to $0.65, effective October 1, 2001. In addition, the portion of the sticker fee (from both emissions inspections and safety inspections) designated to the Volunteer Rescue / EMS Fund and the Rescue Squad Workers' Relief Fund would increase by 3 cents and 2 cents per inspection, respectively.

In addition to changing fees, the PCS for House Bill 969 directs the DMV to develop signage for display in inspection stations that provides information on the I/M program and the distribution of the inspection fee.

(Section 3) The third change in the sticker fees would occur on January 1, 2003, and would include the application of the telecommunications fee ($1.75) to also include safety inspections.

The sticker fee would also be adjusted at this time to normalize the revenue flow to the Highway fund from the inspection program. Currently the Highway fund receives $0.75 from the sticker fee for each safety inspection conducted in North Carolina, but the emissions inspection fee does not disburse any portion of the fee to the Highway fund. As the emission program expands, the number of vehicles receiving safety only inspections would decrease, while the number receiving emissions inspections would increase. This would result in a decrease in the funds designated to the Highway fund each year. To stabilize the revenue stream to the Highway fund, House Bill 969 would charge a standard fee of $0.55 for both safety and emissions inspections. This would result in a decrease of $0.20 per safety inspection, and an increase of $0.55 per I/M inspection.

Exempt classic cars and low-mileage vehicles*(Section 3.1)*:

Currently, 1975 or later model motor vehicles are exempted from emissions inspection requirements. The PCS for House Bill 969 would expand the exemption to include the following vehicle classifications:

- A motor vehicle more than 25 model years old and insured as a classic car under a stated value contract of insurance for physical damage.
- A motor vehicle that has been driven less than 2,500 mules since the last vehicle inspection.

To qualify for the exemption, the vehicle owner or operator must present to the inspection mechanic the current registration certificate and evidence of insurance, or present a copy of the previous inspection receipt for comparison with the vehicle's current odometer reading (Effective October 1, 2001).

Exempt motor homes *(Section 4):*

Current law requires motor homes or house cars, as defined in G.S. 20-4.01(27)d2, to comply with the emissions inspection program as required in their county of registration. House bill 969 would exempt a vehicle under this definition from emissions inspection requirements, providing that the vehicle:

- Is not part of a fleet;
- Is built on a single chassis;
- Has a gross vehicle weight of more than 10,000 pounds; and
- Is designed primarily for recreational use.

(Effective on the first day of the month that follows by more than 15 days the month in which the act becomes law).

Require inspection of transferred vehicles *(Section 5):*

Under current law, vehicles transferred to North Carolina from another State are required to comply with the inspection requirements required in their county of registration within 60 days. Vehicles transferred within North Carolina from a non-emissions county to an emissions county are not required to have an emissions inspection conducted on the car until the registration is renewed in the new county.

House Bill 969 would require vehicles transferring their registration from a non-emissions county to an emissions county to have a passing emissions inspection performed on the vehicle within sixty days of transfer of the registration (Effective October 1, 2001).

Establish and amend violations and penalty schedules for inspection programs *(Sections 6 to 11):*

Section 6 would establish a schedule of punitive actions for stations and inspectors who violate the *safety* inspection requirements similar to those applying to violations committed by *emissions* inspectors and *emissions* inspection stations under G.S. 20-183.8B (Effective October 1, 2001).

Section 7 establishes that a person found responsible for altering the configuration of the data link connectors on a vehicle in such a way that the OBD inspection method cannot be accurately performed is guilty of an infraction and is liable for a penalty up to $50.00. Section 7 would also find that a person who unlawfully fails a vehicle or a person who solicits or accepts anything of value in exchange for unlawfully passing a vehicle is guilty of a Class I felony (Effective January 1, 2002).

Section 8 would establish that windshield replacement stations or stations performing windshield replacements that cannot account for all the inspection stickers they are issued would result in a civil penalty of $25.00 for each missing sticker (Effective October 1, 2001).

Section 9 would establish that a person who uses the data provided by the OBD equipment of a vehicle other than the one being inspected to achieve a passing result is guilty of a Type I civil violation and is liable for a penalty of $250.00 for the first violation (Effective October 1, 2001).

Section 10 would hold *safety* inspectors that do not perform a full visual inspection of *emissions* control devices as required during all inspections would be subject to a Type II civil violation and a penalty of $100.00 for the first violation (Effective October 1, 2001).

Section 11 would allow the DMV to serve a notice of violation committed by an inspection station, an inspector, or a person engaged in replacing windshields by delivering the notice, statement, or order to the station or place of business where the person is employed (Effective October 1, 2001).

Field Tests of OBD Inspection Method *(Section 12):*

The bill would authorize the DMV and DAQ, prior to the implementation of the OBD inspection method, to perform field tests of the equipment, computer software, and procedures used in connection with the OBD program. Inspection stations would participate in the field trials on a voluntary basis. The field tests would be conducted during the six-month period immediately prior to the implementation of the OBD-based emissions testing in any county (Effective January 1, 2002).

Development of Rules *(Section 13):*

House Bill 969 would also authorize the EMC and DMV to adopt temporary rules to implement the provisions of the act. This authority would become effective when the act becomes law, and would continue in effect until all rules necessary to implement the act were effective as either temporary or permanent rules (Effective when the act becomes law).

Study Emissions Inspection and Maintenance Program *(Section 14):*

Lastly, the PCS for House Bill 969 directs the Environmental Review Commission (ERC) to review the I/M program to determine ways in which the cost of the program to vehicle owners could be reduced, including the option of requiring biennial inspections rather than annual inspections. The ERC is directed to report its findings to the 2003 General Assembly (Effective when the act becomes law).

TABLE II: Proposed Emissions Inspection Fee Changes under House Bill 969

EMISSIONS INSPECTION FEE:	Current		Month after Passage	1-Oct-01	1-Jan-03
Station Fee (Maximum allowed)	$17.00		$17.00	$27.70 Max	$27.70 Max
Total Sticker Fee	$2.40		$4.15	$5.75	$6.30
*- Highway fund**	*$0.00*		*$0.00*	*$0.00*	*$0.55*
- DMV Emissions Program	*$1.80*		*$1.80*	*$3.05*	*$3.05*
- Division of Air Quality	*$0.35*		*$0.35*	*$0.65*	*$0.65*
- Volunteer Rescue / EMS Fund	*$0.15*		*$0.15*	*$0.18*	*$0.18*
- Rescue Squad Worker's Relief Fund	*$0.10*		*$0.10*	*$0.12*	*$0.12*
*- Telecommunications Account***	*$0.00*		*$1.75*	*$1.75*	*$1.75*
Maximum Inspection Fee Possible	**$19.40**		**$21.15**	**$33.45**	**$34.00**

* Adjustment necessary to normalize highway fund revenue during expansion of emissions program.

** Cost of required phone calls (including data refresh and reinspections) and equipment at all existing and expansion stations.

TABLE III: Proposed Safety Inspection Fee Changes under House Bill 969

SAFETY INSPECTION FEE:	Current		Month after Passage	1-Oct-01	1-Jan-03
Station Fee (Maximum allowed)	$8.25		$8.25	$13.40 Max	$13.40 Max
Total Sticker Fee	$1.00		$1.00	$1.05	$2.60
*- Highway fund**	*$0.75*		*$0.75*	*$0.75*	*$0.55*
- DMV Emissions Program	*$0.00*				
- Division of Air Quality	*$0.00*				
- Volunteer Rescue / EMS Fund	*$0.15*		*$0.15*	*$0.18*	*$0.18*
- Rescue Squad Worker's Relief Fund	*$0.10*		*$0.10*	*$0.12*	*$0.12*
*- Telecommunications Account***	*$0.00*		*$0.00*	*$0.00*	*$1.75*
Maximum Inspection Fee Possible	**$9.25**		**$9.25**	**$14.45**	**$16.00**

* Adjustment necessary to normalize highway fund revenue during expansion of emissions program.

** Cost of required phone calls (including data refresh and reinspections) and equipment at all existing and expansion stations.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 969 (First Edition) REVISED

SHORT TITLE: Air Quality/Motor Vehicle Inspection Fees

SPONSOR(S): Rep. Hackney

FISCAL IMPACT

Yes (X) **No ()** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
Div. of Air Quality					
REVENUES	**$622,714**	**$633,197**	**$850,034**	**$1,080,514**	**$1,341,672**
EXPENDITURES	**$913,213**	**$961,184**	**$1,117,634**	**$1,390,303**	**$1,204,303**
Cash Balances*	**$666,663**	**$285,403**	**$184,310**	**$273,819**	**$1,078,258**

***Cash balances includes projected beginning cash balance of $1,051,140 as of July 1, 2001 plus revenues minus expenditures for the existing program (see page 6) plus revenues minus expenditures for the expansion program, shown above.**

POSITIONS:	**1**	**2**	**2**	**2**

DMV Program Costs					
REVENUES	**$6,330,928**	**$6,437,507**	**$8,642,010**	**$10,985,222**	**$13,640,332**
EXPENDITURES	**$3,808,360**	**$8,873,215**	**$9,219,240**	**$12,690,867**	**$12,730,151**
Cash Balances*	**$2,522,568**	**$86,860**	**($490,370)**	**($2,196,015)**	**$(1,285,834)**

***Starts with a cash balance of zero. End of year cash balances are carried forward to subsequent years.**

POSITIONS:	**4**	**59**	**48**	**44**

Telecommunications Fee					
Receipts	**$3,632,500**	**$7,648,633**	**$11,835,687**	**$12,072,400**	**$12,313,848**
Expenditures	**$3,632,500**	**$7,648,633**	**$11,835,687**	**$12,072,400**	**$12,313,848**
Volunteer Rescue/ EMS Fund	**$195,019**	**$198,919**	**$202,898**	**$206,956**	**$211,095**
Rescue Squad Workers' Relief Fund	**$130,013**	**$132,613**	**$135,265**	**$137,970**	**$140,730**

Civil Penalties **No Estimate Available**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources, Division of Air Quality; Department of Transportation, Division of Motor Vehicles (DMV); Department of Insurance, Highway Fund.

EFFECTIVE DATE: Sections 1 and 4 on the first day of the month that follows by more than 15 days the month in which this act becomes law. Sections 2,5,6,8,10,11 on October 1, 2001. Sections 7,9,12 on January 1, 2002. Section 3 on January 1, 2003. Sections 13,14 when the bill becomes law.

BILL SUMMARY: Provides for the implementation of the Ambient Air Quality Improvement Act of 1999, as amended by SL 2000-134. The bill creates a telecommunications fee of $1.75 and increases the "safety only" inspection and sticker fee from $9.25 currently to $14.45 on October 1, 2001 and to $16.00 on January 1, 2003 and the "emissions and safety" fee from $19.40 currently to $33.45 on October 1, 2001 and $34.00 on January 1, 2003. **(See page 4, Table 2 for details on these fee changes.)** Adds two new sections establishing a civil penalty schedule for violations of the emissions and safety inspection statutes.

ASSUMPTIONS AND METHODOLOGY:

Background: Currently, a "safety-only" inspection is required in 91 counties and an "emissions and safety" inspection is required in nine counties. In 1999, the General Assembly expanded the Motor Vehicles Emissions Inspection and Maintenance Program (I&M) from the current nine participating counties to an additional 39 counties to be phased in over a three-year schedule beginning in July 2003. At the same time, the General Assembly changed the type of test required for emissions inspections from the tailpipe test to an on-board diagnostic (OBD) test beginning in July 2002. This newer test can only be performed on cars manufactured from 1996 on that are equipped with the OBD technology. During the expansion to the additional counties and transition to the new OBD test, the idle test will be retained in the original nine counties only and will be ended on December 31, 2005.

The following chart lists all the counties and the date they are required to participate in the I&M program.

Emissions and Maintenance Inspection Program
Expansion Schedule for OBD Technology

Original Counties*	Expansion Counties		Expansion Counties		Expansion Counties	
July 1, 2002	July 1, 2003	Jan. 1, 2004	July 1, 2004	Jan. 1, 2005	July 1, 2005	Jan. 1, 2006
Cabarrus	Catawba	Alamance	Buncombe	Edgecombe	Burke	Brunswick
Durham	Cumberland	Chatham	Cleveland	Lenior	Caldwell	Carteret
Forsyth	Davidson	Franklin	Granville	Nash	Haywood	Craven
Gaston	Iredell	Lee	Harnett	Pitt	Henderson	New Hanover
Guilford	Johnston	Lincoln	Rockingham	Robeson	Rutherford	Onslow
Mecklenburg	Rowan	Moore		Wayne	Stokes	
Orange		Randolph		Wilson	Surry	
Union		Stanley			Wilkes	
Wake						

* Fee increase goes into effect on October 1, 2001

Revenue Impact: The increased revenues resulting from this bill are the result of the increase in the number of vehicles inspected as the program expands from nine to 48 counties and the increase in fees that the Division of Air Quality (DAQ) and the Division of Motor Vehicles (DMV) receive to develop the infrastructure for that expansion. The estimates shown on page 1 for DMV indicate significant negative cash balances in Fiscal Years 2003-04, 2004-05, and 2005-06. These negative cash balances could essentially be eliminated by raising the amount that DMV receives from $3.05 in the bill to $3.20. This would leave a negative cash balance in only one year, FY 2004-05, of $602,786. This change would give the General Assembly time to adjust the program and/or the fee based on actual experience.

Forecasting the number of vehicles inspected and the resulting revenues is complex. In the 39 expansion counties only 1996 and newer vehicles will be tested for emissions, while in the nine current emission counties all vehicles from 1975 will be tested (1975-1995 vehicles with the current tail-pipe test and 1996 and newer with the new OBD test) through the end of the year 2005. At that time the tail-pipe test will be ended in the nine original emission counties and only OBD testing will be used and only 1996 and newer vehicles will be tested. Also, as the number of emissions inspections increases through expansion, the number of safety-only inspections will decrease. The forecast of the number of vehicles by year and category was developed with input from DAQ, DMV, and the Fiscal Research Division and is shown in Table 1.

Table 1

Number of Safety-Only and Safety and Emissions Tests					
	FY01-02	**FY02-03**	**FY03-04**	**FY04-05**	**FY05-06**
Safety-Only	4,424,910	4,519,979	3,929,803	3,296,802	2,564,245
Safety and Emissions	2,075,714	2,110,658	2,833,446	3,601,712	4,472,240
Total	6,500,624	6,630,637	6,763,249	6,898,514	7,036,485

The fee schedules incorporated in the bill are shown in Table 2.

Table 2

Fees for Safety-Only Inspections				
Fee	**Current**		**10/01/01**	**1/01/03**
Service Station Fee	$8.25		*$13.40*	$13.40
Highway Fund	0.75		0.75	*0.55*
Volunteer Rescue/EMS Fund	0.15		*0.18*	0.18
Rescue Squad Workers' Relief Fund	0.10		*0.12*	0.12
Telecommunications Fund				*$1.75*
Total	**$9.25**		***$14.45***	***$16.00***

Fees for Emissions and Safety Inspections				
	Current	**Month after enactment**	**10/01/01**	**1/01/03**
Service Station Fee	$17.00	$17.00	*$27.70*	$27.70
Highway Fund				*0.55*
DMV Emissions Program	1.80	1.80	*3.05*	3.05
Division of Air Quality	0.35	0.35	*0.65*	0.65
Volunteer Rescue/EMS Fund	0.15	0.15	*0.18*	0.18
Rescue Squad Workers' Relief Fund	0.10	0.10	*0.12*	0.12
Telecommunications Fund		*1.75*	1.75	1.75
Total	**$19.40**	***$21.15***	***$33.45***	***$34.00***

Italics show changes in fees

Division of Air Quality: The Division of Air Quality's (DAQ) primary role in the Motor Vehicles Emissions Inspection and Maintenance Program (I&M) includes developing emissions inspection equipment/analyzer specifications, certifying new and modified analyzers, troubleshooting reported hardware and software problems, answering public inquiries about inspections, and auditing the program to determine its effectiveness. (Note: EPA regulations require that the program auditor, DMV, be audited by an outside entity, a role that DAQ fills.) Currently, the Division of Air Quality receives $0.35 from each emissions and safety inspection sticker issued in the nine participating counties. The revenue generated from the inspection sticker fee supports eleven positions and three outside contracts related to mobile source air pollution.

As the program grows from 9 counties to 48, the number of cars being inspected is estimated to increase from approximately 2 million to 4.5 million cars. The number of inspection stations, inspectors and analyzers will grow proportionally. To assist with the expansion of the motor vehicle emissions program, this bill increases DAQ's portion of the sticker fee to $0.65, an eighty-five percent increase. This increase will support the addition of 7 new positions to be phased in as the program expands. The fee increase will also support a number of time limited contracts including: 1) a public outreach campaign to raise awareness about the relationship between air pollution, vehicles' emissions and the new

OBD technology, 2) car care clinics to familiarize car owners with the OBD technology prior to the implementation of the new test, and 3) auto mechanic training at community colleges to prepare mechanics on how to repair a car that fails the OBD emissions test. Each of these expansion items is explained in more detail below:

New Positions:

The Office of State Personnel has identified Environmental Engineers as a hard to recruit position, so the Environmental Engineer II position is proposed at the midpoint of the salary range. The 6 Environmental Technician positions are proposed at the starting salary.

- *1 Environmental Engineer II* – Duties include oversight of I&M expansion, including the development of emissions program policy, determining the effectiveness of emissions technology and program, technical review of proposed changes in technology, software and hardware, and quality control efforts.
- *6 Regional Environmental Technician III* – These six positions would be identical to one that DAQ's budget currently supports in the Raleigh office. These new positions would be located in each of the regional offices in the expansion counties. Duties include auditing the program for compliance and effectiveness, and serving as the local liaison with testing and repair industries.

New Contracts:

- *Mechanic Training at Community Colleges* – Currently, all vehicle emissions inspectors are required to take an 8-hour continuing education course to become certified to perform an emissions inspection. To help inspectors fulfill this requirement, 11 community colleges currently offer a continuing education course related to emissions testing procedures using the idle test. Because the OBD technology is relatively new and auto mechanics may be unfamiliar with the emission failure codes and the types of repairs necessary to fix an emissions problem, DAQ proposes to add-on to each of these existing courses a new section to train automotive technicians *how to use the OBD technology to diagnose and repair emissions problems.* DAQ also proposes to expand these repair courses to additional community colleges in the expansion counties. The Community College System Office estimates that it would cost approximately $25,000 to update an existing course. This fiscal note assumes that each emissions county with a community college will offer a continuing education emissions course related to the required certification and that the repair portion of the course would always be added-on after the certification course was in place.
- *Car Care Clinics* – As part of a public outreach effort prior to starting the official OBD testing, DAQ, operating through private inspection stations, would perform unofficial tests free of charge and diagnostics for failing cars. DAQ would pay a participating inspection station $25 per car inspected and an hourly fee of $50 to diagnose failing cars and provide repair advice. Total cost estimate is based on testing 13,000 cars with an approximate failure rate of five percent. This fiscal note assumes that car owners in the expansion counties who are unfamiliar with the vehicles emission program will be more likely to take advantage of this service and thus more money is budgeted for this item in the expansion counties.
- *Public Outreach Campaign* – In October 2001, the fee charged for a safety and emissions inspection in the current nine counties will increase 72 percent from $19.40 to $33.45. Beginning in July 2003, car owners in the expansion counties who currently pay $9.25 for a safety inspection will begin to pay $34.00 for the combined

safety and emissions inspection for a total fee increase of 268 percent. To prepare the driving public for this fee increase and to help educate them about the relationship between air pollution and their vehicles' emissions, DAQ proposes to conduct an intensive public outreach campaign to begin four months prior to the implementation of the emissions testing with the OBD technology and to continue for a full 12 months in each of the participating counties.

Below is a chart that outlines both DAQ's current I&M Program revenues and expenditures as well as the additional revenue generated by the fee increase and the proposed new expenditures. This fiscal note assumes that DAQ will spend down its existing cash balance to support its expansion efforts.

Division of Air Quality - I&M Program Revenues and Expenditures

	Estimate FY 2001-02	Estimate FY 2002-03	Estimate FY 2003-04	Estimate FY 2004-05	Estimate FY 2005-06
Number of emissions inspection	2,075,714	2,110,658	2,833,446	3,601,712	4,472,240
Cash Balance from Previous FY	**1,051,140**	**666,663**	**285,403**	**184,310**	**273,819**
Revenues					
Current DAQ revenue ($0.35/sticker)	726,500	738,730	991,706	1,260,599	1,565,284
Additional DAQ revenue ($0.30/sticker)	622,714	633,197	850,034	1,080,514	1,341,672
Total DAQ Revenue ($0.65)	**1,349,214**	**1,371,928**	**1,841,740**	**2,341,113**	**2,906,956**
Current Expenditures					
Current Salaries & Benefits	536,977	563,826	591,454	621,026	652,078
Current Operating	159,154	162,178	165,745	169,723	174,136
Current Contracts	124,347	66,000	68,000	70,000	72,000
Total Current Expenditures	**820,478**	**792,004**	**825,199**	**860,749**	**898,214**
Expansion Expenditures					
Positions					
1 Env Engineer II (salary & benefits)	67,413	70,783	74,252	77,964	81,862
6 Env Technician (salaries & benefits)		66,402	139,312	219,415	230,385
Nonrecurring Equipment Costs	7,500	15,000	15,000	15,000	
Associated Operating Costs	7,000	21,399	35,770	50,176	57,456
Contracts					
Mechanic Training @ Comm College	200,000	125,000	225,000	250,000	125,000
Car Care Clinics	31,300	62,600	78,300	78,300	109,600
OBD Advertising	600,000	600,000	550,000	700,000	600,000
Total Expansion Expenditures	**913,213**	**961,184**	**1,117,634**	**1,390,855**	**1,204,303**
Change in Cash Balance	(384,477)	(381,260)	(101,093)	89,509	804,439
Cash Balance Availability	666,663	285,403	184,310	273,819	1,078,258

DAQ's portion of the emission inspection sticker is proposed to increase from $0.35 to $0.65. Using their existing cash balance of $1,051,140 and the additional revenue generated from the fee increase, DAQ is able to cover all of its expenses in each of the next five years.

By fiscal year 2005, DAQ no longer has to spend down its cash balance to cover expenditures. The fee increase times the number of new cars required to be inspected is generating enough revenue to cover expenditures without using its cash balance. In fiscal year 2006, the amount of projected revenue generated exceeds the proposed expenditures by $804,439. In the years after 2006, once the expansion contracts have ended, it is estimated that revenues will exceed expenditures by approximately $1.5 million. DAQ does have the authority to use revenue generated from the I&M sticker fee to support expenditures not related to the I&M Program. Specifically, DAQ has the authority to use I&M fees to support an air pollution control program for mobile sources (G.S. 143-215.3A(b1)).

Division of Motor Vehicles: The Division of Motor Vehicles is responsible for administering the safety inspection and the emissions inspection programs (G.S. 20-183.6A). As the number of emissions counties increases, the Division expects the number of emissions inspection stations to increase by approximately 3,800. The Division's added personnel costs are generally to administer this larger program. Other expansion expenses result from the adoption of the OBD test and related computer hardware and software, advertising and promotion to inform motorists of the new requirements (required by EPA), and letters to additional noncomplying motorists.

The Division plans to add 155 positions over the next four years, as follows:

Position	FY01-02	FY02-03	FY03-04	FY04-05	Total
Pay Grade 73 Captain	1				1
Pay Grade 71 Lieutenant	2	6	1	1	10
Pay Grade 70 Inspector		22	20	18	60
Pay Grade 66 I/M Auditor		26	22	20	68
Pay Grade 57 Processing Assistant		4	3	5	12
Pay Grade 68 Hearing Officer			2		2
Programmer	1				1
Pay Grade 67 Electronic Technician		1			1
Total	4	59	48	44	155

Personnel costs for the 155 additional positions, including recurring and non-recurring office and equipment expenses, plus non-personnel expenses, are summarized below:

	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06
Personnel Expenses	$330,578	$4,811,766	$7,919,601	$11,136,587	$11,016,311
Non-Personnel Expenses					
Letters to Non-Complying Motorists, Consumer Hot-Line		$415,587	$541,991	$687,020	$801,160
Consultant/Technical Writer	$57,782	$59,515	$61,301	$63,140	$65,034
Converting Existing Mainframe Program to OBD	$170,000				
MCI OBD Convers ion (hardware)	$1,000,000				
MCI OBD Conversion (software)	$2,000,000				
MCI Conversion (triggers)		$3,000,000			
Advertising/Promotional	$250,000	$500,000	$500,000	$500,000	$500,000
License Plates and Stickers		$1,747	$37,887	$76,300	$119,826
Safety Investigations		$84,600	$158,460	$227,820	$227,820
Total Non-Personnel	$3,477,782	$4,061,449	$1,299,639	$1,554,280	$1,713,840
GRAND TOTAL	**$3,808,360**	**$8,873,215**	**$9,219,240**	**$12,690,867**	**$12,730,151**

Some of the major items of expenditure include advertising and promotion ($2,250,000), which is required by EPA, and computer expenses ($6,170,000). The computer expenses are for converting the system to the OBD test and for implementing a system of "triggers." The triggers analyze test data by station, mechanic, vehicle model, etc. and alert DMV to patterns that might indicate fraud or other problems (e.g. very high pass rates for particular stations or mechanics given the cars they test, sudden changes in passing rates, etc.).

Telecommunications Fee: In the current program, the cost of computer communications between the stations and the State has been paid by federal funds (which have now run out) or by existing cash balances. The bill creates a Telecommunications Fee of $1.75 as part of the cost of the sticker. This is intended to pay the total cost, including hardware, software, and communications costs, for the stations to interface with the State. Thus, the equipment cost for stations participating in the OBD program in the expansion counties will be significantly lower than for those stations that have been doing tailpipe tests in the existing emissions counties.

Highway Fund: Under current law, the Highway Fund receives $.75 for each safety-only inspection and nothing for emission and safety inspections. Increasing the number of emission and safety inspections and reducing the number of safety-only inspections would

reduce receipts of the Highway Fund. The bill holds the Highway Fund harmless by establishing a $.55 fee on both inspection stickers as of January 1, 2003. As a result, no fiscal impact is shown for the Highway Fund.

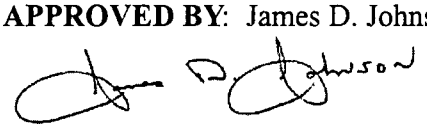
Department of Insurance – Volunteer Rescue/EMS Fund (G.S. 58-87-5) and Rescue Squad Workers' Relief Fund (G.S. 58-88-1 through 30): The Volunteer Rescue/EMS Fund currently receives $.15 of each vehicle inspection. This would rise to $.18 on October 1, 2001. The Rescue Squad Workers' Relief Fund currently receives $.10 of each vehicle inspection. This would rise to $.12 on October 1, 2001. Each of these funds has generally had more eligible requests for assistance than they have been able to accommodate with available funds.

Civil Penalties: No estimate of the fiscal impact of the bill on the total of civil penalties collected is available.

TECHNICAL CONSIDERATIONS: Given the uncertainty of revenue and expenditure forecasts this far into the future, the General Assembly may wish to reexamine the program's financial status in two years and consider a temporary surcharge if revenues are inadequate and/or phasing out some of the fee increases after start-up expenditures have been paid.

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Bob Weiss and Jennifer Hoffmann

APPROVED BY: James D. Johnson



DATE: May 14, 2001

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

June 25, 2001
643 LOB
1:00 pm

Opening Remarks

Procedures for Meeting

Review of Subcommittee Reports-SB. 1005, The Appropriations Act of 2001

Education
Reps. Boyd-McIntyre, Rogers, Yongue
Fiscal Staff: Philip Price, Jim Newlin, Kristine Leggett, and Charlotte Todd

Health and Human Services
Reps. Earle, Nye
Fiscal Staff: Karen Hammonds-Blanks, Carol Shaw, Lisa Hollowell, and Susan Morgan

Natural and Economic Resources
Reps. Fox, Owens
Fiscal Staff: Jennifer Hoffmann, Jennifer Willis, and Adam Levinson

Justice and Public Safety
Reps. Culpepper, Haire
Fiscal Staff: Jim Mills, Elisa Wolper, Denise Thomas, and Kelly Little

General Government
Reps. Jeffus, Sherrill
Fiscal Staff: Michele Nelson, Marilyn Chism

Transportation
Reps. Crawford, Cole
Fiscal Staff: Bob Weiss, Evan Rodewald

Information Technology
Reps. Tolson, Tucker
Fiscal Staff: Dwayne Pinkney

Reserves, Debt Service, and Adjustments
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Lynn Muchmore, Charles Perusse

Salaries and Benefits
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Stanley Moore, Mark Trogdon, Sam Byrd

Capital
Rep. Wright
Fiscal Staff: Charles Perusse

General Provisions
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Lynn Muchmore, Charles Perusse

Minutes
House Appropriations Committee Meeting
Monday, June 25, 2001
643 LOB
1:00 PM

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order for the purposes of considering-SB. 1005, The Appropriations Act of 2001. He recognized the House Pages in attendance.

Appropriations Co-Chair David Redwine then recognized Rep. Ruth Easterling to make opening remarks. She recognized the Appropriations Subcommittee Chairs and asked them to stand. She complimented the Subcommittee Chairs on a job well done. Co-Chair Easterling then recognized the Fiscal Division staff and told the membership of the long hours and commitment the fiscal staff had made to assist the chairs in the budget before the membership today. Co-Chair Warren Oldham also made remarks as well as Co-Chair Gregg Thompson.

Co-Chair Redwine explain the procedures for meeting and the rules for consideration of amendment. He stated that the committee would hear from each department and then take questions from the membership. Rep. Daughtry stated that there was never a called meeting of the Subcommittee on Capital, which consisted of 132 million in Capital regarding beach nourishment.

The following Committee reports of the proposed budget were presented:

Education Presiding: Co-Chair Gregg Thompson. Presenting: Reps. Rogers-Public Education; Boyd-McIntyre- UNC; Yongue-Community Colleges. Fiscal Staff: Philip Price, Jim Newlin, Kristine Leggett, and Charlotte Todd

Health and Human Services Presiding: Co-Chairs Gregg Thompson & Ruth Easterling. Presenting Reps. Earle & Nye - Money and Special Provisions respectively. *Fiscal Staff: Karen Hammonds-Blanks, Carol Shaw, Lisa Hollowell, and Susan Morgan*

Natural and Economic Resources Presiding: Co-Chairs Ruth Easterling & Oldham. Presenting: Reps. Fox & Owens - Money and Special Provisions respectively. *Fiscal Staff: Jennifer Hoffmann, Jennifer Willis, and Adam Levinson*

Justice and Public Safety Presiding: Co-Chair Warren Oldham. Presenting: Subcommittee Co-Chairs Culpepper & Haire - Money and Special Provisions respectively. *Fiscal Staff: Jim Mills, Elisa Wolper, Denise Thomas, and Kelly Little*

Appropriations Co-Chair Redwine announced that the Appropriations Committee would break and allow the or the Subcommittee on Capital to meet. The Appropriations Committee resumed meeting after session at 8 pm.

General Government Presiding: Co-Chair Warren Oldham. Presenting: Subcommittee Co-Chairs Reps. Jeffus & Sherrill - Money and Special Provisions respectively. *Fiscal Staff: Michele Nelson, Marilyn Chism*

Transportation Presiding: Co-Chair Warren Oldham. Presenting: Subcommittee Co-Chairs Reps. Crawford, Cole - Money and Special Provisions respectively. *Fiscal Staff: Bob Weiss, Evan Rodewald*

Information Technology Presiding: Co-Chair Warren Oldham. Presenting: Subcommittee Co-Chairs Reps. Tucker & Tolson - Money and Special Provisions respectively *Fiscal Staff: Dwayne Pinkney*

Salaries and Benefits Presiding: Co-Chair Redwine Presenting: *Fiscal Staff - Mark Trogdon explained the Salary portion; Sam Byrd explained the benefit changes with regards to the State Health Plan and Stanley Moore explained the Retirement.*

Capital Co-Chair Redwine recognized Subcommittee Chair Rep. Wright to explain the money report and Charles Perusse of the Fiscal Division explained the Special Provisions.

Reserves, Debt Service, and Adjustments/ General Provisions -
Appropriations Co Chair David Redwine then recognized *Lynn Muchmore, Fiscal Division* to give the Availability report.

Following the presentation of the proposed budget committee reports, the Appropriations Committee accepted the following amendments to the proposed budget: Amendments are attached.

1.	Rep. Daughtry	Failed on a Division 36/34
2.	Rep. Daughtry	Failed on a Recorded Vote 42/31
3.	Rep. Daughtry	Failed by Voice Vote.
4.	Rep. Ellis	Failed by Division 39/28
5.	**Rep. Creech**	**Adopted by Voice Vote**
6.	**Rep. Arnold**	**Adopted by Voice Vote**
7.	**Rep. Blue**	**Adopted by Division 36/27**
8.	**Rep. Shubert**	**Adopted by Voice Vote**
9.	**Rep. Redwine**	**Adopted by Voice Vote**
10.	**Rep. Hackney**	**Adopted by Voice Vote**
11.	Rep. Michaux	Failed by Voice Vote
12.	**Approp. Chairs**	**Adopted by Voice Vote**
13.	**Rep. Rogers**	**Adopted by Voice Vote**
14.	**Rep. Cole**	**Adopted by Voice Vote**

The Appropriations Committee meeting adjourned at 12:45 am to reconvene at 8:30 AM, June 26, 2001 to continue considering amendments to S. 1005, The Appropriations Act.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

RULES FOR HOUSE APPROPRIATIONS MEETING

June 25, 2001

When amendments are offered, the following rules must be met in order for the amendment to be eligible for consideration.

1. Money can only be transferred among items within the same subcommittee.

2. Amendments cannot increase total spending within a subcommittee report beyond what the subcommittee recommended.

3. Amendments cannot increase total spending beyond the total amount shown in the draft committee report.

4. Amendments cannot spend reversions.

5. Nonrecurring reductions cannot be used to fund recurring items.

6. Amendments that cause the budget to be unbalanced are not in order.

7. Amendments that provide expansion funding in the second year of the biennium are not allowed.

8. Amendments proposing to include material not directly related to the budget are not in order.

9. Amendments must be in writing, with 150 copies available for distribution. The Sergeant-at-Arms will distribute copies only at the direction of the chairs.

10. No documents may be distributed to members except by prior arrangement with the chairs.

The Chairs will review amendments to make sure they are eligible for consideration. Eligible amendments will be heard after all of the subcommittee presentations have been made.

HOUSE APPROPRIATIONS COMMITTEE REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS

June 25, 2001

Rep. Ruth Easterling

Rep. Warren Oldham

Rep. David Redwine

Rep. Gregg Thompson

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BUDGET REFORM STATEMENT

	FY 2001-02 ($ million)	FY 2002-03 ($ million)
1. Composition of the FY 2001-02 beginning availability:		
a. Unappropriated balance	0.0	
b. Revenue collections in FY 2000-01 in excess of authorized estimates	0.0	
c. Unexpended appropriations during 2000-01 (Reversions)	0.0	
Beginning Unreserved Credit Balance	0.0	
2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
3. Non Tax Revenues:		
Investment Income	152.0	167.0
Judicial Fees	109.5	111.7
Disproportionate Share	107.0	107.0
Insurance	43.9	45.8
Other Non-Tax Revenues	105.0	106.2
Highway Trust Fund Transfer	170.0	170.0
Highway Fund Transfer	14.5	15.3
Subtotal	14,175.7	15,174.2
4. Other Adjustments		
North Carolina Railroad General Fund Repayment	19.0	
Senate Bill 353 Enhance Department of Revenue Collections	50.0	50.0
House Bill 232 Implementation	116.5	2.7
Scrap Tire / White Goods Transfer	3.4	
Transfer of Cash from Special, Trust, Internal Service, and Reserve Funds	167.5	0.5
Transfer to the Savings Reserve Account	(125.0)	
Subtotal	231.4	53.2
TOTAL GENERAL FUND AVAILABILITY	**14,407.1**	**15,227.4**

SUMMARY:

GENERAL FUND APPROPRIATIONS

General Fund Appropriations
Fiscal Year 2001-02
2001 Session

	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Education:							
Public Education	5,923,802,924		(111,910,068)	66,034,108	(45,875,960)	262.5	5,877,926,964
Community Colleges	648,021,974		2,489,709	0	2,489,709	(7.0)	650,511,683
University System	1,804,923,800		(7,343,013)	(500,000)	(7,843,013)	(140.5)	1,797,080,787
Total Education	**8,376,748,698**	**0**	**(116,763,372)**	**65,534,108**	**(51,229,264)**	**115.1**	**8,325,519,434**
General Government:							
General Assembly	40,567,848		(1,014,000)	0	(1,014,000)	0.0	39,553,848
Governor's Office	5,633,739		(180,834)	0	(180,834)	0.0	5,452,905
State Budget, Planning and Management	5,789,900		(466,304)	(40,000)	(506,304)	(11.0)	5,283,596
OSBPM - Special Appropriations	3,080,000		0	450,000	450,000	0.0	3,530,000
OSBPM - Flood Mapping and Surveying	1,232,845		(45,000)	0	(45,000)	0.0	1,187,845
The Lieutenant Governor	686,308		(16,763)	0	(16,763)	0.0	669,545
Administration	61,078,651	(371,302)	(684,440)	270,000	(785,742)	(54.0)	60,292,909
Office of State Controller	11,817,271		(293,403)	0	(293,403)	(2.0)	11,523,868
Office of Adminstrative Hearings	2,908,088		(112,933)	0	(112,933)	(2.0)	2,795,155
Rules Review Commission	334,085		(8,290)	0	(8,290)	0.0	325,795
Cultural Resources	60,840,696		(1,077,176)	875,000	(202,176)	(9.0)	60,638,520
Cultural Resources - Roanoke Island	1,907,245		(47,782)	0	(47,782)	0.0	1,859,463
Insurance	23,392,288		(263,000)	450,000	187,000	0.0	23,579,288
Insurance - Worker's Compensation Fund	4,500,000		(2,000,000)	(500,000)	(2,500,000)	0.0	2,000,000
Secretary of State	8,760,901		(206,394)	0	(206,394)	(6.0)	8,554,507
State Auditor	12,166,518		(301,845)	0	(301,845)	0.0	11,864,673
State Treasurer - Operations	7,837,007		(5,006,407)	0	(5,006,407)	0.0	2,830,600
State Treasurer - Retirement / Benefits	12,294,780		85,000	(2,077,883)	(1,992,883)	0.0	10,301,897
Revenue	76,967,284		(29,848)	626,000	596,152	38.0	77,563,436
State Board of Elections	3,271,453		(85,184)	0	(85,184)	0.0	3,186,269
Total General Government	**345,066,907**	**(371,302)**	**(11,754,603)**	**53,117**	**(12,072,788)**	**(46.0)**	**332,994,119**
Health and Human Services:							
Office of the Secretary	45,649,860		1,262,052	100,000	1,362,052	(57.0)	47,011,912
Aging Division	29,825,449		(305,563)		(305,563)	(4.0)	29,519,886
Child Development	349,713,681		(60,130,009)	0	(60,130,009)	(15.0)	289,583,672
Education Services	77,290,419		(7,349,986)	0	(7,349,986)	(46.0)	69,940,433
Public Health	112,142,547		(4,829,746)	2,275,000	(2,554,746)	(13.6)	109,587,801
Blind and Deaf / Hard of Hearing Services	10,334,149		(150,130)	0	(150,130)	(1.0)	10,184,019

General Fund Appropriations
Fiscal Year 2001-02
2001 Session

	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Vocational Rehabilitation	41,827,726		(58,770)	700,000	641,230	(3.0)	42,468,956
Mental Health	582,879,191		(1,330,469)	0	(1,330,469)	(76.5)	581,548,722
NC Health Choice	24,987,142		8,000,000	0	8,000,000	0.0	32,987,142
Facility Services	16,584,502		(2,480,361)	(195,267)	(2,675,628)	(5.0)	13,908,874
Social Services	192,948,114		(1,685,826)	1,000,000	(685,826)	(47.0)	192,262,288
Medical Assistance	1,987,547,863		3,246,640	0	3,246,640	(10.0)	1,990,794,503
Total Health and Human Services	**3,471,730,643**	**0**	**(65,812,168)**	**3,879,733**	**(61,932,435)**	**(278.1)**	**3,409,798,208**
Justice and Public Safety:							
Correction	931,350,075	3,411,305	(470,158)	(2,088,840)	852,307	248.0	932,202,382
Crime Control & Public Safety	37,554,148	(3,411,305)	(1,638,252)	(504,688)	(5,554,245)	(215.0)	31,999,903
Judicial Department	308,769,898		(3,932,681)	486,426	(3,446,255)	0.0	305,323,643
Judicial - Indigent Defense	66,660,467		4,975,500	0	4,975,500	11.0	71,635,967
Juvenile Justice	147,706,045		(6,023,502)	(406,280)	(6,429,782)	(92.5)	141,276,263
Justice	76,471,632		(2,599,032)	(916,818)	(3,515,850)	(23.0)	72,955,782
Total Justice and Public Safety	**1,568,512,265**	**0**	**(9,688,125)**	**(3,430,200)**	**(13,118,325)**	**(71.5)**	**1,555,393,940**
Natural And Economic Resources:							
Agriculture and Consumer Services	56,695,276		(1,500,808)	350,802	(1,150,006)	(31.5)	55,545,270
Commerce	45,027,007	371,302	(1,083,259)	1,080,642	368,685	(9.3)	45,395,692
Commerce - State Aid	5,200,000		0	2,500,000	2,500,000	0.0	7,700,000
Office of Information Technology Services					0		0
Environment and Natural Resources	164,902,678		(7,068,856)	472,327	(6,596,529)	(57.5)	158,306,149
DENR - Clean Water Mgmt. Trust Fund	30,000,000		(10,000,000)	0	(10,000,000)	0.0	20,000,000
Labor	16,617,178		(624,272)	30,241	(594,031)	(9.0)	16,023,147
NC Housing Finance Agency	5,300,000		0	0	0	0.0	5,300,000
NC Biotechnology Center	6,738,913		(468,445)	(1,000,000)	(1,468,445)	0.0	5,270,468
Rural Economic Develoment Center	4,257,338		1,213,133	(999,694)	213,439	0.0	4,470,777
Total Natural and Economic Resources	**334,738,390**	**371,302**	**(19,532,507)**	**2,434,318**	**(16,726,887)**	**(107.3)**	**318,011,503**
Transportation:	17,753,426	0	(1,062,717)	(6,660,709)	(7,723,426)		10,030,000
Statewide Reserves / Debt Service:							
Debt Service:							
Interest / Redemption	238,509,550		12,312,542	0	12,312,542		250,822,092

General Fund Appropriations Fiscal Year 2001-02 2001 Session							
	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Federal Reimbursement	1,155,948		0	0	0		1,155,948
Subtotal Debt Service	**239,665,498**	**0**	**12,312,542**	**0**	**12,312,542**		**251,978,040**
Statewide Reserves:							
Compensation Increases			193,842,000	0	193,842,000		193,842,000
State Health Plan			150,000,000	0	150,000,000		150,000,000
Contingency and Emergency	1,125,000		3,875,000	0	3,875,000		5,000,000
Salary Adjustment Fund	500,000		0	0	0		500,000
Reserve for Hurricane Floyd Recovery			0	0	0		0
Reserve for HIPAA Implementation			0	10,000,000	10,000,000		10,000,000
Mental Health System Reform Reserve				7,525,675	7,525,675		7,525,675
ITS Rate Reduction			(4,000,000)	0	(4,000,000)		(4,000,000)
Judicial Retirement Rate Adjustment			(2,265,000)	0	(2,265,000)		(2,265,000)
Retirement Rate Adjustment			(239,568,180)	0	(239,568,180)		(239,568,180)
Fund Payroll at 98.5% of Requirements			(52,000,000)	0	(52,000,000)		(52,000,000)
Subtotal Statewide Reserves	1,625,000	0	49,883,820	17,525,675	67,409,495		69,034,495
Total Reserves and Debt Service	**241,290,498**	**0**	**62,196,362**	**17,525,675**	**79,722,037**		**321,012,535**
Total General Fund for Operations	**14,355,840,827**	**0**	**(162,417,130)**	**79,336,042**	**(83,081,088)**	**(387.9)**	**14,272,759,739**
Other General Fund Expenditures:							
Capital Improvements				32,936,000	32,936,000		32,936,000
Repairs and Renovations				100,000,000	100,000,000		100,000,000
Total Other General Fund Expenditures	**0**	**0**	**0**	**132,936,000**	**132,936,000**		**132,936,000**
Total General Fund Budget	**14,355,840,827**	**0**	**(162,417,130)**	**212,272,042**	**49,854,912**	**(387.9)**	**14,405,695,739**

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Education:							
Public Education	6,021,031,149		(93,437,139)	0	(93,437,139)	635.0	5,927,594,010
Community Colleges	648,021,974		2,489,709	0	2,489,709	(7.0)	650,511,683
University System	1,812,208,855		(7,343,013)	0	(7,343,013)	(140.5)	1,804,865,842
Total Education	**8,481,261,978**	**0**	**(98,290,443)**	**0**	**(98,290,443)**	**487.6**	**8,382,971,535**
General Government:							
General Assembly	40,567,848		(1,014,000)	0	(1,014,000)	0.0	39,553,848
Governor's Office	5,633,739		(180,834)	0	(180,834)	0.0	5,452,905
State Budget, Planning and Management	5,789,900		(856,834)	0	(856,834)	(11.0)	4,933,066
OSBPM - Special Appropriations	3,080,000		0	0	0	0.0	3,080,000
OSBPM - Flood Mapping and Surveying	1,232,845		(45,000)	0	(45,000)	0.0	1,187,845
The Lieutenant Governor	686,308		(16,763)	0	(16,763)	0.0	669,545
Administration	61,078,651	(371,302)	(966,459)	0	(1,337,761)	(54.0)	59,740,890
Office of State Controller	11,817,271		(293,403)	0	(293,403)	(2.0)	11,523,868
Office of Adminstrative Hearings	2,908,088		(112,933)	0	(112,933)	(2.0)	2,795,155
Rules Review Commission	334,085		(8,290)	0	(8,290)	0.0	325,795
Cultural Resources	60,840,696		(1,077,176)	0	(1,077,176)	(9.0)	59,763,520
Cultural Resources - Roanoke Island	1,907,245		(47,782)	0	(47,782)	0.0	1,859,463
Insurance	23,392,288		(263,000)	0	(263,000)	0.0	23,129,288
Insurance - Worker's Compensation Fund	4,500,000		(2,000,000)	0	(2,000,000)	0.0	2,500,000
Secretary of State	8,760,901		(206,394)	0	(206,394)	(6.0)	8,554,507
State Auditor	12,166,518		(301,845)	0	(301,845)	0.0	11,864,673
State Treasurer - Operations	7,837,007		(5,006,407)	0	(5,006,407)	0.0	2,830,600
State Treasurer - Retirement / Benefits	12,294,780		85,000	0	85,000	0.0	12,379,780
Revenue	76,967,284		988,420	0	988,420	38.0	77,955,704
State Board of Elections	3,271,453		(85,184)	0	(85,184)	0.0	3,186,269
Total General Government	**345,066,907**	**(371,302)**	**(11,408,884)**	**0**	**(11,780,186)**	**(46.0)**	**333,286,721**
Health and Human Services:							
Office of the Secretary	45,649,860		1,262,052	0	1,262,052	(57.0)	46,911,912
Aging Division	29,825,449		(305,563)	0	(305,563)	(4.0)	29,519,886
Child Development	349,713,681		(60,130,009)	0	(60,130,009)	(15.0)	289,583,672
Education Services	77,290,419		(7,349,986)	0	(7,349,986)	(46.0)	69,940,433
Public Health	112,142,547		(4,829,746)	0	(4,829,746)	(13.6)	107,312,801
Blind and Deaf / Hard of Hearing Services	10,334,149		(150,130)	0	(150,130)	(1.0)	10,184,019

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Vocational Rehabilitation	41,827,726		(58,770)	0	(58,770)	(3.0)	41,768,956
Mental Health	582,879,191		(4,563,469)	0	(4,563,469)	(76.5)	578,315,722
NC Health Choice	24,987,142		12,500,000	0	12,500,000	0.0	37,487,142
Facility Services	16,584,502		(2,480,361)	0	(2,480,361)	(5.0)	14,104,141
Social Services	200,021,408		(1,685,826)	0	(1,685,826)	(47.0)	198,335,582
Medical Assistance	2,234,048,385		32,007,854	0	32,007,854	(10.0)	2,266,056,239
Total Health and Human Services	**3,725,304,459**	**0**	**(35,783,954)**	**0**	**(35,783,954)**	**(278.1)**	**3,689,520,505**
Justice and Public Safety:							
Correction	931,350,075	6,268,513	2,940,015	(858,604)	8,349,924	309.0	939,699,999
Crime Control & Public Safety	37,554,148	(6,268,513)	(2,559,278)	0	(8,827,791)	(219.0)	28,726,357
Judicial Department	308,769,898		(3,659,882)	125,000	(3,534,882)	0.0	305,235,016
Judicial - Indigent Defense	66,660,467		4,975,500	0	4,975,500	11.0	71,635,967
Juvenile Justice	149,456,045		(6,425,795)	0	(6,425,795)	(92.5)	143,030,250
Justice	76,471,632		(2,943,032)	0	(2,943,032)	(23.0)	73,528,600
Total Justice and Public Safety	**1,570,262,265**	**0**	**(7,672,472)**	**(733,604)**	**(8,406,076)**	**(14.5)**	**1,561,856,189**
Natural And Economic Resources:							
Agriculture and Consumer Services	56,695,276		(1,500,808)	0	(1,500,808)	(31.5)	55,194,468
Commerce	45,027,007	371,302	(1,083,259)		(711,957)	(9.3)	44,315,050
Commerce - State Aid	5,200,000		0	0	0	0.0	5,200,000
Office of Information Technology Services					0		0
Environment and Natural Resources	164,902,678		(7,068,856)	0	(7,068,856)	(58.0)	157,833,822
DENR - Clean Water Trust Fund	30,000,000		(10,000,000)	0	(10,000,000)	0.0	20,000,000
Labor	16,617,178		(624,272)	0	(624,272)	(9.0)	15,992,906
NC Housing Finance Agency	5,300,000		0	0	0	0.0	5,300,000
NC Biotechnology Center	6,738,913		(468,445)	0	(468,445)	0.0	6,270,468
Rural Economic Develoment Center	4,257,338		1,213,133	0	1,213,133	0.0	5,470,471
Total Natural and Economic Resources	**334,738,390**	**371,302**	**(19,532,507)**	**0**	**(19,161,205)**	**(107.8)**	**315,577,185**
Transportation	14,486,443		(1,093,102)	0	(1,093,102)		13,393,341
Statewide Reserves and Debt Service:							
Debt Service:							
Interest / Redemption	238,509,550		113,757,310	0	113,757,310		352,266,860

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Federal Reimbursement	1,155,948		0	0	0		1,155,948
Subtotal Debt Service	**239,665,498**	**0**	**113,757,310**	**0**	**113,757,310**		**353,422,808**
Statewide Reserves:							
Compensation Increases			193,842,000	0	193,842,000		193,842,000
State Health Plan			200,000,000	0	200,000,000		200,000,000
Contingency and Emergency	1,125,000		3,875,000	0	3,875,000		5,000,000
Salary Adjustment Fund	500,000		0	0	0		500,000
Reserve for Hurricane Flood Recovery			0	150,629,172	150,629,172		150,629,172
ITS Rate Reduction			(4,000,000)	0	(4,000,000)		(4,000,000)
Judicial Retirement Rate Adjustment			(2,265,000)	0	(2,265,000)		(2,265,000)
Retirement Rate Adjustment			(239,568,180)	0	(239,568,180)		(239,568,180)
Fund Payroll at 98.5% of Requirements			(52,000,000)	0	(52,000,000)		(52,000,000)
Subtotal Statewide Reserves	1,625,000	0	99,883,820	150,629,172	250,512,992		252,137,992
							0
Total Reserves and Debt Service	**241,290,498**	**0**	**213,641,130**	**150,629,172**	**364,270,302**		**605,560,800**
Total General Fund for Operations	**14,712,410,940**	**0**	**39,859,768**	**149,895,568**	**189,755,336**	**41.2**	**14,902,166,276**
Other General Fund Expenditures:							
Capital Improvements			0		0		0
Repairs and Renovations			0		0		0
Total Other General Fund Expenditures	**0**	**0**	**0**	**0**	**0**		**0**
Total General Fund Budget	**14,712,410,940**	**0**	**39,859,768**	**149,895,568**	**189,755,336**	**41.2**	**14,902,166,276**

EDUCATION
Section F

Public Education

	GENERAL FUND			
Recommended Budget	**FY 2001-02**		**FY 2002-03**	
	$5,923,802,924		**$6,021,031,149**	
Legislative Changes				
A. More Accurate Projection of Budget Requirements				
1 Additional Adjustments in Average Salary Projections In addition to the annual Continuation Budget adjustment for average budgeted salary of certified personnel, a more recent review of certified personnel salaries from updated salary data, identified an additional reduction in projected salary needs for FY 2001-02.	($8,497,668)	R	($8,497,668)	R
2 School Bus Purchases Reduce funding for FY 2001-02 based on a revised school bus replacement schedule.	($23,915,892)	NR		
3 Payments for Teacher Unused Vacation Days Adjust funding to reflect recent expenditure experience.	($4,000,000)	R	($4,000,000)	R
4 Mentor Pay Reduce funding to reflect recent expenditure experience.	($3,000,000)	R	($3,000,000)	R
5 Transportation Adjustment: Bus Driver Physicals The Division of Motor Vehicles is delaying the implementation of the requirement that bus drivers must have a physical examination every two years. Twenty-five thousand ($25,000) will remain in the budget for pilot projects.	($535,000)	R	($535,000)	R
6 Transportation Adjustment: Diesel Fuel Cost The economic forecast models project a 10.5% decline in diesel fuel cost from the current year's average. The current average cost is $0.92 per gallon and the Continuation Budget was based on an estimated cost of $1.05 per gallon. This adjustment budgets diesel fuel at $0.92 which is the current level. All school buses utilize diesel fuel.	($2,990,000)	R	($3,048,890)	R
7 Transportation Adjustment: Inventory Adjustment June 30, 2000 inventory levels (oil, tires, and parts) were approximately 62% of annual needs. This one-time reduction is to reduce current inventory levels to a more optimum level.	($4,000,000)	NR		
8 Revised Projection of Average Daily Membership To eliminate the possibility of duplicating the inclusion of some students in projecting a local school administrative units average daily membership and to project a more realistic estimate of future student populations.	($20,199,068) -235.00	R	($16,227,221) -175.00	R

	FY 2001-02		FY 2002-03	
9 Classroom Materials/Instruction Supplies/Equipment Adjust the increase for inflation to a 3% growth (in line with the Consumer Price Index) from the 5% growth used in the Continuation Budget.	($1,140,499)	R	($1,140,499)	R
10 School Building Administration Estimated new public schools opening in FY 2001-02 has been revised to 35 (from 70).	($2,338,140)	R	($2,338,140)	R
11 At Risk Student Services/Alternative Schools Each high school receives funding to employ a school safety officer. The estimate of new high schools scheduled to open in FY 2001-02 has been reduced to 10 (from 20).	($529,732)	R	($529,732)	R
12 Charter School Reserve Funds in this category are used to distribute the applicable State funding to charter schools for students attending a charter school who were not previously in a public school (private or home schooled). Since the number of charter schools has reached the maximum legislated number of 100, the reserve can be reduced to $2 million in FY 2001-02 and $1 million in FY 2002-03.	($2,404,513)	R	($3,404,513)	R
13 Driver Education To reflect reductions to the Highway Fund for revised Average Daily Membership Projections and an adjustment based on average annual reversions. Reduction to Receipts: ($1,830,739)	$0	R	$0	R
B. Reduction of Administration Cost				
14 Safety Assistance Teams Eliminates funding used for Statewide consultants.	($500,000)	R	($500,000)	R
15 Central Office Administration A 1.97% reduction from FY 2000-01 allocations for each local school administrative unit. The State Board is directed to develop a revised formula for FY 2002-03 that eliminates any permanent hold harmless in the formula.	($3,300,000)	R	($3,300,000)	R
16 Uniform Education and Reporting System (UERS) Based on the current NC WISE implementation schedule, a one-year reduction in funding is possible. FY 2001-02 funding level will be $10,018,927.	($5,000,000)	NR	$0	NR

	FY 2001-02		FY 2002-03	
17 Department of Public Instruction The Department of Public Instruction will eliminate at least 25 positions and will reduce other costs. One million dollars shall be transferred from the UERS budget to DPI to reduce contractual costs by internalizing work on the new student information management system (NC WISE). 25 Identified Positions ($1,004,751) Contracted Services ($1,590,647) Cellular Phones ($11,505) Equipment ($18,056) Elimination of Stds Board ($175,041)	($2,800,000) -25.00	R	($2,800,000) -25.00	R
C. Other Budget Adjustments				
18 Vocational Education - Tech Prep Eliminates State funding for Tech Prep. Federal funds in excess of $3 million support this program.	($100,000)	R	($100,000)	R
19 Appropriations to Non-Public School Agencies Eliminate funding for AVID pilot program and reduce funding to the following Agencies by 10%: A+ Schools, TQE, Cities/Communities in Schools, NC Network, Teacher Cadet, Geographic Alliance, Public School Forum, Cued Speech Center, Schools Attuned, Global Curriculum.	($488,741)	R	($488,741)	R
20 Appropriations to Non-Public School Agencies ExplorNet Reduce appropriation by 50% in first year. Funds to be non-recurring.	($2,500,000) $1,250,000	R NR	($2,500,000)	R
D. Improving Student Performance				
21 Targeted Class Size Reduction and Instruction a. In schools with 80% or more of the students eligible for free or reduced lunch and with 45% or more of students performing below grade level, lower class size in grades K-3 to 1:15. Require teachers allotted for these grades to be assigned to teach in these grades.	$8,062,603 179.60	R	$8,062,603 179.60	R
22 Targeted Class Size Reduction and Instruction b. Extend the contract for all teachers in these targeted schools for five days (5) in 2001-02 and ten days (10) in 2002-03. The first year days will be for staff development in methods to individualize instruction in smaller classes. The second year will add 5 instructional days.	$973,455	R	$2,334,930	R
23 Targeted Class Size Reduction and Instruction c. Provide one additional instructional support position for each of these targeted schools.	$1,840,380 37.00	R	$1,840,380 37.00	R
24 Targeted Class Size Reduction and Instruction d. Eliminate regular dollar allotment for teacher assistants in grades K-3 in these targeted schools due to significantly lower class size.	($8,068,580)	R	($8,068,580)	R

	FY 2001-02		FY 2002-03	
25 Targeted Class Size Reduction and Instruction e. Provide funding for outside evaluation of targeted class size reduction initiatives.	$500,000	R	$500,000	R
26 Targeted Class Size Reduction and Instruction: Kindergarten Lower class size ratio in kindergarten to one teacher for every 19 students in 2001-02 and to one teacher for every 18 students in 2002-03.	$12,045,179 268.50	R	$26,064,241 581.00	R
27 Class Size Reduction/ Instruction: Chronically Low-Performing Schools a. Reduce class-size in schools identified by the State Board of Education as chronically low-performing in grades K-3 to 1:15 and in grades 4-5 to 1:17.	$471,366 10.50	R	$471,366 10.50	R
28 Class Size Reduction/ Instruction: Chronically Low-Performing Schools b. Reduce class-size allotment in middle schools (Grades 6-8) to 1:17 and in high schools to 1:20 for chronically low-performing schools.	$1,207,595 26.90	R	$1,207,595 26.90	R
29 Class Size Reduction/ Instruction: Chronically Low-Performing Schools c. Extend the contracts for additional teachers in elementary schools and for all teachers in middle and high schools by 5 days in 2001-02 for staff development and add an additional 5 days of instruction for middle and high schools in 2002-03. These apply for schools identified as chronically low-performing.	$128,295	R	$307,730	R
30 Teacher Recruitment Initiatives a. Have the Education Oversight Committee study methods to provide benefits to part-time teachers to attract more certified teachers back into the classroom.				
31 Teacher Recruitment Initiatives b. Teacher Assistant Scholarships Additional scholarship funds for teacher assistants taking courses at community colleges that are prerequisites for teacher certification programs. (Major initiatives in the UNC budget will improve availability of teacher education programs for teacher assistants).	$1,000,000	R	$1,000,000	R
32 Teacher Recruitment Initiatives c. To attract teachers in the shortage fields of mathematics, science and special education and to entice teachers in these specialties to teach in schools with large numbers of at-risk students. In middle schools and high schools with 80% or more of the students eligible for free or reduced lunch or with 50% or more of students performing below grade level, provide an annual bonus of $1,800 (paid monthly with matching benefits). Teachers must be certified in and teaching in these fields and will remain eligible for the bonus as long as they continue to teach in eligible schools.	$1,500,000	R	$1,500,000	R

	FY 2001-02		FY 2002-03	
33 Teacher Recruitment Initiatives: Teaching Fellows Program Increase available new scholarships by 50. The scholarships for $6,500 per year are awarded to students who agree to teach in a North Carolina public school for four years (or three years in a North Carolina low-performing public school).	$325,000	R	$325,000	R
34 ABC Bonuses Provide funding for ABC bonuses for schools meeting or exceeding expected growth in 2000-01.	($93,100,000) $93,100,000	R NR	($93,100,000)	R
35 ABC Bonuses: Pilot Districts Provide funding for school personnel in five (5) pilot school districts for additional bonuses earned under the disaggregated performance pilot project directed by the General Assembly in 1999 (Sec. 8.36, SL 1999-237: HB 168). If a school achieves the pilot program goals, all certified personnel assigned to the school will receive up to $750 and teacher assistants up to $325 (these awards are in addition to standard ABC bonuses). LEAs not eligible for low wealth or small county supplemental funding must contribute 25% of the total cost of the bonuses.	$4,600,000	NR		
36 Character Education Funding for expansion of character education program.	$200,000	R	$200,000	R
37 Children with Special Needs Increase funding per student for children with special needs. The appropriation per funded headcount increases $50.57 to $2,662.87 (before increases for salary increases).	$5,000,000	R	$5,000,000	R
38 Improving Student Accountability Increase funding for additional instruction for students performing below grade level.	$5,000,000	R	$5,000,000	R
39 Low-Wealth Funding Increase funding for school districts in counties with less ability to generate local resources for public schools. Funding is allocated on basis of current formula.	$5,000,000	R	$5,000,000	R
E. Other Increases				
40 School Accountability Report Cards Funds for the Education Cabinet to develop, publish, and distribute school accountability report cards. The cards should be designed to supply parents information on school characteristics and performance.	$200,000	R	$200,000	R
41 Average Daily Membership Contingency Reserve Provides additional funds to the State Board of Education to address transitional year funding for local school administrative units with new charter schools and for first month allotment adjustments to local school administrative units with higher than expected enrollment growth.	$500,000	R	$500,000	R

	FY 2001-02		FY 2002-03	
42 NCWISE OWL's On-Line Subscriptions NCWISE OWL is operated by the North Carolina Department of Public Instruction and offers on-line resources (periodicals, encyclopedia, etc.) for K-12 teachers and students. Federal resources that have been discontinued have covered the subscription cost. The Department of Public Instruction will work collaboratively with the Department of Cultural Resources and report to the Joint Information Technology Appropriations Subcommittee by March 15, 2002 as to the feasibility of merging NCWISE OWL with NCLIVE (which also offers on-line subscription services).	$628,000	R	$628,000	R
Total Legislative Changes	**($111,910,068)**	**R**	**($93,437,139)**	**R**
	$66,034,108	**NR**	**$0**	**NR**
Total Position Changes	262.50		635.00	
Revised Budget	**$5,877,926,964**		**$5,927,594,010**	

UNC System

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,804,923,800**		**$1,812,208,855**	
Legislative Changes				
Campus Reductions				
43 Temporary Wages and Membership Dues Reduce the funding for temporary wages and membership dues at the 16 UNC constituent institutions.	($2,500,000)	R	($2,500,000)	R
44 Community Services/General Academic Support Reduce amount appropriated for Community Services/General Academic Support for the 16 constituent institutions.	($1,500,000)	R	($1,500,000)	R
45 Reduction in SPA Positions Reduce SPA positions at the sixteen constituent institutions by 2.8%.	($10,694,131) -359.60	R	($10,694,131) -359.60	R
46 Reductions in EPA Non-Teaching Staff Positions Reduce EPA non-teaching positions at the sixteen constituent institutions by 2.8%.	($5,902,497) -95.20	R	($5,902,497) -95.20	R
47 Reductions in Various Modified Zero Based Budget Items An average 5% reduction is made in the budgets of the 16 constituent institutions for the following modified zero based budget items: Miscellaneous Contractual Services, Rental/Lease of equipment, Travel, Cellular phones, Furniture and Equipment, and other aids and grants.	($5,726,311)	R	($5,726,311)	R
48 Private Funding for Selected Summer Research in lieu of State appropriation Substitute some private funding for a portion of state appropriations for select faculty to do summer research. This will be selected at the campus level.	($1,000,000)	R	($1,000,000)	R
49 Continuing Education Receipts Increase by 10% the receipts generated through continuing education programs at UNC-CH Health Affairs.	($378,775)	R	($378,775)	R
50 Center for Alcohol Studies Endowment Eliminates the appropriation to the Center for Alcohol Studies Endowment for one year.	($500,000)	NR		
51 Institute of Southern Politics, Media & Public Life Eliminates the specific funding for this program at UNC-CH.	($225,000) -2.00	R	($225,000) -2.00	R

	FY 2001-02		FY 2002-03	
52 Scholastic Media Association Eliminate funds for the Scholastic Media Association at UNC-CH.	($94,000) -1.00	R	($94,000) -1.00	R
53 Institute for Outdoor Drama Eliminates funds for the newly-established position of Director of Communications at the Institute for Outdoor Drama at UNC-CH.	($60,000) -1.00	R	($60,000) -1.00	R
54 UNC Hospital Reduction Reduces the appropriation to the UNC Health Care System. .	($2,000,000)	R	($2,000,000)	R
UNC General Administration				
55 Reduce EDP Equipment Reduce Electronic Data Processing equipment infrastructure replacement efforts at UNC-GA	($80,000)	R	($80,000)	R
56 Miscellaneous contractual service and other aids and grants reduction Reduce these line items in UNC-GA by 10%.	($535,732)	R	($535,732)	R
57 Rental/Lease of Equipment Reduction Reduce line item for UNC-GA by 10%	($13,363)	R	($13,363)	R
58 Travel Reduction Reduce travel line item in UNC-GA by 10%.	($91,957)	R	($91,957)	R
59 Cellular Phones Reduce line item for cellular phones in UNC-GA by 10%.	($3,347)	R	($3,347)	R
60 Furniture and Equipment Replacement Reduce these line items in UNC-GA by 10%.	($105,726)	R	($105,726)	R
61 Board of Governor's meetings The Board of Governors recently voted to reduce the number of times it will meet during the year to eight. This is the corresponding budget reduction for meeting costs.	($30,800)	R	($30,800)	R
62 MCNC Contract Reduce the funds paid to MCNC by UNC-General Administration.	($3,750,000)	R	($3,750,000)	R
63 Litigation Contract Eliminate funding for litigation contract with the Department of Justice. UNC General Administration is still required to maintain contract and reimburse the Department of Justice for legal services.	($200,000)	R	($200,000)	R

	FY 2001-02		FY 2002-03	
64 UNC General Administration SPA Position reductions Reduces the SPA positions in UNC General Administration by 5%.	($422,345) -11.40	R	($422,345) -11.40	R
65 UNC General Administration EPA Non-Teaching Staff Position Reductions Reduces the EPA non-teaching staff positions in UNC General Administration by 5%.	($541,925) -5.25	R	($541,925) -5.25	R
66 Administrative Overhead Reduction Eliminate the administrative overhead from General Fund appropriations in the Center for School Leadership Development's central office.	($166,791) -1.60	R	($166,791) -1.60	R
67 Office Consolidation Savings Savings from the consolidation of offices for the programs under the Center for School Leadership Development.	($100,000)	R	($100,000)	R
68 Reduction in all Center for School Leadership Development programs Reduces by 5% all programs under the Center for School Leadership Development.The Joint Legislative Commission on Education Oversight Commission will study these programs for recommended savings.	($666,629)	R	($666,629)	R
69 Matching Incentive Funds Reduce Matching Incentive funds for staff development in K-16 programs.	($350,000)	R	($350,000)	R
70 Lighthouse Schools Eliminate funding for Lighthouse Schools under the Center for School Leadership Development	($260,000)	R	($260,000)	R
71 Strategic Initiative Reserve Reduce the UNC System President's Strategic Initiative Reserve that is used to fund special projects. The current reserve is funded at $3,000,000 per year. UNC-GA shall provide a detailed report to the Joint Legislative Commission on Education Oversight prior to March 1 annually on how these funds are spent. The $1 million remaining in this fund shall be used to provide transition funding to temporarily offset the effects of permanent position cuts at the Historically Black and Minority and smaller campuses.	($2,000,000)	R	($2,000,000)	R
University Expansion Funds				
72 Regular Term Enrollment Increase Fully funds the UNC Board of Governor's regular term enrollment increase, including the "hold-harmless" for those campuses losing enrollment. This funds an additional 2,435 full-time equivalent students.	$28,358,828 238.30	R	$28,358,828 238.30	R

	FY 2001-02		FY 2002-03	
73 Distance Education Enrollment Increase Fully funds the UNC Board of Governor's distance education enrollment increase requests. This funds 1,085 additional FTE students.	$12,178,135 96.30	R	$12,178,135 96.30	R
74 Faculty Productivity Increase faculty productivity by using existing tenure-stream faculty to help with projected enrollment growth. The campuses may have flexibility on the implementation. This reduction is for faculty paid from the code "1310 EPA Teaching Faculty" line.	($3,000,000)	R	($3,000,000)	R
75 Tuition Increase The Board of Governors recommended a 4% across-the-board tuition increase for the 2001-02 academic year. This adds an additional 5% across-the-board increase. The additional increase ranges from $41 to $93 a year for resident undergraduates.	($24,664,857)	R	($24,664,857)	R
76 Need-Based Student Financial Aid Adds additional funds to the existing need-based student financial aid program. The current direct appropriation for this program is $6.3 million.	$8,928,000	R	$8,928,000	R
77 Aid to Students Attending Private Colleges Provides funds to cover the projected enrollment increases in the funds for students attending private colleges. $2,346,210 is to cover the 1,192 additional students anticipated to receive the Legislative Tuition Grant (LTG). The State Contractual Scholarship (SCSF) program will increase by $880,000 to cover an additional 800 FTE students. The current appropriation for the LTG program and the SCSF is $75.7 million.	$3,226,210	R	$3,226,210	R
78 Education Cabinet/Research Council Funds This restores half of the non-recurring appropriation made during the last fiscal year for the Education Cabinet and the Education Research Council.	$250,000 2.00	R	$250,000 2.00	R
79 Scholarships for Teacher Assistants Pursuing Teaching Degrees Funds are appropriated to provide scholarships for teacher assistants	$1,000,000	R	$1,000,000	R
80 UNC Teacher Preparation Programs Through Distance Education Provides additional funds for all UNC teacher education programs across the state provided through distance education that do not have an on-campus residency requirement proportionate to their credit hour enrollment.	$2,000,000	R	$2,000,000	R
81 Genomics, Bioinfomatics and Optoelectronics Research Initiatives Provides funds for the new genomics, bioinfomatics and optoelectronics research programs at UNC campuses.	$1,250,000	R	$1,250,000	R

	FY 2001-02		FY 2002-03	
82 NC A&T State University Matching Funds Provides funds to match federal funds for NC A&T State University's agricultural programs.	$530,000	R	$530,000	R
83 ECU Doctoral Status Funds Funds the last phase of the transition of ECU to Doctoral I status.	$1,500,000	R	$1,500,000	R
84 Progress Board Provides recurring funds for the Progress Board which is funded through the university system.	$250,000	R	$250,000	R
85 Closing the Achievement Gap Provides funds to support the Historically Minority College and University consortium initiative to close the achievement gap. Funds shall be allocated to UNC-General Administration for distribution to the consortium.	$250,000	R	$250,000	R
Total Legislative Changes	**($7,343,013)**	R	**($7,343,013)**	R
	($500,000)	NR		
Total Position Changes	-140.45		-140.45	
Revised Budget	**$1,797,080,787**		**$1,804,865,842**	

Community Colleges

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$648,021,974		$648,021,974	
Legislative Changes				
A. Community College System Offices				
86 Operating Efficiencies Eliminate the library ordering and receiving services and two library clerk positions totaling $59,543. Colleges will be responsible for ordering and receiving library materials. Eliminate a vacant educational consultant position and operating funds totaling $64,432. Eliminate a vacant position in the Office of the President totaling $23,396.	($197,923) -4.00	R	($197,923) -4.00	R
B. State Aid - Community College Institutions				
87 Compensatory Education Reduce the appropriation for Compensatory Education from $1,150,537 to $1,000,000.	($150,537)	R	($150,537)	R
88 Worker's Compensation Reduce the appropriation for Worker's Compensation from $976,629 to $703,702 to reflect actual expenditures.	($272,927)	R	($272,927)	
89 Unemployment Compensation Reduce the appropriation for Unemployment Compensation from $521,766 to $440,751 to reflect actual expenditures.	($81,015)	R	($81,015)	R
90 Reduce Liability Insurance Reduce the appropriation for Liability Insurance from $53,000 to $33,000 to match actual expenditures.	($20,000)	R	($20,000)	R
91 Eliminate Priority Programs Eliminate Priority Programs since this item was intended to support federal funds that are no longer available.	($43,812)	R	($43,812)	R
92 Reduce Human Resource Development Funds Reduce the appropriation for Human Resource Development from $6,951,895 to $4,000,000. The program will be reorganized and the classes will be offered as Occupational Continuing Education classes.	($2,951,895)	R	($2,951,895)	R
93 Community Service Block Grant Adjustment Reduce the funds allocated for hobby/leisure courses from $1,817,738 to $1,500,000. Colleges will make every effort to ensure that this reduction does not result in a lessening of senior services.	($317,738)	R	($317,738)	R

	FY 2001-02		FY 2002-03	
94 Eliminate the State Subsidy to Private Diploma Nursing Programs Eliminate the State subsidy to private diploma nursing programs.	($200,000)	R	($200,000)	R
95 Adjustment for Over-realized Receipts Increase the budgeted amount of tuition and registration fees to more accurately reflect anticipated receipts.	($700,000)	R	($700,000)	R
96 Enrollment Adjustment Provide funds for community college enrollment growth in accordance with the enrollment funding formula.	$10,000,000	R	$10,000,000	R
97 Faculty and Professional Staff Salary Enhancements Gives the community college system an additional 1.25% for faculty and professional staff salary increases. This increase of $6.9 million in recurring funds is located in the Compensation Reserves section of the budget.				
98 Increase Curriculum Tuition Charge Increase the in-state tuition charge per credit hour by $2.50 from $27.50 to $30.00. Increase the out-of-state tuition charge per credit hour by $2.50 from $169.75 to $172.25. It is anticipated that for most students this increase will be off-set by federal and state financial assistance programs.	($6,932,665)	R	($6,932,665)	R
99 Increase Institutional and Academic Support Increase the allocation for the institutional and academic support formula to address the needs of colleges in response to student demand for services.	$3,000,000	R	$3,000,000	R
100 Other Cost Adjustment Provide a 2% inflationary increase to the "Other Cost" part of the funding formula. Increase amount allocated per FTE for "Other Cost" from $175 to $178.50.	$521,206	R	$521,206	R
101 Maintenance of Plant Increases the Maintenance of Plant appropriation from $513,668 to $787,877. The purpose of this increase is to hold harmless those colleges that had been receiving Maintenance of Plant funds when an additional school became eligible.	$274,209	R	$274,209	R
C. Specialized Technology Centers				
102 Criminal Justice Reorganization Reorganize the Criminal Justice Regional Planning and Training Program into three regions to be determined by the System Office. Reduce the appropriation for the Criminal Justice program from $689,896 to $339,896.	($350,000) -3.00	R	($350,000) -3.00	R
D. Reserves and Other Funds				
103 Reduce State Board Reserve Reduce the appropriation for the State Board Reserve from $1,150,000 to $1,000,000.	($150,000)	R	($150,000)	R

House Subcommittee on Education	FY 2001-02		FY 2002-03	
104 Increase Need-Based Financial Aid Increase the Need Based Financial Aid fund from $5,000,000 to $6,062,806.	$1,062,806	R	$1,062,806	R
Total Legislative Changes	**$2,489,709**	R	**$2,489,709**	R
Total Position Changes	-7.00		-7.00	
Revised Budget	**$650,511,683**		**$650,511,683**	

HEALTH
&
HUMAN SERVICES
Section G

Health and Human Services

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$3,471,730,643**		**$3,725,304,459**	
Legislative Changes				
(1.0) Division of Mental Health				
1 Various Contracts	($920,345)	R	($920,345)	R
Eliminates the following contracts:				
UNC-CH Ctr for the Study of Development and Learning 250,000				
Life Plan Trust, Inc. 45,930				
Duke University 12,006				
Reduces the following:				
NC State Center of Urban Affairs 265,227				
Governor's Institute on Alcohol and Substance Abuse, Inc. 100,000				
Council on the Accreditation of Services for Families and Children 247,182				
2 Medicaid Receipts for EATP at Wilson	($465,338)	R	($465,338)	R
Reduces state appropriations in anticipation of Medicaid receipts for the adolescent beds in the state's Eastern Adolescent Treatment Program located in Wilson.				
3 Oakview Program	($600,055)	R	($600,055)	R
Eliminates state appropriations for an apartment program for adolescents which is no longer in use.	-16.50		-16.50	
4 Medical/Surgical Unit at Dix Hospital	($420,982)	R	($420,982)	R
Reduces appropriations for a medical/surgical unit located at Dix Hospital which was closed in October 2000. Medical/surgical services will be provided via contract.				
5 Administration in Area Programs	($1,500,000)	R	($1,500,000)	R
Reduces state appropriations to area mental health programs and directs DHHS to develop and implement guidelines to bring administrative costs at area programs into a more reasonable range.				
6 Position Eliminations	($968,941)	R	($968,941)	R
	-15.00		-15.00	
7 Medical Services Director Contract	($134,695)	R	($134,695)	R
Eliminates a contract with UNC-CH for the services of a medical director for the Division.				

	FY 2001-02		FY 2002-03	
8 State Appropriations to State MR Centers Reduces state appropriations to the five (5) state mental retardation centers in accordance with the State's 4% Downsizing Plan.	($2,900,000)	R	($2,900,000)	R
9 Improved Efficiencies for Hospital Operations Transfers responsibility for Cherry Hospital laundry operations to the Department of Corrections Enterprise Industries.	($1,079,242)	R	($1,079,242)	R
10 Medicaid Receipts on Child/Adolescent Beds Reduces state appropriations in anticipation of receipts for the child and adolescent beds in state psychiatric hospitals.	($1,343,780)	R	($1,343,780)	R
11 Neurobehavioral Treatment Unit Eliminates funding for the creation of a new neurobehavioral treatment unit for individuals with traumatic brain injury (to be located at the state's Black Mountain Center).	($571,526) -51.00	R	($571,526) -51.00	R
(2.0) Division of Social Services				
12 County Program Integrity Worker Funding Eliminates a grant-in-aid to all counties for program integrity activities.	($2,500,000)	R	($2,500,000)	R
13 State/County Special Assistance Inflation Adjust. Eliminates 25% of the new inflationary increase associated with a rate adjustment. Effective 10/01/01 the monthly rate will increase to $1,084.	($565,909)	R	($565,909)	R
14 Position Eliminations Eliminates 21 positions.	($766,047) -21.00	R	($766,047) -21.00	R
15 Excess State/County Special Assistance Reduces excess state appropriations in the State/County Special Assistance program.	($2,751,750)	R	($2,751,750)	R
16 Family Resource Centers Reduces state funds for Family Resource Centers and directs DHHS to allocate the remaining funds based on program performance.	($250,000)	R	($250,000)	R
17 Child Support Call Center (Raleigh) Eliminates state appropriations for new positions established during 2000 to expand the Raleigh-based Child Support Call Center.	($352,101) -19.00	R	($352,101) -19.00	R
18 Work First Transfer to General Assembly Eliminates the transfer of funds to offset the cost of the Joint Legislative Public Assistance Commission which is being repealed.	($40,000)	R	($40,000)	R
19 Regional Office Positions Eliminates 7 regional office clerical positions. Other personnel will absorb associated job duties.	($155,784) -7.00	R	($155,784) -7.00	R

	FY 2001-02		FY 2002-03	
20 Various Contracts Eliminates the following:	($567,743)	R	($567,743)	R
Work Central Call Support Ctr $155,850				
Reduces the following:				
Appalachian State University 60,000 Tier, Inc. 301,893 NC DSS Director's Association 50,000				
21 Families for Kids Funding Reduces State funds for Families for Kids initiative.	($500,000)	R	($500,000)	R
22 Carolina ACCESS County Positions Eliminates Carolina ACCESS county positions located in county departments of social services.	($1,236,492)	R	($1,236,492)	R
(3.0) Division of Medical Assistance				
23 Optional Services Eliminates optional circumcision procedures except in cases of medical necessity.	($246,762)	R	($400,000)	R
24 Drug Utilization Management Implements various drug utilization measures to contain the cost of prescription drugs as recommended by the "North Carolina Medicaid Benefit Study".	($13,000,000)	R	($25,500,000)	R
25 Carolina ACCESS Program Reduces funding for Carolina ACCESS Program by 50%.	($4,000,000)	R	($4,000,000)	R
26 Position Eliminations	($252,218)	R	($252,218)	R
	-11.00		-11.00	
27 ACCESS Medical Director Contract Eliminates the contract for the medical director for the Carolina ACCESS program as recommended by the "North Carolina Benefit Study".	($87,500)	R	($87,500)	R
28 Dispensing Fee for Drugs Reduces the dispensing fee for prescription drugs from $5.60 to $5.00 per prescription.	($2,587,500)	R	($3,408,128)	R
29 Generic Drugs Implements increased utilization of generic drugs.	($1,000,000)	R	($1,000,000)	R
30 New Inflationary Increases Reduces new inflationary increases for most services by 25%.	($5,000,000)	R	($7,500,000)	R

	FY 2001-02		FY 2002-03	
31 Co-payments for Prescription Drugs Increases co-payments for prescription drugs from $1 to $3 per prescription.	($6,000,000)	R	($9,000,000)	R
32 Medicaid Hospital Outpatient Copays Implements minimal copays (maximum of $50)for hospital outpatient treatment services.	($570,000)	R	($570,000)	R
33 ICF/MR Rate Adjustment Adjusts rates for private Intermediate Care Facilities for the Mentally Retarded to reflect actual costs and eliminate profit.	($2,631,380)	R	($2,723,225)	R
(4.0) Office of the Secretary				
34 Contract Eliminates a contract for personal services in support of a Medicaid waiver proposal, activities will be absorbed by existing staff.	($21,344)	R	($21,344)	R
35 Community Action Agency Funds Eliminates state appropriations to Community Action Agencies in lieu of increased federal grant funds.	($300,000)	R	($300,000)	R
36 Position Eliminations Eliminates 57 positions.	($3,373,104)	R	($3,373,104)	R
	-57.00		-57.00	
37 Welfare Automation Fund Reduces state appropriations to the fund which supports automation enhancement in the Work First Program.	($1,500,000)	R	($1,500,000)	R
(5.0) Division of Child Development				
38 Position Eliminations	($540,531)	R	($540,531)	R
	-15.00		-15.00	
39 Smart Start ($48,500,000) Reduces the Governor's proposed increase in Smart Start continuation funding - funds not yet received by local partnerships. ($10,000,000) Reduces state appropriations to the North Carolina Partnership for Children, state administration and local partnership operations. This reduction is minimized by policy changes in how funds are utilized for quality improvements and a prohibition on the use of funds for capital/equipment projects.	($58,500,000)	R	($58,500,000)	R

	FY 2001-02		FY 2002-03	
40 Various Contracts Eliminates contracts for the following: Personal Services contract for child abuse curriculum development $15,000 Child Care Services Association, Inc. 25,000	($40,000)	R	($40,000)	R
41 Smart Start Evaluation Reduces state funds for evaluation activities for Smart Start and directs DHHS to contract for a more focused review of Smart Start activities directly related to kindergarten readiness.	($500,000)	R	($500,000)	R
42 Early Head Start Eliminates state appropriations in lieu of increased federal Early Head Start funds.	($549,478)	R	($549,478)	R
(6.0) Division of Vocational Rehabilitation				
43 Position Eliminations	($58,770)	R	($58,770)	R
	-3.00		-3.00	
(7.0) Division of Public Health				
44 Position Reductions	($237,995)	R	($237,995)	R
	-7.59		-7.59	
45 Vital Record Receipts Adjusts the budget to accurately reflect the amount of receipts to be collected for the sale of vital records.	($60,000)	R	($60,000)	R
46 Newborn Screening Program Reduces state appropriations in anticipation of increased Medicaid Receipts.	($2,050,000)	R	($2,050,000)	R
47 Position Eliminations	($599,325)	R	($599,325)	R
	-7.00		-7.00	
48 Position Transfers Transfers the following positions from Division of Early Intervention and Education into Division of Public Health, Women's and Children's Health Section: Audiologists: 4425-1231-1211-921, 4429-1536-1211-020; Speech and Language Pathologist: 4429-1526-1211-027; Language/Communication Specialist: 4429-1516-1251-004; Social Workers: 4425-1231-1211-920, 4429-1526-1211-026, and 4429-1536-1211-019				

	FY 2001-02		FY 2002-03	
49 Various Contracts Reduces the Healthy Start Foundation contract by $150,000. Eliminates the following contracts: Association of NC Boards of Health - $100,000, Mecklenburg County Mental Health Authority - $86,144, NC Fair Share - $10,000, Pennsylvania State University - $53,355, UNC (Hypertension Data Analysis) - $10,000, UNC Family Services Network - $223,561, UNC School of Public Health - $225,000, and UNC School of Public Health - $127,494	($985,554)	R	($985,554)	R
50 Nurse Midwifery Program Eliminates funding for the Nurse Midwifery Program which funds start-up midwifery practices.	($340,000)	R	($340,000)	R
51 Sickle Cell Prog. Ed. Counselors Reduces state appropriations in anticipation of increased Medicaid receipts.	($54,633)	R	($54,633)	R
52 Health Promotion Activities Reduces state appropriations for Health Promotion activities.	($1,000,000)	R	($1,000,000)	R
53 Rural Obstetrics Incentive Program Eliminates Rural Obstetrics Incentive Program which pays a portion of the mal-practice insurance for doctors in rural areas to encourage them to treat Medicaid patients.	($1,255,000)	R	($1,255,000)	R
(8.0) Division of Education Services				
54 Position Eliminations	($1,257,983) -23.00	R	($1,257,983) -23.00	R
55 Central School for the Deaf Savings from the Department of Health and Human Service's closure of the Central North Carolina School for the Deaf.	($1,200,000)	R	($1,200,000)	R
56 Developmental Eval. Centers Reduces state appropriations in anticipation of increased Medicaid receipts.	($457,271)	R	($457,271)	R
57 State-Operated Deaf Preschools Reduces appropriations to the state-operated preschool centers and transitions the children from these centers to other preschool sites and services.	($384,997)	R	($384,997)	R
58 Various Contracts Reduces the contract to Beginnings by $200,000, and personal services for audiological management by $87,240.	($287,240)	R	($287,240)	R
59 Position Eliminations Eliminates 23 teacher and teacher assistant positions in the state-operated deaf preschools, as a result of transitioning children to other preschool sites and services.	($778,495) -23.00	R	($778,495) -23.00	R

	FY 2001-02		FY 2002-03	
60 Reorganization/Changes Eliminates state appropriations in the areas of administration and other recent budget revisions that reduced the budget of the Central North Carolina School for the Deaf to enhance the Division's central office.	($2,000,000)	R	($2,000,000)	R
61 Contracts to LEAs Eliminates the contracts with Local Education Agencies that were set-up to supplement educating hearing-impaired children transitioning out of the Central North Carolina School for the Deaf.	($984,000)	R	($984,000)	R
(9.0) Division of Aging				
62 Area Agency on Aging (AAA) Administration Funds Reduces $200,000 in administrative funding for 17 Area Agencies on Aging. The Division will implement strategies to reduce overall administrative costs.	($200,000)	R	($200,000)	R
63 UNC CARES Contract Eliminates State funding for a contract with UNC-Chapel Hill for planning and evaluation services. The Division will assume the duties of the contract.	($50,000)	R	($50,000)	R
64 Position Eliminations Eliminates 4 positions.	($55,563)	R	($55,563)	R
	-4.00		-4.00	
(10.0) Division of Blind Services/Deaf				
65 Position Eliminations	($50,130)	R	($50,130)	R
	-1.00		-1.00	
66 Medical Eye Care Program Reduces excess funding in the Medical Eye Care Program.	($100,000)	R	($100,000)	R
(11.0) Division of Facility Services				
67 Fire Protection Revolving Loan Fund Eliminates appropriations in the Fire Protection Revolving Loan Fund.	($195,267)	NR	$0	NR
68 Fees for Health/Social Care Facilities Reduces appropriations by Implementing fees for health and social care facilities regulated by the Division of Facility Services.	($1,372,690)	R	($1,372,690)	R
69 EMS Regional Grants Eliminates Emergency Medical Services Regional Grants.	($544,397)	R	($544,397)	R
70 Position Eliminations	($313,274)	R	($313,274)	R
	-5.00		-5.00	

	FY 2001-02		FY 2002-03	
71 Receipts for Mental Health Licensure Increases receipts from Medicaid to support Mental Health Licensure.	($250,000)	R	($250,000)	R
(12.0) Division of Mental Health				
72 Community Programs Provides funds for area mental health programs as follows: Assertive Community Treatment Teams for non-Medicaid clients $433,000 Family Support Activities 300,000 Substance Abuse Services to Special Populations 1,000,000 Expand Capacity for Detoxification, Residential and Outpatient Services 1,500,000	$3,233,000	R	$3,233,000	R
73 Security Staff Increases appropriations and staff due to a transfer of security responsibilities from the Juvenile Evaluation Center to the Julian F. Keith ADATC and the Black Mountain Center.	$248,435 6.00	R	$248,435 6.00	R
74 Funds for At-Risk Children Provides recurring funds for direct services to seriously disturbed children (funds were appropriated as non-recurring since FY98/99).	$4,353,000	R	$4,353,000	R
75 Housing Support for the Mentally Ill Provides matching funds to draw down federal funds for support of additional housing placements for the mentally ill.	$1,000,000	R	$1,000,000	
76 Autism Funds Provides $450,000 for administrative and operational funds to the Autism Society of North Carolina; provides $290,000 to be transferred to UNC-CH, Division of TEACCH to meet the needs of people with autism (funds shall not be used by UNC-CH for administrative costs).	$740,000	R	$740,000	R
(13.0) Division of Social Services				
77 Food Banks Provides funds to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	NR	$0	NR
78 Child Support Receipt Shortfall Increases state appropriations in child support operations due to an ongoing receipt shortfall.	$8,000,000	R	$8,000,000	R
(14.0) Division of Medical Assistance				
79 Cost Containment Support Reserve Provides funds in a reserve to support cost containment efforts for the Medicaid Program.	$1,000,000	R	$1,000,000	R

	FY 2001-02		FY 2002-03	
80 Federal Financial Participation Rate Provides increased funding for the Medicaid Program due to a decrease in the federal financial participation rate.	$35,000,000	R	$79,000,000	R
81 Breast and Cervical Cancer Coverage Provides funding for Medicaid coverage for uninsured women under age 65 with breast or cervical cancer. Includes state costs for administration.	$622,000 1.00	R	$1,215,925 1.00	R
82 CAP-MR/DD Slots Provides additional slots in the Community Alternative Program for the Mentally Retarded/Developmentally Disabled.	$1,500,000	R	$1,500,000	R
83 Community Alternatives Program for Children Provides additional slots for the Community Alternatives Program for Children.	$500,000	R	$500,000	R
84 Health Choice Provides funding for increasing the enrollment for NC Health Choice to 82,000 children.	$8,000,000	R	$12,500,000	R
(15.0) Division of Public Health				
85 Healthy Carolinians Provides funding for Healthy Carolinians task forces throughout the state.	$1,000,000	NR	$0	NR
86 Varicella Vaccine Provides funding for varicella vaccinations for approximately 20,000 children.	$752,761	R	$752,761	R
87 Osteoporosis Task Force Provides funding to continue activities of the Osteoporosis Task Force.	$125,000	NR	$0	NR
88 Prescription Drug Access Project Provides funding to support a centralized system for accessing free and low cost drugs through pharmaceutical companies.	$200,000	R	$200,000	R
89 AIDS Drug Assistance Program Increases funding for the AIDS Drug Assistance Program that pays for prescription drugs for qualified HIV and AIDS patients.	$500,000	R	$500,000	R
90 Asthma Education Program Provides funding to support asthma management, control, surveillance, and education.	$250,000	NR	$0	NR
91 Healthy Start Foundation Provides funds for Healthy Start Foundation to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.	$400,000	NR	$0	NR

	FY 2001-02		FY 2002-03	
92 Office of Minority Health Funds Office of Minority Health activities to reduce health disparities.	$200,000	NR	$0	NR
93 Medical Day Care Pilot Project Provides funding for a start-up medical daycare center.	$100,000	R	$100,000	R
94 Heart Disease and Stroke Prevention Funds Heart Disease and Stroke Prevention Task Force activities.	$100,000	NR	$0	NR
95 Prevention of Birth Defects Provides funding for education and awareness activities on the importance of folic acid consumption preceding pregnancy, to effectively prevent neural tube birth defects.	$200,000	NR	$0	NR
96 Alice Aycock Poe Center for Health Education Provides grant-in-aid to the Alice Aycock Poe Center for health education.	$200,000	R	$200,000	R
(16.0) Office of the Secretary				
97 North Carolina Council on the Holocaust Provides funds for the Holocaust education in the public schools.	$50,000	NR	$0	NR
98 HIV/AIDS Prevention Initiative Creates a position in the Office of the Secretary, to coordinate the awareness and education activities of the HIV/AIDS Prevention Initiative. The funding for this position and enhanced awareness and education activities is appropriated in the Social Services Block Grant.	1.00		1.00	
99 Adult Care Home Rate Methodology Provides funds to the General Assembly to establish a methodology for rate setting for adult care homes.	$50,000	NR	$0	NR
100 "More At Four" Prekindergarten Pilot Establishes the "More At Four" prekindergarten pilot program for at-risk four year olds.	$6,456,500	R	$6,456,500	R
(17.0) Division of Vocational Rehabilitation				
101 Independent Living Provides additional funding for statewide case services needs.	$700,000	NR	$0	NR

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($65,812,168)**	**R**	**($35,783,954)**	**R**
	$3,879,733	**NR**	**$0**	**NR**
Total Position Changes	-278.09		-278.09	
Revised Budget	**$3,409,798,208**		**$3,689,520,505**	

NATURAL & ECONOMIC RESOURCES Section H

Housing Finance Agency

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	$5,300,000	$5,300,000
Legislative Changes		
Housing Finance Agency		
1 **No Continuation Budget Adjustments**		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$5,300,000	$5,300,000

Agriculture and Consumer Services

GENERAL FUND

Recommended Budget	FY 2001-02 $56,695,276		FY 2002-03 $56,695,276	
Legislative Changes				
Administration/Public Affairs				
2 Eliminate Vacant Positions Eliminate positions and reduce operating support. Administrative Secretary III ($40,351) Information and Communication Specialist II ($41,978) Operating Support ($ 7,000)	($89,329) -2.00	R	($89,329) -2.00	R
3 Reduce Line Items Reduce various operating line items within Administration and Public Affairs.	($15,097)	R	($15,097)	R
4 Reduce Ag in the Classroom Reduce grant-in-aid to the NC Farm Bureau for the Ag in the Classroom program.	($6,250)	R	($6,250)	R
5 Create Gasoline/Natural Gas Reserve Provides funds to be placed in a reserve and allocated to divisions for gasoline and natural gas needs.	$110,709	R	$110,709	R
6 Create Laboratory Reserve Establish reserve for laboratory equipment to be allocated to divisions on a priority needs basis.	$150,000 $100,802	R NR	$150,000	R
Agricultural Finance Authority				
7 Reduce Line Items Reduce operating support to the Agricultural Finance Authority.	($28,566)	R	($28,566)	R
Agricultural Statistics				
8 Eliminate Vacant Positions Eliminate positions and reduce operating support. Data Entry Supervisor I ($25,331) Statistical Assistant IV ($29,373) Operating Support ($ 7,000)	($61,704) -2.00	R	($61,704) -2.00	R
Agronomic Services				
9 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($41,800)	R	($41,800)	R

	FY 2001-02		FY 2002-03	
10 Eliminate Vacant Position Eliminate Data Entry Operator II position and reduce $3,500 in operating support.	($37,911) -1.00	R	($37,911) -1.00	R
11 Reduce Scientific Supplies Reduce scientific supplies line item.	($6,850)	R	($6,850)	R
Aquaculture and Natural Resources				
12 Reduce Line Items Reduce various operating line items within Aquaculture and Natural Resources.	($5,550)	R	($5,550)	R
Commissioner's Office				
13 Farmland Preservation Trust Fund Provides funds for the Farmland Preservation Trust Fund.	$250,000	NR		
Food and Drug Protection				
14 Reduce Line Items Reduce various operating line items within the Division.	($101,066)	R	($101,066)	R
15 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Technical Trainer II ($37,688) Pesticide Specialist I ($36,904) Processing Assistant III ($30,855) Chemistry Technician I ($33,522) Operating Support ($14,000)	($152,969) -4.00	R	($152,969) -4.00	R
16 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($22,000)	R	($22,000)	R
Food Distribution				
17 Reduce Line Item Reduce trailers line item.	($29,000)	R	($29,000)	R
Marketing				
18 Eliminate Positions Eliminate positions and reduce operating support. Maintenance Mechanic I ($27,857) Int'l. Marketing Specialist II ($53,861) General Utility Worker ($22,535) Operating Support ($10,500)	($114,753) -3.00	R	($114,753) -3.00	R

	FY 2001-02		FY 2002-03	
19 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Facility Agric. Engineer II ($77,140) Office Assistant III ($24,921) Operating Support ($ 7,000)	($109,061) -2.00	R	($109,061) -2.00	R
20 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($124,300)	R	($124,300)	R
21 Reduce Raleigh Farmers' Market Transfer Reduce General Fund transfer to the Raleigh Farmers' Market.	($80,000)	R	($80,000)	R
22 Reduce Western NC Ag Center/Mountain State Fair Reduce General Fund transfer to the Western NC Agricultural Center/Mountain State Fair Enterprise Fund.	($20,000)	R	($20,000)	R
23 Reduce Western NC Development Association Reduce grant-in-aid to the Western North Carolina Development Association.	($5,000)	R	($5,000)	R
Plant Industry				
24 Eliminate Vacant Positions Eliminate positions and reduce operating support. Ag Research Technician I (0.50 FTE) ($13,340) Chemistry Technician II ($31,567) Processing Assistant II ($29,462) Office Assistant III ($27,569) Operating Support ($12,250)	($114,188) -3.50	R	($114,188) -3.50	R
25 Reduce Line Items Reduce various line items in the Division.	($64,485)	R	($64,485)	R
26 Increase Gypsy Moth Control Funds Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.	$65,719	R	$65,719	R
Research Stations/State Farms				
27 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Agricultural Research Assistant I ($30,425) Agricultural Research Assistant I ($23,387) Agricultural Research Assistant ($22,980) Maintenance Mechanic IV ($35,224) Operating Support ($14,000)	($126,016) -4.00	R	($126,016) -4.00	R

	FY 2001-02		FY 2002-03	
28 Reduce Vehicles Reduce other motorized vehicles line item.	($122,500)	R	($122,500)	R
Standards				
29 Reduce Line Items Reduce various operating line items within the Division.	($18,000)	R	($18,000)	R
30 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($79,754)	R	($79,754)	R
	-2.00		-2.00	
Standards Inspector II ($32,403) Standards Inspector I ($40,351) Operating Support ($ 7,000)				
Structural Pest				
31 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($7,160)	R	($7,160)	R
32 Reduce Line Items Reduce various line items within the Division.	($2,140)	R	($2,140)	R
Veterinary Services				
33 Meat and Poultry Inspection Eliminate vacant Meat and Poultry Inspector positions, associated receipts, and operating support.	($96,464)	R	($96,464)	R
	-5.00		-5.00	
Meat and Poultry Inspectors (5.00 FTE) and Associated Receipts ($78,964) Operating Support ($17,500)				
34 Reduce Scientific Supplies Reduce scientific supplies line item.	($3,460)	R	($3,460)	R
35 Eliminate Positions Eliminate positions and reduce operating support.	($141,863)	R	($141,863)	R
	-3.00		-3.00	
Veterinarian ($84,442) Vet Laboratory Assistant I ($23,851) Vet Laboratory Assistant I ($23,070) Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($1,500,808)**	**R**	**($1,500,808)**	**R**
	$350,802	**NR**		
Total Position Changes	-31.50		-31.50	
Revised Budget	**$55,545,270**		**$55,194,468**	

Labor

	GENERAL FUND			
Recommended Budget	**FY 2001-02**		**FY 2002-03**	
	$16,617,178		**$16,617,178**	
Legislative Changes				
Administrative Programs				
36 Reduce Operating Support Reduce funding for furniture, equipment, software, library resources, and overtime pay.	($50,563)	R	($50,563)	R
37 Eliminate Vacant Position Eliminate vacant positions and reduce operating support. Labor Conciliator ($53,110) Data Entry Operator II ($26,656) Operating Support ($7,000)	($86,766) -2.00	R	($86,766) -2.00	R
38 Budget Indirect Cost Receipts Budget over-realized indirect cost receipts and reduce General Fund appropriation by an equal amount.	($93,961)	R	($93,961)	R
39 Reserve for Computer Upgrades Provides funds for replacement of PCs and outdated software.	$30,241	NR		
Apprenticeship & Training				
40 Eliminate Vacant Position Eliminate vacant Apprenticeship Representative position and reduce $3,500 in operating support.	($40,404) -1.00	R	($40,404) -1.00	R
41 Reduce Operating Support Reduce funding for furniture, equipment, computer services, and library resources.	($15,310)	R	($15,310)	R
Elevator & Amusement Inspections				
42 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($21,203)	R	($21,203)	R
Labor Standards				
43 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($18,990)	R	($18,990)	R

	FY 2001-02		FY 2002-03	
Mine/Quarry Inspection				
44 Eliminate Vacant Position Eliminate vacant Processing Assistant III position and reduce $3,500 in operating support.	($34,018) -1.00	R	($34,018) -1.00	R
45 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($13,086)	R	($13,086)	R
OSHA				
46 Reduce Operating Support Reduce funding for furniture, equipment, and library resources.	($35,887)	R	($35,887)	R
47 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Safety Officer ($41,942) Safety Officer (0.50 FTE) ($24,440) Operating Support ($5,250)	($71,632) -1.50	R	($71,632) -1.50	R
48 Shift Positions to Federal Funding Shift funding source for positions from General Fund to federal funds and reduce operating support. Office Assistant III ($26,339) Processing Assistant III ($26,794) Industrial Health Inspector ($49,909) Industrial Health Inspector ($50,410) Operating Support ($14,000)	($167,452) -4.00	R	($167,452) -4.00	R
49 Restore Safety Officer Position Restore funding for General Fund half of Safety Officer position. Other half of position is federally funded.	$25,000 0.50	R	$25,000 0.50	R
Total Legislative Changes	**($624,272)** **$30,241**	R NR	**($624,272)**	R
Total Position Changes	-9.00		-9.00	
Revised Budget	**$16,023,147**		**$15,992,906**	

Environment & Natural Resources

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$164,902,678**		**$164,902,678**	
Legislative Changes				
(1.00) Administration				
50 Abolish Deputy Secretary of Operations Position Abolish Deputy Secretary of Operations position.	($46,324)	R	($46,324)	R
	-1.00		-1.00	
51 Eliminate Vacant Positions Eliminate vacant positions within Administration.	($172,156)	R	($172,156)	R
	-4.00		-4.00	
Safety Director II ($58,212) EHNR Personnel Officer (0.50 FTE) ($41,609) Accounting Clerk IV ($14,714) Office Assistant III ($24,921) Applications Analyst Prog. I (0.50 FTE) ($32,700)				
52 Eliminate Position in Regional Office Eliminate Office Assistant III position.	($26,122)	R	($26,122)	R
	-1.00		-1.00	
53 Eliminate Positions Eliminate 2 Administrative Assistant positions.	($45,000)	R	($45,000)	R
	-2.00		-2.00	
(2.00) Aquariums				
54 Increase Receipts Budget increased receipts and reduce General Fund appropriation by an equal amount.	($500,000)	R	($500,000)	R
55 Eliminate Positions Eliminate two vacant positions and one filled position and reduce operating support.	($81,037)	R	($81,037)	R
	-3.00		-3.00	
General Utility Worker ($22,145) General Utility Worker ($22,145) Office Assistant III ($26,247) Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
(2.00) Forest Resources				
56 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($153,887)	R	($153,887)	R
	-3.00		-3.00	
Forestry Pilot II ($51,896) Exten.Education and Training Specialist I ($47,803) Administrative Assistant I ($43,688) Operating Support ($10,500)				
57 Increase Aircraft Lease Line Item Provides additional funds to lease a CL-215 during fire season.	$200,000	R	$200,000	R
(2.00) Marine Fisheries				
58 Reduce Fisheries Resource Grant Program Reduce funds to the Fisheries Resources Grant Program.	($250,000)	R	($250,000)	R
59 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($206,928)	R	($206,928)	R
	-6.00		-6.00	
Marine Fisheries Officers III(2 FTEs) ($70,968) Medical Lab Technician I ($28,260) Information & Communications Specialist ($27,056) Data Entry Operator ($20,819) Submerged Lands Program Director ($38,825) Operating Support ($21,000)				
(2.00) Museum of Natural Sciences				
60 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV position and reduce $3,500 in operating support.	($40,655)	R	($40,655)	R
	-1.00		-1.00	
61 Reduce Grassroots Science Museums Reduce funding for the Grassroots Science Museums.	($415,480)	R	($415,480)	R
62 Increase Funds for Temporary Staff Provides funds for the Museum to contract for temporary services.	$50,000	R	$50,000	R
63 Add New Grassroots Science Museums Adds the following museums to the Grassroots Science Museum Collaborative at $50,000 each: Highlands Biological Station Carolina Raptor Center Fascinate-U Wilmington Children's Museum	$200,000	R	$200,000	R

	FY 2001-02		FY 2002-03	
(2.00) NC Zoological Park				
64 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($190,722)	R	($190,722)	R
	-5.50		-5.50	
Maintenance Mechanic II ($28,768) Housekeeper ($12,126) Info & Communications Specialist ($39,307) Grounds Worker ($23,238) Administrative Assistant II ($37,898) Cashier I ($28,385) Operating Support ($21,000)				
65 Increase Receipts Budget increased receipts due to recent fee increase at the Zoo and reduce General Fund appropriations by an equal amount.	($435,000)	R	($435,000)	R
(2.00) Office of Environmental Education				
66 Eliminate Vacant Position Eliminate vacant Educational Development Consultant position and reduce $3,500 in operating support.	($51,952)	R	($51,952)	R
	-1.00		-1.00	
(2.00) Parks and Recreation				
67 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($180,628)	R	($180,628)	R
	-5.00		-5.00	
Accounting Clerk III ($25,590) Volunteer Services Coordinator ($39,634) Park Ranger II ($35,582) Park Ranger II ($31,702) Park Ranger II ($30,620) Operating Support ($17,500)				
(2.00) Soil and Water Conservation				
68 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($84,311)	R	($84,311)	R
	-2.00		-2.00	
Environmental Supervisor I ($47,514) Processing Assistant IV ($29,797) Operating Support ($ 7,000)				
69 Shift Position to Receipt Support Shift funding for a Computer Consultant III position (0.19 FTE) and reduce $665 in operating support.	($13,499)	R	($13,499)	R
	-0.19		-0.19	
70 Decrease Agriculture Cost Share Financial Asst. Reduce funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.	($1,000,000)	R	($1,000,000)	R

	FY 2001-02		FY 2002-03	
71 Increase Agriculture Cost Share Technical Asst. Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design, and installation of agricultural best management practices (BMPs) to improve water quality.	$240,000	R	$240,000	R
(3.00) Air Quality				
72 Shift Position to Receipt Support Shift funding for an Environmental Technician II to receipt support and reduce $3,500 in operating support.	($33,031) -1.00	R	($33,031) -1.00	R
(3.00) Coastal Management				
73 Eliminate Position Eliminate Personnel Assistant V position and reduce $3,500 in operating support.	($34,671) -1.00	R	($34,671) -1.00	R
74 Shift Position to Receipt Support Shift funding for an Office Assistant III position to receipt support and reduce $3,500 in operating support.	($32,158) -1.00	R	($32,158) -1.00	R
(3.00) Environmental Health				
75 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($55,445) Word Processor III ($26,230) Operating Support ($ 7,000)	($88,675) -2.00	R	($88,675) -2.00	R
76 Shift Position to Receipt Support Shift funding for a Processing Assistant IV to receipt support and reduce $1,225 in operating support.	($11,351) -0.35	R	($11,351) -0.35	R
77 West Nile Virus Monitoring Funds for monitoring of sentinel flock for indication of West Nile Virus.	$100,000	NR		
78 Environmental Health Specialist Training Additional funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	R	$100,000	R
(3.00) Land Resources				
79 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer I ($40,709) Environmental Technician V ($33,998) Operating Support ($ 7,000)	($81,707) -2.00	R	($81,707) -2.00	R

	FY 2001-02		FY 2002-03	
80 Shift Position to Receipt Support Shift funding for a Geologist III position to receipt support and reduce $3,500 in operating support. This is one of two remaining low level radioactive waste positions in DENR.	($67,610) -1.00	R	($67,610) -1.00	R
(3.00) Pollution Prevention/Environmental Asst.				
81 Eliminate Vacant Position Eliminate Office Assistant IV and reduce $3,500 in operating support.	($31,981) -1.00	R	($31,981) -1.00	R
(3.00) Radiation Protection				
82 Eliminate Position Eliminate Radiological Health Specialist position and reduce $3,500 in operating support. This is the last remaining low level radioactive waste position in DENR.	($40,190) -1.00	R	($40,190) -1.00	R
83 Eliminate Vacant Position Eliminate Administrative Assistant I position and reduce $3,500 in operating support.	($40,454) -1.00	R	($40,454) -1.00	R
(3.00) Waste Management				
84 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Administrative Secretary I ($35,135) Environmental Technician II ($27,056) Environmental Technician III ($29,668) Operating Support ($10,500)	($102,359) -3.00	R	($102,359) -3.00	R
(3.00) Water Quality				
85 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Chemistry Technician II ($38,770) Environmental Supervisor II ($74,544) Community Development Planner ($55,936) Personnel Assistant III ($25,556) Environmental Modeler II ($47,956) Environmental Engineer I ($43,934) Environmental Engineer I ($43,934) Applications Analyst Programmer II ($49,273) Operating Support ($28,000)	($407,903) -8.00	R	($407,903) -8.00	R
86 River Basin Modeling Additional funds for modeling activities related to river basin planning.	$127,564	NR		

	FY 2001-02		FY 2002-03	
(3.00) Water Resources				
87 Eliminate Vacant Position Eliminate Environmental Engineer II position and reduce $3,500 in operating support.	($53,692) -1.00	R	($53,692) -1.00	R
88 Central Coastal Plain Capacity Use Area Planning Funds for planning for alternative water sources in the Central Coastal Plain Capacity Use Area.	$23,505	R	$23,505	R
(4.00) Department Wide				
89 Implement Lease-Purchase Arrangement Implement lease-purchase arrangement for the purchase of major equipment for the following divisions: Forest Resources - Aircraft ($1,793,096) Forest Resources - Autos, Trucks & Buses ($431,151) Parks & Recreation - Autos, Trucks & Buses ($574,925) Water Quality - Scientific Equipment ($ 74,328)	($2,873,500)	R	($2,873,500)	R
90 Reduce Salary Reserve Reduce salary reserve throughout the Department.	($61,378)	R	($61,378)	R
91 Reduce Operating Support Reduce operating support throughout the Department.	($28,000)	R	($28,000)	R
92 Create Reserve for Information Technology Places funds in a reserve to support information technology needs throughout the Department.	$64,763	NR		
(5.00) Reserves and Special Funds				
93 Rivernet Water Quality Monitoring & Research Funds Reduce funds for the Rivernet Water Quality Monitoring project by $15,000 and for the Water Quality Workgroup by $20,000.	($35,000)	R	($35,000)	R
94 Resource Conservation and Development Councils Provides each of the state's nine Resource Conservation and Development Councils with a $20,000 grant.	$180,000	NR		
95 Reserve for Position - Environmental Health Places funds in a reserve for salary and operating support for a part-time Regional Environmental Health Specialist in the Division of Environmental Health. Funding is contingent upon the passage of HB635, Regulate Body Piercing.	$35,000 0.50	R	$35,000 0.50	R

House Subcommittee on Natural and Economic Resources	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($7,068,856)**	**R**	**($7,068,856)**	**R**
	$472,327	**NR**		
Total Position Changes	-57.54		-57.54	
Revised Budget	**$158,306,149**		**$157,833,822**	

Environment & Natural Resources - Clean Water Management Trust Fund

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$30,000,000**		**$30,000,000**	
Legislative Changes				
Clean Water Management Trust Fund				
96 Clean Water Management Trust Fund Decreases funds for the Clean Water Management Trust Fund.	($10,000,000)	R	($10,000,000)	R
Total Legislative Changes	**($10,000,000)**	R	**($10,000,000)**	R
Total Position Changes				
Revised Budget	**$20,000,000**		**$20,000,000**	

Commerce

	GENERAL FUND			
Recommended Budget	**FY 2001-02**		**FY 2002-03**	
	$45,027,007		**$45,027,007**	
Legislative Changes				
Business & Industry				
97 Reduce Regional Office Positions	($52,800)	R	($52,800)	R
Reduce selected positions from 40 to 30 hours per week and reduce operating support.	-1.50		-1.50	
Program Assistant IV (0.25 FTE) ($7,597)				
Program Assistant IV (0.25 FTE) ($8,057)				
Program Assistant IV (0.25 FTE) ($7,097)				
Program Assistant IV (0.25 FTE) ($8,670)				
Program Assistant IV (0.25 FTE) ($6,678)				
Program Assistant V (0.25 FTE) ($9,451)				
Operating Support ($5,250)				
98 Eliminate Vacant Position	($52,772)	R	($52,772)	R
Eliminate vacant Industrial Development Representative II position and reduce $3,500 in operating support.	-1.00		-1.00	
99 Create Developer Positions	$150,000	R	$150,000	R
Provides funds for new Economic Developer positions and operating support.	2.00		2.00	
Center for Entrepreneurship & Technology				
100 Abolish Center For Entrepreneurship & Technology	($544,484)	R	($544,484)	R
Abolish Center for Entrepreneurship & Technology by eliminating 3 of 4 positions, operating support, and Reserve for New and Emerging Industries. Transfer remaining Economic Developer position to the Business & Industry Division.	-3.00		-3.00	
Executive Director ($101,562)				
Economic Developer ($77,451)				
Administrative Assistant III ($45,954)				
Operating Support ($119,517)				
Reserve for New & Emerging Ind ($200,000)				
Commerce Finance Center				
101 Industrial Recruitment Competitive Fund				
Continues support for the Industrial Recruitment Competitive Fund.	$1,080,642	NR		

	FY 2001-02		FY 2002-03	
Community Assistance				
102 Reduce Funding for Councils of Government Reduce funding for the Councils of Government (COGs) due to the closing of the Region H COG.	($55,000)	R	($55,000)	R
Department Wide				
103 Transfer from OSBPM - State Data Center Transfers a Statistician II position currently housed in the State Data Center within the State Planning Section of OSBPM to the Employment Security Commission. This position is responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for this position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	$0	R	$0	R
104 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	$371,302 3.00	R	$371,302 3.00	R
Industrial Commission				
105 Reduce Operating Support Reduce operating line items.	($44,061)	R	($44,061)	R
106 Eliminate Position Eliminate Processing Assistant IV position and reduce $3,500 in operating support.	($40,435) -1.00	R	($40,435) -1.00	R
107 Reduce Salary Reserve Reduce salary reserve for Applications Analyst Programmer position.	($2,698)	R	($2,698)	R
108 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Processing Assistant III ($27,672) Data Control Clerk III ($26,360) Processing Assistant III (.50 FTE) ($18,211) Computer Support Tech (.25 FTE) ($7,027) Operating Support ($9,625)	($88,895) -2.75	R	($88,895) -2.75	R
International Trade				
109 Research Triangle International Visitors Center Reduce general operating budget by 5%.	($1,000)	R	($1,000)	R

	FY 2001-02		FY 2002-03	
Marketing				
110 Reduce Advertising Reduce advertising line item.	($115,026)	R	($115,026)	R
Tourism, Film and Sports Development				
111 Eliminate Vacant Position Eliminate Information & Communication Specialist II position and reduce $3,500 in operating support.	($47,354) -1.00	R	($47,354) -1.00	R
112 Reduce Welcome Center Positions Reduce selected positions in Welcome Centers from 40 to 30 hours per week and reduce operating support.	($50,415) -2.00	R	($50,415) -2.00	R
General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,322) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,031) General Utility Worker (0.25 FTE) ($5,734) General Utility Worker (0.25 FTE) ($5,663) General Utility Worker (0.25 FTE) ($5,656) General Utility Worker (0.25 FTE) ($5,322) Operating Support ($7,000)				
113 Reduce Printing Reduce printing line-item.	($150,000)	R	($150,000)	R
114 Eliminate Advertising Reserve Eliminate advertising reserve.	($75,000)	R	($75,000)	R
115 Operating Support Additional funds for operating support.	$200,000	R	$200,000	R
116 Expand Heritage Tourism Funds for a position and operating support at one new heritage tourism site in Winston-Salem.	$50,000 1.00	R	$50,000 1.00	R
Wanchese Seafood Industrial Park				
117 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($110,060) -2.00	R	($110,060) -2.00	R
Community Development Specialist ($71,111) Processing Assistant ($31,949) Operating Support ($ 7,000)				

	FY 2001-02		FY 2002-03	
118 Eliminate General Fund Support/Fund Shift Position Eliminate remaining General Fund support for the Wanchese Seafood Industrial Park and shift position to receipt support. Revenues are sufficient to carry out operations, thereby enabling the Seafood Park to become self-supporting.	($53,259) -1.00	R	($53,259) -1.00	R
Total Legislative Changes	**($711,957)**	**R**	**($711,957)**	**R**
	$1,080,642	**NR**		
Total Position Changes	-9.25		-9.25	
Revised Budget	**$45,395,692**		**$44,315,050**	

Commerce - State Aid

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$5,200,000**		**$5,200,000**
Legislative Changes			
Grants-in-Aid			
119 Yadkin Pee Dee Lakes Provides funds for the Yadkin Pee Dee Lakes Project.	$100,000	NR	
120 Technological Development Authority Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.	$2,000,000	NR	
121 NC Minority Support Center Provides $100,000 to expand the Latino Community Credit Union to Wake County and $100,000 for two new credit unions in Sampson and Durham Counties.	$200,000	NR	
122 World Trade Center North Carolina Provides funds to the World Trade Center North Carolina to support international trade education programs for small and medium-sized businesses.	$200,000	NR	
Total Legislative Changes	**$2,500,000**	**NR**	
Total Position Changes			
Revised Budget	**$7,700,000**		**$5,200,000**

N.C. Biotechnology Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$6,738,913**		**$6,738,913**	
Legislative Changes				
123 Reduce Administrative Support/HMU Transfer The Biotechnology Initiative for Historically Minority Universities (HMU) has been transferred at the Governor's direction to the UNC Board of Governors effective FY 2001-02. Administrative support that had been provided to the Biotechnology Center will not be required by the UNC Board of Governors and is therefore reduced.	($100,000)	R	($100,000)	R
NC Biotechnology Center				
124 Reduce General Operating Budget Reduce general operating budget.	($368,445)	R	($368,445)	R
125 Reduce Cash Balance Reduce the N.C. Biotechnology Center's General Fund appropriation for FY 2001-02 and replace the funds with a one-time transfer from the Center's cash balance.	($1,000,000)	NR		
Total Legislative Changes	**($468,445)**	**R**	**($468,445)**	**R**
	($1,000,000)	**NR**		
Total Position Changes				
Revised Budget	**$5,270,468**		**$6,270,468**	

Rural Economic Development Center

GENERAL FUND

Recommended Budget	FY 2001-02 $4,257,338		FY 2002-03 $4,257,338	
Legislative Changes				
Administration				
126 General Administration Provides additional funds for general oversight and management of Rural Center programs.	$117,722	R	$117,722	R
Cash Balances				
127 Reduce Cash Balances Reduce the Rural Center's General Fund appropriation for FY 2001-02 and replace the funds with one-time transfers from the Child Care Loan Program ($499,694) and from the Center's other cash reserves ($500,000), thereby reducing the Center's overall cash balances.	($999,694)	NR		
Center-Wide				
128 Reduce Operating Support Reduce operating support for the Center's various programs and administrative activities.	($186,867)	R	($186,867)	R
Grant Programs				
129 Supplemental Funding Program Provides additional funds for the Supplemental Funding Program and for two staff positions. Water and Sewer Grants $357,000 Staff $138,278 Water, Sewer and Business Development Grants $400,000	$895,278	R	$895,278	R
130 Capacity Building Assistance Program Provides funds to support staffing for the Capacity Building Assistance Program.	$137,000	R	$137,000	R
Reserves				
131 Agricultural Advancement Consortium Places funds in a reserve for the operating expenses associated with the Agricultural Advancement Consortium and for research initiatives funded by the Consortium. Administrative Expenses $75,000 Research Initiatives $175,000	$250,000	R	$250,000	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	$1,213,133	R	$1,213,133	R
	($999,694)	NR		
Total Position Changes				
Revised Budget	$4,470,777		$5,470,471	

JUSTICE
&
PUBLIC SAFETY
Section I

Judicial

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$308,769,898**		**$308,769,898**	
Legislative Changes				
1 Reduction in Operating Expenses	($189,254)	R	($217,705)	R
Operating expenses for the Judicial Branch are reduced as follows:				

	2001-2	2002-3
Maintenance Agreements	$98,500	$107,250
Printing & Binding	$ 8,900	$ 9,900
Registration Fees	$34,700	$ 37,250
Other Expenses	$12,500	$ 14,750
Telephone/Telecomm	$ 2,000	$ 3,000
Equipment Lease	$ 5,000	$ 5,500
Supplies	$27,654	$ 40,055

2 Reduce Funding for Jury Fees	($370,000)	R	($370,000)	R
Funding is reduced to reflect recent years' experience. This reduction was part of the Governor's recommended budget and leaves $3.8 Million available for 2001-2.				
3 Eliminate Funds for Unemployment/Workers Comp	($370,066)	R	($370,066)	R
Funding for unemployment and workers compensation payments is eliminated. Since payments are unpredictable most departments do not budget a specific amount. This reduction was included in the Governor's recommended budget.				
4 Reduce Budgeted Funds for Temporary Services	($223,767)	R	($223,767)	R
Budgeted funds for temporary personnel are eliminated. This reduction was included in the Governor's recommended budget.				
5 Reduce Budgeted Funds for Administrative Contracts	($1,752,652)	R	($1,752,652)	R
Budgeted funds for administrative contracts are reduced. This reduction was included in the Governor's recommended budget. This includes an $102,000 reduction in contractual funds for the Mecklenburg Speedy Drug Court as more of the operations of this program are now done with employees rather than by contract. Contractual funds are also reduced in administration, Superior Court, District Court, Clerks, District Attorneys, Custody Mediation, Arbitration, Sentencing Services and Drug Treatment Court.				
6 Reduce Funding for Fringe Benefits	($880,751)	R	($880,751)	R
Budgeted funds for FICA and Retirement are reduced based on reductions in other personnel items and projections for 2001-2002.This reduction was included in the Governor's recommended budget.				

	FY 2001-02		FY 2002-03	
7 Budgeted Overtime Funding for budgeted overtime is eliminated, since the amount is unpredictable and usually covered with available funds. The Governor recommended a reduction of $42,236 and the subcommittee eliminated the remaining $20,428.	($62,664)	R	($62,664)	R
8 Reduced Facility Lease Expense Because of delays in renovating existing state offices, the projected increase in lease expenses for the Judicial Branch in the Governor's budget can be reduced. An increase of $314,082 remains to cover projected increases in existing leases, the cost of rent for the Business Court, and the annualized cost of new office space leased for Court of Appeals staff.	($182,951)	R	($181,701)	R
9 Reduction in Superior Court Judge Travel Funding is reduced for lodging and meal expenses for Superior Court Judge travel to conferences. Judge's may use their subsistence allowance to cover these expenses.	($103,000)	R	($103,000)	R
10 Judicial Branch Travel Reduction in the total travel budget for the Judicial Branch based on actual expenditures in prior years.	($200,000)	R	($200,000)	R
11 Recalculated Longevity Funding is reduced for longevity payments to court officials and staff based on a recalculation in April 2001.	($500,000)	R	($500,000)	R
12 Eliminate Funding for Blood Borne Pathogens Funding for blood borne pathogens (immunizations) is no longer required.	($16,068)	R	($16,068)	R
13 Redirect Superior Court Judge Position The vacant Superior Court Judge position in District #4B (Onslow) shall be redirected to District #24 (Avery, Mitchell,Watauga, Yancey, Madison), effective October 1, 2001.	$0 0.00	R	$0 0.00	R
14 New Magistrate Positions Funds are provided to add half-time magistrate positions in Brunswick and Columbus counties, effective July 1, 2001.	$38,694 $11,426 1.00	R NR	$38,694 1.00	R
15 Eliminate Vacant DA Investigator A vacant District Attorney Investigator position in District #29 is eliminated. Not all District Attorneys have investigators and this position has been vacant since March 2000.	($47,525) -1.00	R	($47,525) -1.00	R
16 Redirect Vacant Clerk Position A part-time Assistant Clerk position in Caswell County, vacant since August 1999, is redirected to upgrade two .75 fte positions to fulltime in Madison and Swain Counties.	$0 0.00	R	$0 0.00	R

	FY 2001-02		FY 2002-03	
17 Increase Budgeted Receipts for Dispute Resolution The General Fund contribution to the Mediated Settlement Conference in Superior Court and the District Court Mediated Settlement programs are reduced to reflect increased fee collections and operating expenses that have been less than originally anticipated. Receipts will increase in part due to HB 668 which passed the House in April, authorizing a fee for certification of mediators in the newer District Court program.	($70,251)	R	($70,251)	R
18 Budget Fees for Worthless Check Program Participants in the worthless check program pay a $50 fee which is collected in a non- reverting fund. These funds will be used to offset the expenses of the program, allowing a reduction in the General Fund contribution.	($500,000)	R	($500,000)	R
19 Reduce Funds for Court of Appeals Mediation This program, authorized in the 2000 budget, has not been implemented as of May 2001. Funding is reduced to reflect expectation of limited activity in the first years.	($20,000)	R	($20,000)	R
20 Reduction in Funding Sentencing Services Program Funding for the Sentencing Services program is reduced by $100,000 based on the amount left unspent in prior years. This reduction may be taken in the costs of the state-run or nonprofit programs.	($100,000)	R	($100,000)	R
21 Annualization of New Positions The recommended continuation budget did not cover the full-year costs of 42 new positions added during 2000-2001. This item provides funds to annualize all the personnel costs and half the operating costs.	$1,602,574	R	$1,902,574	R
22 New Courthouses' Telephone Systems/ Network Cable Funds are added to provide telephone systems and network cable for new courthouses expected to be completed during the biennium; five courthouses in 2001-2 and one in 2002-3. While county governments are responsible for the construction and furnishing of new courthouses and the installation of telecommunication lines in court facilities, the Judicial Branch is responsible for providing the cabling and phone systems.	$475,000	NR	$125,000	NR
23 Redirect Magistrate Positions A magistrate position assigned to Perquimans County will be redirected to Chowan County. The position was authorized in 2000-2001 but never filled. A vacant part-time magistrate position in Johnston County is redirected to Swain County. It has been vacant since January 2000.	$0 0.00	R	$0 0.00	R
24 Membership in National DA's Association Funding is continued to allow all 39 District Attorneys to join the National District Attorney's Association. Nonrecurring funding was provided for this purpose in 1999-2000.	$15,000	R	$15,000	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($3,932,681)**	**R**	**($3,659,882)**	**R**
	$486,426	**NR**	**$125,000**	**NR**
Total Position Changes	0.00		0.00	
Revised Budget	**$305,323,643**		**$305,235,016**	

Judicial - Indigent Defense

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$66,660,467		$66,660,467	
Legislative Changes				
25 Increase Budgeted Receipts General Fund budget is reduced to reflect a substantial increase in the amount collected through counselor fee judgments and set-off debt collection .	($750,000)	R	($750,000)	R
26 Authorize New Assistant Public Defender Positions The Office of Indigent Defense Services may establish up to 6 assistant public defender positions in lieu of using assigned counsel in statewide programs or areas with established Public Defenders. OIDS may use up to $477,768 in 2001-2 and $446,820 in 2002-3 from the indigent fund to establish these positions, at no additional cost to the General Fund.	$0 6.00	R	$0 6.00	R
27 Authorize PD Support Staff Positions The Office of Indigent Defense Services may establish up to 5 support positions (legal assistants, investigators, administrative assistants) in statewide programs or areas with established Public Defenders. OIDS may use up to $283,575 in 2001-2 and $256,310 in 2002-3 from the indigent fund to establish these positions at no additional cost to the General Fund.	$0 5.00	R	$0 5.00	R
28 Annualization of New Positions The continuation budget did not cover the full-year costs of 5 new positions added during 2000-2001. This item provides funds to annualize the personnel costs and the operating costs.	$191,643	R	$191,643	R
29 Increase Funding for Indigent Defense Funding is increased to cover the growing costs of indigent defense and shortfalls in the current biennium. The Governor's Budget recommended increasing funding by $5,565,313.	$5,533,857	R	$5,533,857	R
Total Legislative Changes	**$4,975,500**	R	**$4,975,500**	R
Total Position Changes	11.00		11.00	
Revised Budget	**$71,635,967**		**$71,635,967**	

Justice

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$76,471,632		$76,471,632	
Legislative Changes				
30 Decrease General Fund Appropriation The general fund appropriation is decreased to offset increased revenue/receipts.	($1,500,000)	R	($1,500,000)	R
31 Vehicle Replacement Reduce vehicle replacement funds by $922,018. This is the net amount after adjusting for decreased receipts from the sale/trade-in value of existing vehicles.	($922,018)	NR		
32 Annualization of Position Costs Annualization costs of 8 Tort Claims and SBI Laboratory positions established during FY00-01. These costs were omitted from the Governor's Recommended Budget.	$155,424	R	$155,424	R
33 Eliminate Vacant Positions The Governor's Budget recommends the elimination of 8 vacant positions. The Department of Justice submitted the following 9 positions: Media Technician I(3615-0000-0004-815) CJ Training Coordinator I (3615-0000-0004-603) Paralegal II (3612-0000-0000-185) Attorney I (3612-0000-0000-207) Attorney I (3612-0000-0000-254) Social Research Assoc II (3612-0000-0000-080) Office Asst IV (3613-0000-0003-115) Office Asst IV (3613-0000-0003-013) CJ Spec/Investigator III (3613-0000-0003-012)	($386,338) -9.00	R	($386,338) -9.00	R

	FY 2001-02		FY 2002-03	
34 Reduce Various Contracts and Expense Items The Governor's budget recommends reduced funding for various administrative line items related to personal and purchased services: 53 1311: $38,044 (Temp Wages) 53 1351: $1,000 (Stu Temp Wages) 53 1411: $155,325 (Overtime) 53 1511: $15,611 (Soc Security) 53 1521: $18,343 (Reg Retirement) 53 1531: $24,588 (LEO Retirement) 53 1561: $10,054 (Med Insurance) 53 1572: $9,563 (Unemploy comp to ES) 53 1625: $41,329 (State Disability Payment) 53 1631: $20,123 (Work. Comp. Medical Payment) 53 1660: $17,580 (Taxable Emp. Expense Reim) 53 2110: $3,445 (Legal Services) 53 2120: $4,000 (Financial/audit Services) 53 2132: $1,292 (Other Provided Medical Services) 53 2140: $80,575 (Sys Imple/integ Services) 53 2170: $8,020 (Admin Services) 53 2192: $3,200 (Honorariums) 53 2199: $77,281 (Misc Contractual Services)	($529,925)	R	($529,925)	R
35 Eliminate the Office of the Inspector General Effective January 1, 2002, eliminate the Office of the Inspector General. The functions performed by this office duplicates those responsibilities carried out by the Department of Health and Human Services and county social services offices.	($250,000) -9.00	R	($500,000) -9.00	R
36 Redirect DARE Program Approximately 60 percent of the NC DARE workload is in support of its role as the U.S. Southeast Regional Training Center. As of August 31, 2001, NC DARE will no longer perform this SE regional training function and will stop receiving federal funds from DARE America. NC DARE uses all of the federal funds for SE regional training and none of these funds are passed through to local law enforcement agenices. With the termination of NC DARE as SE Regional Trainers, state funding and resources are redirected to provide training to NC local law enforcement officers only, 40% of the current workload. This redirection and changes in the methods of providing State training make it possible to reduce six state positions, effective October 1, 2001. The SBI would retain three positions and shall continue to administer the program, but shall provide the training in a more cost-efficient manner by collaborating with the Criminal Justice Standards Division so as to utilize the resources of the Justice Training Academies. In support of the DARE program, DARE America indicates that it will make available, at no cost, technical assistance and training resources to state and local law enforcement agencies.	($231,000) -6.00	R	($325,000) -6.00	R

	FY 2001-02		FY 2002-03	
37 NC LEAF Provide funding to the NC Legal Education Assistance Foundation to assist with loan repayment for public service attorneys.	$75,000	R	$75,000	R
Criminal Justice Information Network (CJIN)				
38 CJIN Network Security Funds are provided to hire a Systems Programmer II, Pay Grade 79, to serve as CJIN Network Security Administrator. This position will maintain the CJIN security functions established and supported by a federal grant which expires June 30, 2001. In addition to the funds for salary and benefit costs, $5,200 NR is provided for one-time operating costs related to this position.	$67,807 $5,200 1.00	R NR	$67,807 1.00	R
Total Legislative Changes	**($2,599,032)** **($916,818)**	R NR	**($2,943,032)**	R
Total Position Changes	-23.00		-23.00	
Revised Budget	**$72,955,782**		**$73,528,600**	

Juvenile Justice & Delinquency Prevention

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$147,706,045**		**$149,456,045**	
Legislative Changes				
Administrative Services				
39 Management Information System Support Annualization of costs related to M.I.S. positions and recurring J-NET communications cost established during Fiscal Year 2000-01. These costs were omitted from the Governor's Recommended Budget.	$852,545	R	$852,545	R
40 Eliminate Vacant Position Effective July 1, 2001, eliminate vacant central office Program Coordinator position (#00119), which has been vacant since January 1, 2000.	($48,031) -1.00	R	($48,031) -1.00	R
41 Reduce Vehicle Replacement Funds Funding for vehicle replacement is reduced by $251,280. This is the net amount after adjusting for decreased receipts from the sale/trade-in value of existing vehicles.	($251,280)	NR		
Intervention/Prevention				
42 Juvenile Crime Prevention Council (JCPC) Funds Reduce the amount of JCPC discretionary funds by $1,300,000. The remaining $500,000 shall not be set aside for discretionary purposes. These funds shall be included in the formula grant allocation so as to increase the amount of formula grant funding available to county JCPCs.	($1,300,000)	R	($1,300,000)	R
43 Eliminate Vacant Positions Effective July 1, 2001, eliminate vacant administrative secretary and processing assistant positions.	($66,000) -2.00	R	($66,000) -2.00	R
Special Initiatives				
44 Increase funding for Eckerd Contract Funds are provided for a 4.2% inflationary adjustment to the Eckerd Camps contract. This will allow DJJDP to restore some of the beds for NC juveniles lost over time due to increases in the contractor's operating costs. Rising operating costs increase the daily rate Eckerd charges to DJJDP, which in turn decreases the number of slots DJJDP can purchase. The amount of funding provided will allow DJJDP to recoup approximately 12 of the 38 beds lost to DJJDP over time due to inflation.	$351,233	R	$351,233	R

	FY 2001-02		FY 2002-03	
45 Boys and Girls Clubs Reduce budget by the amount of funds targeted for the 3 eligible but non-participating counties originally specified for this initiative (Chowan, Columbus, & Martin).	($100,000)	R	($100,000)	R
46 Eliminate G.R.A.S.P. Contract Effective October 1, 2001, eliminate contract funds budgeted for the Guard Response Alternative Sentencing Program. Program referrals and enrollments are significantly below capacity.	($253,000)	R	($338,000)	R
47 Multipurpose Group Home Eliminate operating funds budgeted for the multipurpose group home which has not been constructed.	($500,000)	R	($500,000)	R
48 Teen Courts Provide $25,000 each to the teen court programs in Burke, Catawba, Caldwell, Haywood, and Perquimans Counties.	$125,000	R	$125,000	R
49 Camp Woodson East Reduce the operating funds for Camp Woodson East due to delayed opening date of October 1, 2001.	($155,000)	NR		
Youth Development				
50 Pilot Multifunctional Facility The Governor's Budget recommends elimination of funds to contract for a privately constructed and operated residential facility for juvenile offenders. Only one bid was received. The bid was over the amount budgeted and the proposed budget was not cost-effective according to DJJDP.	($2,500,000)	R	($2,500,000)	
51 Increase Detention Center Receipts Reduce the General Fund appropriation to offset increased Detention Center receipts.	($350,000)	R	($350,000)	R
52 Eliminate Vacant Teaching Positions Effective July 1, 2001, eliminate 2 vacant teacher positions: one at Samarkand (vacant since Dec. 99) and one at Dillon (vacant since January 2000).	($88,467) -2.00	R	($88,467) -2.00	R
53 Reduce Cottage Parent Positions DJJDP shall eliminate 57 of 90 cottage parent positions -- 18 vacant and 39 filled - - in the Youth Development Centers (Training Schools). The 39 filled positions shall be eliminated October 1 and November 1, 2001. The cottage parent position is a low level custody position (Grade 60) that is difficult to recruit; further, the cottage parent can only be assigned to the night shift when juvenile offenders are locked in their rooms. DJJDP plans to allow qualified Cottage Parents to apply for vacant Counselor Tech. positions; vacancies for this Grade 62 custody position remain high so the reduction could improve staffing coverage in the Centers. DJJDP recommended this reduction in lieu of proposed reductions in Counselor Techs. and Behavioral Specialists.	($1,260,866) -57.00	R	($1,578,159) -57.00	R

	FY 2001-02		FY 2002-03	
54 Close Wilkes Detention Facility The Governor's Recommended Budget would close the Wilkes Detention Center because it is not cost- effective to operate. Staff and juveniles will be relocated to the new Alexander Detention Center.	($413,465) -18.00	R	($413,465) -18.00	R
55 Eliminate Vacant Counselor Technician Positions Eliminate 5.5 Counselor Technician positions and one Secretary position from the Youth Development Centers. The reduction is to take the place of a Governor's recommended budget reduction to eliminate the DJJDP portion of the police force at the Juvenile Evaluation Center. The DJJDP police force will remain in place to serve JEC; DJJDP will also transfer funds and positions to DHHS to provide security at two surrounding DHHS facilities rather than operate a joint police force.	($224,016) -6.50	R	($224,016) -6.50	R
56 Transfer Police Force Positions to DHHS DJJDP operates a joint police force serving the Juvenile Evaluation Center and two adjacent DHHS facilties. It is recommended that 6 police positions be transferred so that DHHS can operate a separate police force for the Black Mountain Center and the Alcohol and Drug Abuse Treatment Center. DJJDP will continue to operate a 5 person police force at JEC and the two forces will collaborate during emergencies	($248,435) -6.00	R	($248,435) -6.00	R
Total Legislative Changes	**($6,023,502)** **($406,280)**	R NR	**($6,425,795)**	R
Total Position Changes	-92.50		-92.50	
Revised Budget	**$141,276,263**		**$143,030,250**	

Correction

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$931,350,075		$931,350,075	
Legislative Changes				
Alcoholism and Chemical Dependency Programs				
57 Terminate Substance Abuse Contracts Eliminate State contracts with Cornell($1,185,700) and Right Turn ($1,820,477. These substance abuse services can be delivered using existing services and resources now available in the department. This is a Governor's recommendation.	($3,006,177)	R	($3,006,177)	R
58 Reduce Substance Abuse Aftercare The department provides in-house, substance abuse residential services to inmates. Aftercare services are provided through contracts with private providers to inmates who return to the general population. This would eliminate aftercare service contracts with private providers. This is a Governor's recommendation.	($105,000)	R	($105,000)	R
59 Reduce Personal Services Contract The department provides seed money to contract with community service providers of substance abuse services for DART-Cherry community aftercare. The State provides substance abuse services through 39 Area Mental Health Programs. To avoid duplication of services, this cut would eliminate personal services contracts. This is a Governor's recommendation.	($225,000)	R	($225,000)	R
Community Corrections				
60 Criminal Justice Partnership Program The Criminal Justice Partnership program awards grants to participating counties to fund local community correction programs. The Department of Correction will limit CJPP implementation funding to the counties currently participating in the program, allowing for a reduction of $270,000. As a non-reverting fund, the Department has been allowed to keep unexpended funds in the CJPP budget, which have exceeded $1 million each year since the program's inception. This item requires the Department to revert $1 million of the unexpended balance each year of the biennium. The Governor recommended a reduction of the CJPP budget of $1.27 million .	($270,000) ($1,000,000)	R NR	($270,000) ($1,000,000)	R NR
61 Transfer of CSWP The Community Service Work Program will be transferred into the Department of Correction, to be merged with the Division of Community Correction. This merger will take place by January 1, 2002.	$3,411,305 173.00	R	$6,268,513 173.00	R

	FY 2001-02		FY 2002-03	
62 Reduce Various DCC Budget Line Items Reduce Division of Community Corrections Administration travel budget by $6,000; Reduce office and data processing equipment by $60,000; reduce cell phone expenditures by $41,750.	($107,750)	R	($107,750)	R
63 Reduce Appropriation to Summit House Inc. The General Assembly will reduce the annual appropriation to Summit House Inc. by 10%.This reduction shall not result in a reduction to individual sites, but to the Summit House Inc. State Office.	($139,650)	R	($139,650)	R
64 Reduce Appropriation to John Hyman Foundation The John Hyman program has leased the former Warren County Correctional Facility for $1 per year and therefore will no longer have to pay for facility rental at its current location. It was determined that John Hyman's budget could be reduced by 10%, slightly less than the amount currently being spent on rent. The reduction should not result in a decrease in services but in the program's administration/operating budget.	($25,000)	R	($25,000)	R
Post Release Supervision and Parole Commission				
65 Abolish Vacant Parole Commission Positions With the passage of the Structured Sentencing Act, the number of parolees has declined. Therefore, the Parole Commission staff will be reduced by eliminating two vacant positions. This is a Governor's recommendation.	($78,000) -2.00	R	($78,000) -2.00	R
Prisons				
66 Medical Transportation Officers This reduction in the number of correctional officers that transport inmates is possible because DOC has reduced medical contracts and hired more in-house doctors, thus reducing travel for medical purposes.	($263,249) -11.00	R	($315,843) -11.00	R
67 Increase Work Release Transportation Fee Work release inmates pay a fee to DOC for transportation to their jobs. Increase this fee from $2 to $2.50 to allow for a General Fund reduction.	($33,500)	R	($33,500)	R
68 Increase Work Release Fee Increase the fee charged to inmates for work release by $1, from $15 a day to $16. This allows a reduction in the General Fund.	($307,000)	R	($307,000)	R
69 Close Scotland Correctional Center Scotland Correctional Center will be closed August 1, 2001. Scotland is a small GPAC unit with 48 minimum custody inmates and 24 segregation beds. The cost per day in 99-2000 was $102. The Governor also recommended closing Scotland. The reduction amount shown is higher than the Governor's recommendation by $74,844 since it includes a 50% reduction in the inmate budget.	($1,273,956) -41.00	R	($1,394,966) -41.00	R

	FY 2001-02		FY 2002-03	
70 Close Union Correctional Center Union Correctional Center will be closed September 1, 2001. Union is a small GPAC unit with 94 minimum custody beds; most inmates are in a work release program. Union can be closed because DOC has an excess of minimum custody beds. The average daily cost per day for Union is $56.78 dollars, slightly higher than the $52.52 a day for the average minimum custody prison (99-2000). The reduction amount includes 50% of the inmate budget.	($986,060) -32.00	R	($1,161,500) -32.00	R
71 Inmate Disciplinary Fees Adjust inmate disciplinary fees to reflect projected collections and reduce General Fund. The Governor's Budget recommended a $120,000 reduction in the General Fund. The reduction shall be $220,000, based on the latest collection figures.	($220,000)	R	($220,000)	R
72 Reduce Inmate Food Budget The Governor recommended a reduction of $2,197,549 each year based on the improved efficiency of inmate food service and a resulting decrease in expenditures. It is anticipated DOC will be able to decrease expenditures further compared to the Governor's final recommended budget for each year. The food budget shall be reduced by an additional $2,427,451 for a total of $4,625,000 in FY01-02. The reduction in FY02-03 shall be an additional $2,302,451 for a total of $4,500,000.	($4,625,000)	R	($4,500,000)	R
73 Reduce Program Staffing in Prisons The current program staffing ratio is one staff person for every 52 inmates. This reduction would increase the ratio to approximately one person for every 55 inmates by 2002-03. The reduction of 10 positions is to be carried out system wide from among the 606 program positions and is effective October 1, 2001. Positions to be eliminated are: Program Assistant Supervisors (3) Program Assistant II's (3) Program Assistant I's (4)	($214,260) -10.00	R	($285,681) -10.00	R
74 Reception and Diagnostic Centers Based on overstaffing compared to workload guidelines, six positions shall be eliminated, effective October 1, 2001. The positions are: Case Analyst (1) Processing Assts. (2) Admissions Tech. (1) Supervisor (1) Behavioral Specialist (1)	($127,900) -6.00	R	($156,026) -6.00	R

	FY 2001-02		FY 2002-03	
75 Prison Chaplain Program DOC obtains chaplain and religious services for inmates through a combination of permanent DOC chaplain positions, contract chaplains, and volunteer chaplains and religious groups. DOC's General Fund budget is over $2.9 million dollars for the DOC chaplain program; additional funding for contract chaplains is provided from the Inmate Canteen/Welfare Fund. It is recommended that seven of the 73 DOC chaplain positions be eliminated system wide. The reductions should be taken at prisons where there is more than one DOC chaplain position. DOC should increase efforts to obtain more community volunteers to provide religious services. The reduction is effective October 1, 2001	($186,244) -7.00	R	($212,848) -7.00	R
76 Inmate Road Squad Payments DOT reimburses DOC for the cost of operating inmate road squads. DOT shall transfer $10 million dollars each year of the biennium to DOC for the actual cost of DOC road squads. This transfer allows for a reduction in the General Fund. DOT shall also transfer a one-time payment in 2001-02 for road squad activity carried out in this fiscal year (2000-01). DOT has not reimbursed DOC for the full $7 million dollar amount directed for payment in HB 168 so it is directed that this payment be made in 2001-02.	($3,000,000) ($1,811,628)	R NR	($3,000,000)	R
77 Annualize Medical Positions The Governor's 1999 budget inadvertently left out annualization of DOC medical positions funded in 1997. This amount annualizes those positions, which are already established.	$949,977	R	$949,977	R
78 Open New Dorm and Kitchen at Women's Prison A new 208 bed dorm and kitchen are due to open September 1, 2001. The Governor's Recommended Budget did not provide funding to operate these buildings	$1,036,418 41.00	R	$1,381,252 41.00	R
79 Open New Central Prison Diagnostic Unit A new 192 bed prison diagnostic center is due to open August 1, 2001. The funding, which was not included in the Governor's Recommended Budget, is to operate the new building. The funding is reduced by $100,000 below the DOC request by reducing the non-salary operating budget.	$1,775,760 79.00	R	$2,685,545 79.00	R
80 Staffing Warrenton Segregation Building This unit was converted from medium custody to high level segregation but funds for additional staff were not recommended in the Governor's budget. This budget partially funds the amount requested by DOC.	$700,000 24.00	R	$700,000 24.00	R
81 Operating Funds for Fountain Correctional Center DOC constructed a new segregation unit at Fountain and a new Central Control room, both due to open in May, 2001. This item funds operating costs for these buildings, which were not included in the Governor's budget, effective July 1, 2001.	$477,631 16.00	R	$477,631 16.00	R

	FY 2001-02		FY 2002-03	
82 Contract with Prisoner Legal Services Funding is provided for an increase in the contract between DOC and PLS for PLS to provide legal services to inmates. The increase was previously negotiated and agreed upon by both parties.	$265,787	R	$265,787	R
83 Funding to Operate two Former Private Prisons DOC is now operating Pamlico and Mt. View as State Prisons. The prisons were formerly operated on contract by a private vendor. The amount funded is to cover increased DOC operating costs.	$2,750,000	R	$2,750,000	R
84 Convert Prison to Close Custody -- Mt. View Convert Mountain View Correctional Center, a single cell medium custody prison, to a close custody prison, effective April 1, 2002.	$421,429 $152,850 61.00	R NR	$1,929,569 61.00	R
85 Convert Prison to Close Custody - - Pamlico Convert Pamlico, a single cell medium custody prison, to a close custody prison, effective October 1, 2002			$1,363,413 $141,396 61.00	R NR
86 Increase Funding for Inmate Medical Costs The Governor's recommended budget did not sufficiently fund the inmate medical budget. Funding of $9 million dollars is provided to help fund the increased cost of medical services and fees and contract personnel. $2 million dollars in non-recurring funds are provided to help fund the increased cost of prescription drugs.	$9,000,000 $2,000,000	R NR	$9,000,000	R
Residential Programs				
87 Reduction in IMPACT programs Funding and staffing for the IMPACT boot camp programs located in Hoffman and Morganton is reduced by 25%, effective October 1, 2001. The department shall maintain programs for male probationers in both locations but at reduced capacity and with possible modifications to the program.	($1,097,414) -37.00	R	($1,463,218) -37.00	R
Systemwide				
88 Reduce Funding for Vehicle Replacement The Governor's Recommended Budget reduced this item by $396,000 on a recurring basis. The total non-recurring reduction shall be $1,430,062. This reduction basically limits vehicle replacement to only the highest priority purchases in FY 2001-02.	($396,000) ($1,430,062)	R NR	($396,000)	R
89 Reduce Travel Budget Reductions will be taken in the travel, meals and lodging line items for the Division of Prisons and the Division of Community Corrections, as recommended in the Governor's budget. The Subcommittee makes the cut recurring.	($260,000)	R	($260,000)	R

	FY 2001-02		FY 2002-03	
90 DOC Management Budget The non-salary line item budget for DOC management was reduced on a non-recurring basis in 1999-2000 and restored in the Governor's Recommended Budget. This budget makes the reduction recurring	($300,000)	R	($300,000)	R
91 Reduce funding for MIS contractual Services DOC has reorganized MIS staff to improve efficiency and re-prioritize projects to allow this reduction, as recommended in the Governor's Budget.	($200,000)	R	($200,000)	R
92 Reduce Office and Data Processing Equipment Reduce funding in the office equipment ($200,000) and data processing equipment ($200,000)line items as recommended in the Governor's Budget.	($400,000)	R	($400,000)	R
Total Legislative Changes	**$2,941,147**	R	**$9,208,528**	R
	($2,088,840)	NR	**($858,604)**	NR
Total Position Changes	248.00		309.00	
Revised Budget	**$932,202,382**		**$939,699,999**	

Crime Control and Public Safety

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$37,554,148**		**$37,554,148**	
Legislative Changes				
93 Reduce Travel Budget Reduce travel budgets by the following amounts in the following divisions: Administration $ 6,000 National Guard $ 5,000 ALE $14,000 Emergency Management $11,000 V&J Services $20,000 GCC $ 6,000	($62,000)	R	($62,000)	R
Administration				
94 Eliminate Vacant Positions in CCPS Administration Eliminate two (2) vacant positions in Crime Control and Public Safety's Administration Division.	($111,038) -2.00	R	($111,038) -2.00	
Alcohol and Law Enforcement				
95 Eliminate Vacant ALE Positions ALE's budget will be reduced by eliminating one vacant office assistant position and one district supervisor position.	($78,210) -2.00	R	($78,210) -2.00	R
96 Reduce Vehicle Replacement Line Item There will be a non-recurring cut to the vehicle replacement line item.	($433,188)	NR		
97 Eliminate District Supervisor Positions ALE shall eliminate 4 additional district supervisor positions by June 30, 2002.			($266,928) -4.00	R
Boxing Commission				
98 Boxing Commission to be Receipt Supported The Boxing Commission will become an independent licensing board on January 1, 2002. At such time, the Commission will become totally receipt supported.	($117,174) -3.00	R	($217,174) -3.00	R
Butner Public Safety				
99 Reduce Vehicle Replacement There will be a one time reduction in the vehicle replacement line item for Butner Public Safety.	($71,500)	NR		

	FY 2001-02		FY 2002-03	
Emergency Management				
100 Eliminate Vacant Emergency Management Positions Eliminate five (5) vacant positions in Emergency Management.	($169,283) -5.00	R	($169,283) -5.00	R
101 Reduce Matching Funds Funds have been over budgeted for the State match for federal grants. This item reduced the funding to the actual required amount.	($125,000)	R	($125,000)	R
102 Reduce Misc. Contractual Services This item removes money from the Continuation Budget that was intended to fund a study on flood mapping. That study has been completed and the funds no longer need to be budgeted.	($105,000)	R	($105,000)	R
Governor's Crime Commission				
103 Eliminate Vacant GCC Position Vacant Processing Assistant III position will be eliminated in the Governor's Crime Commission.	($25,897) -1.00	R	($25,897) -1.00	R
National Guard				
104 Increase State Match Tarheel Challenge The federal match requirement for Tarheel Challenge Program, administered by the NC National Guard, will increase by 5% in FY 2002. The program will be funded on a 60% federal to 40% state match basis beginning FY 2002.	$140,000	R	$140,000	R
105 Reduce National Guard Pension Fund Payments The budget will be reduced by $1,002,776 to adjust pension payments to reflect actuarial recommendations. $470,635 of this total was in the Governor's recommendations.	($1,002,776)	R	($1,002,776)	R
Victim & Justice Services				
106 Eliminate Vacant CSWP Supervisors The Community Service Work Program budget will be reduced on by eliminating two vacant District Supervisor positions.	($82,776) -2.00	R	($82,776) -2.00	R
107 Eliminate CSWP Positions With the merger of CSWP with Division of Community Corrections, 25 supervisory positions, 1 administrative assistant position and the division director position will be eliminated by January 1, 2002.	($554,098) -27.00	R	($1,108,196) -27.00	R

	FY 2001-02		FY 2002-03	
108 CSWP Transfer The Community Service Work Program will be transferred to the Department of Correction to be merged with the Division of Community Corrections. This transfer was included in the original GPAC Recommendation. The transfer will be complete by January 1, 2002. General Fund Budget $7,459,485 Eliminate 2 vacancies ($ 82,776) Eliminate 27 positions: Reduction FY 02 ($ 554,098) Reduction FY 03 ($1,108,196) Net Transfer to DOC FY02 ($3,411,305) Net Transfer to DOC FY03 ($6,268,513)	($3,411,305) -173.00	R	($6,268,513) -173.00	R
109 Increase Appropriation for Rape Victims Assistance In 1999, the General Assembly doubled the maximum award amount for Rape Victims Assistance but did not increase the appropriation. As a result, the fund has experienced shortfalls each year. This item increases the appropriation amount by $155,000.	$155,000	R	$155,000	R
110 Increase Appropriation for Crime Victims Due to a large unexpended balance, the General Assembly reduced the appropriation to the Crime Victims Compensation fund by $500,000 in 2000. With the implementation of several efficiency measures, the staff has increased the number of claims processed and awards made. This item restores the budget reduction of $500,000 in order to cover the increase in awards made.	$500,000	R	$500,000	R
Total Legislative Changes	**($5,049,557)** **($504,688)**	R NR	**($8,827,791)**	R
Total Position Changes	-215.00		-219.00	
Revised Budget	**$31,999,903**		**$28,726,357**	

GENERAL GOVERNMENT
Section J

General Assembly

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$40,567,848**		**$40,567,848**	
Legislative Changes				
1900 Reserves and Transfers				
1 Reserves and Transfers Reduce contingency reserve funds in the following accounts each fiscal year: 531521 Retirement - ($613,857) 531561 Medical Insurance - ($65,125) 537195 Agency Reserves - ($334,875)	($1,014,000)	R	($1,014,000)	R
Total Legislative Changes	**($1,014,000)**	R	**($1,014,000)**	R
Total Position Changes				
Revised Budget	**$39,553,848**		**$39,553,848**	

Governor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$5,633,739		$5,633,739	
Legislative Changes				
1110 Administration				
2 Reduce Operating Expenses Reduce the operating budget in the following line items: Office Furniture and Equipment ($7,066) Computer Equipment ($13,000) Computer Software ($6,591) Maintenance Agreement ($7,492) Travel ($10,000) Cellular Phone ($6,500) Telephone ($10,000)	($60,649)	R	($60,649)	R
3 Clean NC Change funding for director position from appropriation to receipts as recommended by the Governor. The source of receipts will be federal and private grants.	($50,834) 0.00	R	($50,834) 0.00	R
1120 Dues to National Associations				
4 Reduce Membership Dues Reduce the budget for dues paid to national associations.	($9,741)	R	($9,741)	R
1130 Intergovernmental Relations				
5 Advisory Commission on Military Affairs Provides funding for the per diem and travel expenses of the Commission.	$10,000	R	$10,000	R
6 Reduce Operating Budgets Reduce the operating budgets in the following line items Compensation to Board Members ($600) Miscellaneous Contractual Services ($990) Repairs ($242) Maintenance Agreements ($878) Postage ($1,505) Printing ($1,567) Property Insurance ($50) Data Processing Supplies ($70) Membership Dues ($1,000) Travel ($5,000)	($11,902)	R	($11,902)	R

	FY 2001-02		FY 2002-03	
1210 Citizen's Affairs				
7 Reduce Operating Budget	($9,550)	R	($9,550)	R
Reduce operating budgets in the following line items:				
In-state transportation	($10)			
Data Processing Services	($739)			
Registration Fees	($71)			
General Office Supplies	($1,000)			
Membership Dues	($70)			
Administrative Services	($4,600)			
Miscellaneous Contractual Services	($1,025)			
Maintenance Agreements	($2,035)			
1230 Education				
8 Reduce Operating Budget	($1,000)	R	($1,000)	R
Reduce operating budget for in-state transportation.				
1631 Raleigh Executive Residence				
9 Reduce Operating Budget	($36,904)	R	($36,904)	R
Laundry Services	($400)			
Pest Control Services	($250)			
Misc. Contractual Services	($475)			
Electric Services	($5,491)			
Natural Gas	($1,237)			
Water/Sewer	($1,471)			
In-state Transportation	($2,090)			
Printing	($1,500)			
Registration Fees	($300)			
Imp. Education Assistance Program	($600)			
Data Processing Supplies	($300)			
Food Supplies	($7,232)			
Clothing and Uniforms	($581)			
Office Furniture	($420)			
Residential Furniture	($3,257)			
Membership Dues	($300)			
Transfer to other agencies	($4,000)			
Repairs	($3,000)			
Computer Equipment	($4,000)			

	FY 2001-02		FY 2002-03	
1632 Western Executive Residence				
10 Reduce Operating Budget	($10,254)	R	($10,254)	R
Reduce the operating budget in the following line items:				
Laundry Services ($50)				
Security Services ($165)				
Pest Control Services ($150)				
Misc. Contractual Services ($630)				
Natural Gas ($1,000)				
Water/Sewer ($1,000)				
Residential Furniture ($1,625)				
Membership Dues ($300)				
Transfer to other agencies ($4,000)				
Repairs ($1,934)				
Communication Equipment ($75)				
Lease Other Property ($50)				
Telephone Service ($200)				
Janitorial Supplies ($2,375)				
Other Materials and Supplies ($1,000)				
Total Legislative Changes	**($180,834)**	**R**	**($180,834)**	**R**
Total Position Changes	0.00		0.00	
Revised Budget	**$5,452,905**		**$5,452,905**	

State Budget, Planning & Management

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$5,789,900**		**$5,789,900**	
Legislative Changes				
1310 State Budget, Planning & Management				
11 Reduce Operating Budget	($93,567)	R	($93,567)	R
Reduce the operating budget in the following items:	($40,000)	NR		
Contracted Employees ($45,000)				
Printing ($22,000)				
Salary Reserve ($9,267)				
Temporary Salaries ($5,000)				
Staff Travel ($1,000)				
ABC Travel (fee 2001-02 only) ($20,000)				
ABC Subsistence (fy 2001-02 only) ($20,000)				
Cellular Phones ($300)				
Printing ($5,000)				
Office Supplies ($1,000)				
Office Furniture ($500)				
Office Equipment ($500)				
Computers ($2,000)				
Membership/Subscriptions ($1,000)				
Other Expenses ($1,000)				
1310 State Budget, Planning and Management				
12 Personnel Adjustments	($20,018)	R	($72,849)	R
Transfers a receipt-supported Statistician II position currently housed in the State Data Center within the State Planning Section to the Employment Security Commission. Eliminates an appropriation-supported State Management Analyst position (#3003-0405-0000-804) also housed in the State Data Center, effective September 1, 2001. These positions are responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for the Statistician II position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	-1.00		-1.00	

	FY 2001-02		FY 2002-03	
13 Eliminate Planning and Analysis Unit Eliminates the Administrator for State Planning and the seven Planning Analysts positions responsible for strategic planning analysis. Also abolishes an Applications Analyst Programmer Specialist position and an Office Assistant III position which support the strategic planning analysis function. All ten positions are eliminated effective September 1, 2001. The statutory requirements for performing strategic planning analysis will be repealed.	($352,719) -10.00	R	($690,418) -10.00	R
Total Legislative Changes	**($466,304)** **($40,000)**	**R** **NR**	**($856,834)**	**R**
Total Position Changes	-11.00		-11.00	
Revised Budget	**$5,283,596**		**$4,933,066**	

State Budget, Planning & Management - Flood Mapping and Surveying

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,232,845**		**$1,232,845**	
Legislative Changes				
1412 Geodetic Survey				
14 Operating Budget Adjustments Reduce the operating budget in the miscellaneous contractual services line item.	($45,000)	R	($45,000)	R
Total Legislative Changes	**($45,000)**	R	**($45,000)**	R
Total Position Changes				
Revised Budget	**$1,187,845**		**$1,187,845**	

State Budget, Planning & Management - Special Appropriations

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$3,080,000**		**$3,080,000**
Legislative Changes			
1022 2001 Special Appropriations			
15 Kids Voting NC Funds Provides funding to Kids Voting of North Carolina, Inc., a nonprofit corporation. Of the total $250,000 appropriated, $50,000 shall be used to implement new Kids Voting programs in nonparticipating counties across the State. The remaining $200,000 shall be divided equally among the nine participating counties of Buncombe, Cabarrus, Catawba, Cumberland, Durham, Guilford, Haywood, Mecklenburg, and Wake to assist those counties with the Kids Voting programs.	$250,000	NR	
16 NC Humanities Council Provides funds to the North Carolina Humanities Council, a nonprofit corporation, for the programs of the Council.	$200,000	NR	
Total Legislative Changes	**$450,000**	**NR**	
Total Position Changes			
Revised Budget	**$3,530,000**		**$3,080,000**

Lieutenant Governor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$686,308**		**$686,308**	
Legislative Changes				
1110 Administration				
17 Salaries and Wages Reduce salary reserve and related benefits each fiscal year.	($16,763)	R	($16,763)	R
Total Legislative Changes	**($16,763)**	**R**	**($16,763)**	**R**
Total Position Changes				
Revised Budget	**$669,545**		**$669,545**	

Secretary of State

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$8,760,901		$8,760,901	

Legislative Changes

1100 Administration

18 Reduce Operating Budget ($34,918) R ($34,918) R

Reduce operating budget in the following line items:

Travel	($12,200)
Miscellaneous Contracted Service	($3,159)
System Implementation	($18,309)
Employee Education Expenses	($500)
Data Processing Supplies	($300)
Photographic Supplies	($150)
Office Furniture	($300)

1120 Publications

19 Reduce Operating Budget ($3,441) R ($3,441)

Reduce operating budget in the following line-items:

Computer Data Processing Services	($1,000)
Travel	($1,200)
Time-Limited Salaries	($1,241)

1210 Corporations

20 Reduce Operating Budget ($45,580) R ($45,580) R

Reduce operating budgets in the following line items:

Maintenance Agreements	($15,000)
Employee Education Expense	($10,080)
Data Processing Supplies	($1,500)
Travel	($3,200)
Over-time Pay	($8,000)
Miscellaneous Contractual Services	($2,000)
Office Furniture	($2,000)
Office Equipment	($1,800)
Other Administrative Expenses	($2,000)

1220 Uniform Commercial Code

21 Additional Rent Funding $127,142 R $127,142 R

Provide additional funding needed to cover the annual payments required by the lease agreement for the property leased to house the Uniform Commercial Code Section.

	FY 2001-02		FY 2002-03	
22 Reduce Operating Budget Reduce the operating budgets for travel($11,200) and miscellaneous contractual services ($10,00).	($21,200)	R	($21,200)	R
1230 Securities Division				
23 Reduce Operating Budget Reduce operating budgets in the following line items: Travel ($1,270) Employee Education ($1,200) Postage ($1,200) Office Furniture ($1,500) Other Administrative Expense ($1,100)	($6,270)	R	($6,270)	R
1240 Business License Information Office				
24 Reduce Operating Budget Reduce the operating budget in the following line-items: Travel ($2,300) Miscellaneous Contractual Services ($150) Cellular Phone ($100) Data Processing Supplies ($100) Office Furniture ($500) Other Administrative Expense ($100)	($3,250)	R	($3,250)	R
25 Reduce Staffing Eliminates 5 Business License Consulting positions (including 2 vacant positions) and 1 Processing Assistant III position, effective July 1, 2001.	($215,927) -6.00	R	($215,927) -6.00	R
1300 Notary Public				
26 Reduce Operating Budget Reduce operating budget for miscellaneous contractual services.	($2,000)	R	($2,000)	R
1400 Land Records				
27 Reduce Operating Budget Reduce operating budget for office furniture.	($950)	R	($950)	R
Total Legislative Changes	**($206,394)**	R	**($206,394)**	R
Total Position Changes	-6.00		-6.00	
Revised Budget	**$8,554,507**		**$8,554,507**	

Auditor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$12,166,518		$12,166,518	
Legislative Changes				
1210 Field Audit Division				
28 Over-realized Receipts Reduce the General Fund appropriation for field audits. The Department has over-realized its budgeted receipts for audit work related to single audit and CAFR. Increasing budgeted receipts to more accurately reflect receipts will result in a reduction in the required General Fund appropriation	($301,845)	R	($301,845)	R
Total Legislative Changes	($301,845)	R	($301,845)	R
Total Position Changes				
Revised Budget	$11,864,673		$11,864,673	

Treasurer

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$7,837,007		$7,837,007	
Legislative Changes				
1210 Investment and Banking				
29 Transfer Operating Budget Transfer the operating budget for the Investment and Banking Division from appropriation-support to receipt-support. Currently, the Division receives a General Fund appropriation for its operations and the General Fund is reimbursed from non-tax revenue -- the management fees assessed against the interest earnings on the investment pool. With the transfer of the operating budget to receipt-support, the management fee will be a direct receipt to the Investment and Banking Division. The transfer is net of an operating budget reduction of $610,190. Thus, the General Fund appropriation will decrease by $5,006,407. Non-tax revenue to the General Fund will be reduced by a corresponding amount. Departmental receipts will increase by $4,396,217.	($5,006,407)	R	($5,006,407)	R
1410 Retirement System				
30 Replace Retirement Imaging System Provides funding to convert to a different imaging system. The vendor of the existing system will not provide for the maintenance beyond the end of the calendar year. Conversion of the system will require a nonrecurring expenditure of $2,465,000 and a recurring expenditure of $136,000 for maintenance cost. All expenditures will be funded with receipts.	$0	NR	$0	NR
73410-7310 Computer Operations				
31 Provide Backup Hot-Site for Disaster Recovery Allows the implementation of a backup hot-site for mission critical applications for disaster recovery purposes. The one-time expenditures for computer services ($100,000) and computer equipment ($170,000) and recurring expenditures for system implementation/integration services ($180,000) and travel ($30,000) to the out-of-state site for periodic testing of the backup system. All funding will be from the internal service fund.	$0	R	$0	R

House Subcommittee on General Government	FY 2001-02		FY 2002-03	
Total Legislative Changes	($5,006,407)	R	($5,006,407)	R
	$0	NR	$0	NR
Total Position Changes				
Revised Budget	$2,830,600		$2,830,600	

Treasurer - Retirement for Fire and Rescue Squad Workers

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$12,294,780**		**$12,294,780**	
Legislative Changes				
1412 Gen Fund Contribution to Fire Pension Fund				
32 Reduce Contribution to Fire Pension				
Reduce the General Fund contribution to the Firemen's Pension Fund	($2,077,883)	NR		
1432 Line of Duty Death Benefit				
33 Increase Funding	$85,000	R	$85,000	R
Increase the funding for Line of Duty Death Benefits paid, pursuant to G.S. 143-12A, to survivors of eligible persons killed in the line of duty. The increased funding is due to the increases in the number of line of duty deaths.				
Total Legislative Changes	**$85,000**	R	**$85,000**	R
	($2,077,883)	NR		
Total Position Changes				
Revised Budget	**$10,301,897**		**$12,379,780**	

Insurance

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$23,392,288		$23,392,288	
Legislative Changes				
1100 Administration				
34 Operating Budget Adjustments Reduces the operating budgets in the following line items: Repairs - Buildings - ($312) Repairs - Computers - ($500) Travel - ($2,580) Office Furniture - ($214) Office Equipment - ($118) Computer Equipment - ($276)	($4,000)	R	($4,000)	R
1200 Company Services				
35 Reduce Operating Budget Reduce operating budget in the following line items: Information Technology Services - ($500) Maintenance Agreement-Equipment - ($7,590) Maintenance Agreement-Software - ($6,715) Travel - ($24,841) Telephone Service - ($1,000) Printing, Binding, Duplicating - ($2,904) Registration Fees - ($6,675) Other Employee Educational Expense - ($14,247) Office Furniture - ($13,182) Office Equipment - ($610) Computer Equipment - ($14,150) Computer Software - ($4,000)	($96,414)	R	($96,414)	R
1300 Technical Services Group				
36 Operating Budget Reductions Reduces the operating budget in the following line items: Repairs - Buildings - ($470) Travel - ($27,074) Telephone Service - ($2,396) Postage, Freight, Delivery - ($1,037) Printing, Binding, Duplicating - ($9,604) Advertising - ($1,320) Office Furniture - ($12,250) Computer Equipment - ($8,132) Computer Software - ($250)	($62,533)	R	($62,533)	R

House Subcommittee on General Government	FY 2001-02		FY 2002-03	
1400 Public Service Group				
37 Operating Budget Reduction Reduce operating budget in the following line items: Maintenance Agreement ($500) Travel - ($33,890) Telecommunication Data Charge - ($5,000) Computer/Data Processing Service - ($2,845) Printing, Binding, Duplicating - ($4,028) Advertising - ($1,320) Registration Fees - ($400) Office Furniture - ($1,433) Office Equipment - ($612)	($48,708)	R	($48,708)	R
1500 Office of State Fire Marshall				
38 Operating Budget Reductions Reduces operating budget in the following line items: Administrative Services ($9,845) Travel - ($2,500) Postage, Freight, Delivery - ($12,500) Printing, Binding, Duplicating - ($2,500) Educational Supplies - ($1,500) Computer Software - ($22,500)	($51,345)	R	($51,345)	R
1900 Reserves and Transfers				
39 Increase Transfer to the Consumer Protection Fund Increase the transfer to the Consumer Protection Fund (23900-2001) to cover the increase in cost of hiring external consultants and experts to testify in rate hearings when the insurance industry requests rate increases. The increase in cost is attributable to the increase in the number of filings which are expected to result in hearings in fiscal year 2001-2002.	$450,000	NR		
Total Legislative Changes	**($263,000)** **$450,000**	R NR	**($263,000)**	R
Total Position Changes				
Revised Budget	**$23,579,288**		**$23,129,288**	

Insurance - Volunteer Safety Workers' Compensation Fund

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$4,500,000**		**$4,500,000**	
Legislative Changes				
1900 Reserves and Transfers				
40 Volunteer Safety Workers' Compensation Fund Reduce the General Fund appropriation to the Volunteer Safety Workers' Compensation Fund. The appropriation will be reduced in the first year by $2,500,000 with a continuing reduction of $2,000,000 in the second year. Thus, the General Fund appropriation to the Fund will be $2,000,000 for fiscal year 2001-2002 and $2,500,000 for fiscal year 2002-2003. The Fund currently has a cash balance of $21.5 million, which it has accumulated since it was established in fiscal year 1997.	($2,000,000) ($500,000)	R NR	($2,000,000)	R
Total Legislative Changes	**($2,000,000)** **($500,000)**	**R** **NR**	**($2,000,000)**	
Total Position Changes				
Revised Budget	**$2,000,000**		**$2,500,000**	

Administration

	GENERAL FUND			
Recommended Budget	**FY 2001-02**		**FY 2002-03**	
	$61,078,651		**$61,078,651**	
Legislative Changes				
1111 Office of the Secretary				
41 Reduce Personnel	($41,757)	R	($41,757)	R
Abolish vacant Administrative Assistant position as recommended by the Governor.	-1.00		-1.00	
42 Appalachian Research Commission	($190,080)	R	($190,080)	R
Replace appropriated funds with Highway Funds for the Highway's portion of the Appalachian Research Commission assessment dues.				
1111-1116 HUB Office				
43 Office of Historically Underutilized Businesses				
Provides funding for the operations of the Office of Historically Underutilized Businesses(HUB). Funding will also be used for outreach efforts on the contracting opportunities available to HUB vendors resulting from the 2000 Hihger Education Bond Program.	$270,000	NR		
1121 Office of Fiscal Management				
44 Reduce Personnel	($27,670)	R	($27,670)	R
Abolish one Processing Assistant III position in the Departmental Supply Store which has already been abolished. The employee has been reassigned.	-1.00		-1.00	
1122 Human Resources Management				
45 State Employee Incentive Bonus Program	($114,997)	R	($114,997)	R
Change the funding for two positions responsible for administering the State Employee Incentive Bonus Program from appropriation support to receipt-support. The State Employee Incentive Bonus Program will become receipt-supported pending legislative approval.	0.00		0.00	

	FY 2001-02		FY 2002-03	
1311 Office of State Personnel				
46 Personnel Reductions Abolish nine (9) vacant positions and related benefits: 5 Human Resource Consultants- #4000-0100-0004-619 - ($71,762) #4000-0301-0004-330 - ($36,664) #4000-1200-0004-997 - ($54,072) #4000-0100-0004-422 - ($58,899) #4000-0100-0004-990 - ($52,915) Human Resources Manager-#4000-0201-0004-030 - ($72,092) Processing Assistant-#4000-0202-0004-124 - ($32,328) Office Assistant IV-#4000-0100-0004-755 - ($30,663) Office Assistant V-#4000-0600-0004-166 - ($33,207) (Eliminates the PREPARE Program) Eliminate management layers for the following positions: #4000-0301-0004-302, HR Executive - ($5,565) #4000-0301-0004-262, HR Manager - ($3,399)	($451,566) -9.00	R	($451,566) -9.00	R
47 Operating Budget Adjustments Adjust funds in the following accounts each fiscal year: 532170 Administrative Services - ($10,000) 532199 Misc. Contracts - ($1,950) 532400 Maintenance Agreements - ($625) 532700 Travel - ($4,668) 532800 Comm & Data Processing - $200,000 532850 Printing - ($5,000) 532860 Advertising - ($1,000) 532930 Registration Fees - ($727) 534500 Equipment - ($3,490) 53XXXX Model Co-op Program - ($20,000)	$152,540	R	$152,540	R
48 Program Personnel Combine an Applications Analyst Programmer II- #4000-0202-0004-051 ($45,478) and Applications Analyst Programmer I- #4000-0202-0004-948 ($52,873) positions and create a new Applications Analyst Programmer II at pay grade 74 with salary and benefits of $70,533. Adjustment in salary and benefits provides a reduction of ($27,817).	($27,817) -1.00	R	($27,817) -1.00	R
1623 State Capitol Police				
49 Reduce Personnel Abolish vacant Police Officer II position currently responsible for providing safety awareness to State agencies.	($30,210) -1.00	R	($30,210) -1.00	R

	FY 2001-02		FY 2002-03	
50 Reduce State Capitol Police Force Reduce State Capitol Police Force by eliminating 13 vacant positions (Chief, Major, 5 Police Officer Is, 1 Telecommunicator, and 5 Property Guards), 6 Police Officer II positions, 10 Police Officer I positions, 3 Police Officer III (Lieutenants) positions, and 1 Telecommunicator position effective September 1, 2001. The remaining force will consist of 3 Police Officer III (Lieutenant) positions, 19 Police Officer I positions assigned as building officers, 5 Property Guards, 1 Security Guard, 2 Telecommunicators and 1 Administrative Assistant. The patrol responsibilities will be assumed by the City of Raleigh. Five of the positions that are being eliminated are funded with receipts from the state parking system. Thus, the total reduction will be allocated between appropriations and receipts as noted below:	($772,110) -33.00	R	($1,054,129) -33.00	R

General Fund	FY 2001-02	FY 2002-03
Sal/Benefits	($718,543)	($989,849)
Operating	($53,567)	($64,280)
TotalGF	($772,110)	($1,054,129)
Receipts	($145,133)	($174,160)
Total	($917,243)	($1,228,289)

1731 North Carolina Council for Women

51 Domestic Violence Prevention Funds Provide funding for grants to domestic violence programs as recommended by the Governor.	$1,000,000	R	$1,000,000	R
52 Reduce Operating Budget Reduce miscellaneous contractual services.	($7,000)	R	($7,000)	R
53 Sexual Assault Funds Provide funding, as recommended by the Governor, for the continuation of sexual assault programs and the prevention of sexual assault within the state	$225,000	R	$225,000	R

1783 Governor's Domestic Violence Commission

54 Reduce Personnel Eliminate the positions of Executive Director and vacant Administrative Secretary in the Domestic Violence Commission as recommended by the Governor. The responsibilities of the Commission will be consolidated with those of the NC Council for Women. The employee in the Executive Director's position will be transferred to the Council. The Administrative Secretary's position is vacant.	($110,349) -2.00	R	($110,349) -2.00	R

	FY 2001-02		FY 2002-03	
1810 Ethics Board				
55 Reduce Operating Budget Reduce miscellaneous contractual services ($10,000) and travel ($2,000).	($12,000)	R	($12,000)	R
1871 Board of Science and Technology				
56 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	($371,302) -3.00	R	($371,302) -3.00	R
57 Abolish Positions Abolish vacant Deputy Director position and the Administrative Officer I position as recommended by the Governor.	($111,014) -2.00	R	($111,014) -2.00	R
58 Reduce Personnel and Grant Funding Eliminate a Social Research Assistant II position and all research grant funding.	($155,410) -1.00	R	($155,410) -1.00	R
Department Wide				
59 Reduce Printing Reduce the printing budget throughout the Department. The Department will implement electronic forms and communication were possible.	($10,000)	R	($10,000)	R
Total Legislative Changes	**($1,055,742)** **$270,000**	R NR	**($1,337,761)**	R
Total Position Changes	-54.00		-54.00	
Revised Budget	**$60,292,909**		**$59,740,890**	

State Controller

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$11,817,271**		**$11,817,271**	
Legislative Changes				
1000 Departmentwide				
60 1211 Salaries and Wages	($97,437)	R	($97,437)	R
Abolish vacant Accounting Clerk III # 5009-0000-0000-110 and Data Base Analyst # 5008-0000-0000-065 positions with a reduction in salary and related benefits.	-2.00		-2.00	
61 Operating Budget Adjustments	($195,966)	R	($195,966)	R
Reduce the following line items each year of the biennium:				
5327XX Travel - ($6,000)				
532821 Data Processing Services - ($179,966)				
532850 Printing, Binding, Duplicating - ($5,000)				
534521 Office Equipment - ($5,000)				
Total Legislative Changes	**($293,403)**	R	**($293,403)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$11,523,868**		**$11,523,868**	

Revenue

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$76,967,284**		**$76,967,284**	
Legislative Changes				
1600 Administration				
62 Adjust Personnel	($67,420)	R	($67,420)	R
Abolish vacant Staff Development Coordinator position, #4771-0000-0020-410 and related benefits.	-1.00		-1.00	
1602 Security				
63 Adjust Personnel	($23,630)	R	($23,630)	R
Abolish vacant Processing Assistant III position, # 4791-0000-0024-010 and related benefits.	-1.00		-1.00	
1605 Planning, Development, and Technology				
64 Operating Budget Adjustments	($809,714)	R	($809,714)	R
Reduce the following accounts each fiscal year:				

531311 Temporary Wages - ($60,000)
531411 OT Pay - ($20,000)
531431 Shift Premium Pay - ($10,000)
531511 Social Security - ($6,885)
531521 Retirement - ($2,403)
532140 System Implementation - ($250,000)
532310 Repairs - ($9,092)
532512 Rent/Lease Buildings/Offices - ($5,000)
532712 Trans. Air/Out of State - ($10,000)
532715 Trans. Ground/Out of State - ($5,000)
532722 Lodging/Out of State - ($5,000)
532821 Computer/Data Processing Svs - ($250,000)
532860 Advertising - ($10,000)
533110 Gen Office Supplies - ($6,334)
533120 Data Processing Supplies - (5,000)
534511 Office Furniture - ($30,000)
534521 Office Equipment - ($25,000)
534522 Equipment/Computers - ($75,000)
534710 Computer Software - ($25,000)

	FY 2001-02		FY 2002-03	
65 Project Collect Tax	$157,397	R	$769,524	R
Provide funds for an Applications Programmer II and Applications Analyst Programmer Specialist, effective August 1, 2001, equipment, and operating expense:	$187,000	NR		
	2.00		2.00	

	FY 01-02	FY 02-03
531211 Salaries	$111,759	$121,919
531511 Social Security	8,550	9,327
531521 Retirement	8,952	9,766
531561 Med Ins	4,136	4,512
532140 Contractual Svs	-0-	600,000
532821 Computer/Data Proc	24,000	24,000
532440 Maint Agree/DP Equip	7,500	
532441 Maint Agree/Software	7,500	
534522 Office Equipment	18,000	
534522 Computer Equipment	150,000	
534528 Communications Equip	4,000	

1607 Tax Research

66 Personnel and Operating Budget Adjustments	($58,126)	R	($58,126)	R
Eliminate salary and benefits for a vacant Statistical Assistant V position, #4774-0000-0040-312 ($28,263, and reduce funds in the following accounts each fiscal year:	-1.00		-1.00	

531311 Temporary Wages - ($27,740)
531511 Social Security - ($2,123)

1621 Corporate, Excise & Insurance

67 Adjust Operating Budget	($10,765)	R	($10,765)	R
Reduce funds in the following accounts each year:				

531311 Temporary Wages - ($10,000)
531511 Social Security - ($765)

1627 Sales & Use

68 Adjust Operating Budget	($6,459)	R	($6,459)	R
Reduce funds in the following accounts each year:				

531311 Temporary Wages - ($6,000)
531511 Social Security - ($459)

1629 Property Tax

69 Additional Personnel	$63,936	R	$63,936	R
Appropriate funds for salary, benefits, operating expense, office furniture and equipment to support a Property Tax Valuation Specialist I position. The cost associated with the position will be reimbursed through the allowance for administrative cost available per G.S.105-501 in the year subsequent to the year the cost is incurred.	$9,600	NR		
	1.00		1.00	

	FY 2001-02		FY 2002-03	
1641 Office Examination				
70 Personnel and Budget Adjustments	($237,744)	R	($237,744)	R
Make the following adjustments in the division's budget each fiscal year:	-4.00		-4.00	
Eliminate four (4) vacant positions - ($85,117) 3 Processing Assistant III - #4782-0000-0065-742, #4782-0000-0065-733, and #4782-0000-0065-829 1 Processing Assistant V - #4784-0000-0076-551				
531311 Temporary Wages - ($100,000) 531511 Social Security - ($15,769) 531521 Retirement - ($6,818) 531561 Med Insurance - ($9,024) 531625 State Disability Payments - ($21,016)				
1643 Office Services (Taxpayer Assistance)				
71 Personnel and Operating Adjustments	($70,954)	R	($70,954)	R
Abolish two (2) vacant Processing Assistant III positions - #4782-0000-0065-415 ($25,794) and #4782-0000-0065-768 ($23,630), reduce temporary wages (531311) and adjust related benefits.	-2.00		-2.00	
72 Project Collect Tax	$147,370	R	$176,844	
Appropriate funds to add 2 Revenue Administration Officer I and 2 Tax Technician positions, effective September 1, 2001 with related benefits:	4.00		4.00	

	FY 01-02	FY 02-03
531211 Salaries	$120,915	$145,098
531511 Social Security	9,250	11,100
531521 Retirement	9,685	11,622
531561 Med Ins	7,520	9,024

1660 Field Operations (Examinations & Collection)				
73 Personnel and Operating Budget Adjustments	($19,882)	R	($19,882)	R
Reduce temporary wages (531311) and social security (531511).				

	FY 2001-02		FY 2002-03	
74 Project Collect Tax	$438,453	R	$584,605	R
In the Central Collections Unit provide funding to support an Officer Manager II, 2 Revenue Officer II, and 13 Tax Technicians effective October 1, 2001, with related benefits and operating expense:	$5,000	NR		
	16.00		16.00	

	FY 02-01	FY 02-03
532111 Salaries	$351,791	$469,055
531511 Social Security	26,912	35,883
531521 Retirement	28,178	37,571
531561 Med Ins	27,072	36,096
532714 Transportation	4,500	6,000
532950 Emp Moving Expense	5,000	

75 Project Collect Tax	$885,795	R	$1,181,059	R
Appropriate funds to support 20 Revenue Officer I and 8 Information Processing Technician positions with related benefits and operating expense:	$194,400	NR		
	28.00		28.00	

	FY 01-02	FY 02-03
531211 Salaries	$698,961	$931,948
531511 Social Security	53,471	71,294
531521 Retirement	55,987	74,649
531561 Med Ins	47,376	63,168
532199 Misc Cont Svs	194,400	
532714 Transportation	30,000	40,000

1670 Unauthorized Substance Tax

76 Operating Budget Adjustment	($26,530)	R	($26,530)	R
Reduce the following accounts each fiscal year:				

531311 Temporary Wages - ($20,000)
531511 Social Security - ($1,530)
535890 Other Administrative Services - ($5,000)

1681 Administrative Services

77 Operating Budget Adjustments	($461,514)	R	($461,514)	R
Reduce the following accounts each fiscal year:				

532199 Misc. Contractual Services - ($65,985)
532430 Maintenance Agreements/Equipment - ($34,411)
532821 Computer/Data Process Service - ($20,000)
532840003 Post, Freight & Del/Postage Meter - ($58,547)
532850001 Print Official Statements - ($23,625)
532930 Registration Fees - ($15,000)
532942 Other Employee Ed Exp - ($126,833)
533120 Data Processing Supplies - ($50,000)
533900 Other Materials $ Supplies - ($20,000)
534521 Office Equipment - ($22,113)
535830 Membership Dues & Subscriptions - ($25,000)

	FY 2001-02		FY 2002-03	
78 Project Collect Tax	$201,374	R	$136,625	R
Increase funds to support positions employed for the project:	$230,000	NR		

	FY 01-02	FY 02-03
532811 Rent/Lease (eff. 10/1/01)	$ 63,125	$ 77,500
532840003 Postage/Fr/Del	112,980	32,280
533110 Supplies (eff. 10/1/01)	25,269	26,845
534511 Office Furn	225,000	
534521 Office Equip	5,000	
532714 Transportation	30,000	40,000

1683 Financial Services

79 Operating Budget Adjustments	($20,454)	R	($20,454)	R
Adjust the following accounts each fiscal year:				

531311 Temporary Wages - ($10,000)
531511 Social Security - ($1,454)
531625 Eliminate State Disability Payments - ($9,000)

1685 Documents & Payments Processing

80 Personnel and Operating Budget Adjustments	($110,981)	R	($110,981)	R
Make the following adjustments in the division's budget:				
	-4.00		-4.00	

Eliminate four (4) vacant positions - ($86,388)
3 Data Entry Specialists - #4787-0000-0090-883, #4787-0000-0090-882, and #4787-0000-0090-889
1 Processing Assistant III - #4787-0000-0092-408

531511 Social Security ($6,754)
531521 Retirement ($6,920)
531561 Med Insurance ($9,024)

531625 Eliminate State Disability Payments - ($1,895)

Total Legislative Changes	**($29,848)**	**R**	**$988,420**	**R**
	$626,000	**NR**		
Total Position Changes	38.00		38.00	
Revised Budget	**$77,563,436**		**$77,955,704**	

Cultural Resources

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$60,840,696		$60,840,696	
Legislative Changes				
1110 Office of the Secretary				
81 Budget Adjustment Reduce funds for miscellaneous contractual services (532199).	($10,860)	R	($10,860)	R
82 Budget Increase Provide funds for data processing services(532800).	$75,000	NR		
1120 Administrative Services				
83 Adjust Operating Budget Reduce funds for computers equipment (534522).	($9,842)	R	($9,842)	R
1210 Archives & History/Director's Office				
84 Operating Budget Adjustments Reduce the following accounts each fiscal year: 531311 Temp Wages - ($1,500) 531511 Social Security - ($115) 532199 Misc. Contractual Services - ($4,759) 532731 BD/Non-employee Trans - ($500) 532732 BD/Non-employee Subsistence - ($500) 535830 Membership Dues - ($500)	($7,874)	R	($7,874)	R
85 Queen Anne's Revenge Provide funding only for continued work on the recovery and conservation of the artifacts from the shipwreck believed to be Blackbeard's flagship, Queen Anne's Revenge.	$250,000	NR		
1220 Historical Publications				
86 Budget Adjustment Reduce funding for printing, binding and duplication (532850).	($6,461)	R	($6,461)	R

1230 Archives and Records

87 Operating Budget Adjustments — ($28,077) R — ($28,077) R

Reduce the following accounts each fiscal year:

532199 Misc. Contractual Services - ($3,000)
532210 Electricity - ($2,577)
532731 BD/Non-employee Trans. - ($2,000)
532732 BD/Non-employee Subsistence - ($1,000)
532850 Printing, Binding & Duplication - ($6,000)
532850 Advertising - ($5,500)
533900 Other Materials/Supplies - ($5,000)
534539 Other Equipment - ($3,000)

88 Digitization of Public Records — $50,000 NR

Provide funds to complete Information Technology project planning and for IRMC Project Certification related to digitization of public records (532140).

1241 State Historic Sites

89 Operating Budget Adjustment — ($360,315) R — ($360,315) R

Reduce the following accounts each fiscal year:

532199 Misc. Contractual Services - ($130,000)
532512 Rent/Lease-Buildings or Offices - ($7,000)
532721 Lodging/In State - ($20,000)
532724 Meals/In State - ($10,000)
532942 Other Emp. Ed Expense - ($8,000)
533900 Other Materials & Supplies - ($4,315)
534511 Office Furniture - ($10,000)
534541 Motor Vehicles - ($71,000)
534549 Art & Artifacts - ($100,000)

1242 Tryon Palace

90 Adjust Operating Budget — ($15,273) R — ($15,273) R

Reduce the following accounts:

532310 Building Repairs - ($2,684)
532390 Other Repairs - ($1,056)
532490 Maintenance/Service Contracts - ($1,386)
532919 Other Insurance - ($1,656)
533900 Other Supplies & Materials - ($4,999)
534511 Office Furniture - ($1,000)
534539 Other Equipment - ($2,492)

1243 State Capitol

91 Budget Adjustment — ($4,161) R — ($4,161) R

Reduce the following accounts:

531311 Temporary Wages - ($3,900)
531321 Social Security - ($261)

1245 NC Maritime Museum

92 Operating Budget Adjustment ($32,155) R ($32,155) R

Reduce funds in the following accounts each fiscal year:

532182 Laundry Service Agreement - ($100)
532320 Repairs/Other Structures - ($2,000)
532512 Office Rent/Lease - ($22,791)
532521 Rent/Lease-Motor Vehicles - ($400)
532524 Rent/Lease Gen. Office Equip. - ($100)
532850 Printing, Binding, & Dup - ($1,000)
532912 Motor Vehicle Insurance - ($1,500)
532913 Liability Insurance - ($2,000)
533900 Other Materials & Supplies - ($2,000)
534539 Other Equipment ($264)

1250 Historic Preservation

93 Operating Budget Adjustments ($12,893) R ($12,893) R

Reduce the following accounts each fiscal year:

532199 Misc. Contractual Services - ($1,858)
532390 Repairs - ($650)
532714 Trans/In State - ($1,946)
532715 Trans/Out of State - ($100)
532721 Lodging/In State - ($247)
532724 Meals/In State - ($600)
532725 Meals/Out of State - ($235)
532727 Misc./In State - ($795)
532728 Misc/Out of State - ($1,150)
532731 BD/Non-employee Trans. - ($431)
532732 BD/Non-employee Subs. - ($200)
532850 Printing, Binding, & Dup. - ($900)
532942 Other Employee Ed Exp. - ($326)
533110 General Office Supplies - ($50)
533900 Other Materials & Supplies - ($1,435)
534511 Office Furniture - ($1,822)
534539 Other Equipment - ($148)

1290 Western Office

94 Budget Adjustment ($2,956) R ($2,956) R

Reduce funding for In-state transportation (532714).

1320 Museum of Art

95 Operating Budget Adjustments — ($49,923) R — ($49,923) R

Reduce funds in the following accounts:

532199 Misc. Contractual - ($16,560)
532512 Rent/Lease Building - ($5,345)
532590 Rent/Lease Other - ($800)
532711 Tran Air/In State - ($100)
532712 Tran Air/Out of State - ($125)
532714 Trans Ground/In State - ($2,000)
532715 Trans Ground/Out of State - ($294)
532716 Trans Ground/Out of Country - ($200)
532722 Lodging/Out of State - ($1,000)
532723 Lodging/Out of Country - ($739)
532725 Meals Out of State - ($500)
532726 Meals Out of Country - ($300)
532728 Misc/Out of State - ($2,000)
532729 Misc/Out of Country - ($500)
532811 Telephone Service - ($1,440)
532850 Printing, Binding, & Dup - ($1,020)
533990 Other Supplies & Materials - ($17,000)

96 Art Exhibit

Appropriate funds for an exhibit scheduled May 18 - July 28, 2002 -- Empire of the Sultans: Ottoman Art from the Khalili Collection. — $250,000 NR

1330 NC Arts Council

97 Operating Budget Adjustment — ($6,097) R — ($6,097) R

Reduce grant funds for the Lost Colony (536948).

98 Grassroots Arts Program

Provide funds for one-time increase in continuation budget for grants to local arts councils (536996). — $250,000 NR

1340 NC Symphony

99 Budget Adjustment — ($2,962) R — ($2,962) R

Reduce funds for postage (532840).

1360 Grants in Aid to Arts

100 Operating Budget Adjustment — ($1,316) R — ($1,316) R

Reduce the budget each year for the Vagabond School of Drama (536932) by $1,134 and the NC State Art Society (536935) by $182.

House Subcommittee on General Government	FY 2001-02		FY 2002-03	
1410 State Library Services				
101 Budget Reductions Reduce funds in the following accounts: 532850 Printing, Binding, & Duplication - ($3,250) 534630 Library Learning Resources - ($10,542)	($13,792)	R	($13,792)	R
1480 State Library Statewide Programs				
102 Budget Adjustment Reduce Telecommunication Services (532812).	($26,078)	R	($26,078)	R
1500 Museum of History				
103 Operating Budget Adjustments Eliminate funds for nine vacant positions and reduce funding in the following accounts each fiscal year: 531211 Salaries - ($107,714) 531511 Social Security - ($8,240) 531521 Retirement - ($8,628) 531561 Medical Insurance - ($9,024) 532310 Building Repairs - ($127,478) 534511 Office Equipment - ($12,357) 534539 Other Equipment - ($212,700)	($486,141) -9.00	R	($486,141) -9.00	R
Total Legislative Changes	**($1,077,176)** **$875,000**	R NR	**($1,077,176)**	R
Total Position Changes	-9.00		-9.00	
Revised Budget	**$60,638,520**		**$59,763,520**	

Cultural Resources - Roanoke Island Commission

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,907,245**		**$1,907,245**	
Legislative Changes				
Roanoke Island Commission				
104 Operating Budget Adjustment Reduce amount of funding transferred to Special Fund.	($47,782)	R	($47,782)	R
Total Legislative Changes	**($47,782)**	**R**	**($47,782)**	**R**
Total Position Changes				
Revised Budget	**$1,859,463**		**$1,859,463**	

State Board of Elections

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$3,271,453		$3,271,453	
Legislative Changes				
1100 Administration				
105 Reduce Operating Budget Reduce the operating budget in the printing line items	($85,184)	R	($85,184)	R
Total Legislative Changes	($85,184)	R	($85,184)	R
Total Position Changes				
Revised Budget	$3,186,269		$3,186,269	

Office of Administrative Hearings

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$2,908,088**		**$2,908,088**	
Legislative Changes				
1100 Administration & Operations				
106 1211 Salaries and Wages	($70,067)	R	($70,067)	R
Abolish vacant positions - Clerk-Typist position in the Civil Rights Division - # 8210-1100-0000-061 ($29,775) and Accounting Technician V in the Administration Division - # 8210-1100-0000-007 ($40,292) and related benefits.	-2.00		-2.00	
107 Operating Budget Adjustments	($29,000)	R	($29,000)	R
Reduce funding in the following line items each year of the biennium: 532110 Legal Service - ($4,000) 532140 System Implement/Integration Services - ($11,506) 532440 Maintenance Agreement-DP Equipment - ($640) 532441 Maintenance Agreement/Software - ($11,854) 535830 Membership/Subscription - ($1,000)				
108 432101 Receipts - Federal Reimbursement	($13,866)	R	($13,866)	R
Increase federal receipts.				
Total Legislative Changes	**($112,933)**	R	**($112,933)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$2,795,155**		**$2,795,155**	

Rules Review Commission

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$334,085		$334,085	
Legislative Changes				
1100 Administration				
109 Personal Services Reduce funds each year of the biennium in the following accounts: 531651 Board Member Compensation - ($2,000) 532512 Rent/Lease - ($250) 532712 Transportation/Out of State - ($500) 532722 Lodging/Out of State - ($500) 532725 Meal/Out of State - ($200) 532811 Telephone Service - ($1,600) 532850 Printing, Binding, Duplicate - ($500) 532930 Registration Fees - ($250) 534511 Office Furniture - ($700) 534521 Office Equipment - ($200) 534522 Computer Equipment - ($1,000) 534630 Library and Learning - ($500) 534710 Computer Software - ($90)	($8,290)	R	($8,290)	R
Total Legislative Changes	**($8,290)**	**R**	**($8,290)**	**R**
Total Position Changes				
Revised Budget	**$325,795**		**$325,795**	

TRANSPORTATION
Section K

Transportation

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$17,753,426**		**$14,486,443**	
Legislative Changes				
Aeronautics and Global Transpark				
(1200) Airport Grants				
1 Reduce General Fund Support				
Reduces General Fund Airport Grant Program by $5 million, to be partially offset by increase in funding from Highway Fund.	($5,000,000)	NR		
Global TransPark				
2 Global TransPark Reduction				
Reduction recommended by the Governor.	($1,660,709)	NR		
3 Global Transpark Operating Reduction	($1,062,717)	R	($1,093,102)	R

	2001-2002	2002-2003
GTP Administration	$424,451	$433,651
State Match/Runway	($1,116,742)	($1,094,350)
Airport Operations	($124,795)	($157,987)
Education and Training Center Operations	($115,247)	($134,807)
Marketing	($54,749)	($56,939)
Land Use Planning	($75,635)	($82,660)

Total Legislative Changes	**($1,062,717)**	**R**	**($1,093,102)**	**R**
	($6,660,709)	**NR**		
Total Position Changes				
Revised Budget	**$10,030,000**		**$13,393,341**	

Transportation

HIGHWAY FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,204,477,503**		**$1,211,720,525**	
Legislative Changes				
Construction and Maintenance				
(5180) Construction - Contingency				
4 Small Urban and Rural Projects Provides additional funding for small urban and rural highway construction.	$2,000,000	NR		
(5240) Maintenance - Contract Resurfacing				
5 Restore Contract Resurfacing Funds Restores funding to FY 2001 levels. FY 2001 budget contained $7,000,000 in nonrecurring funding.	$7,000,000	R	$7,000,000	R
6 Increase Contract Resurfacing Funds Increases contract resurfacing funding over funding from previous years.	$22,716,734 $1,500,000	R NR	$22,716,734	R
(5400) Capital Improvements				
7 Repair and Renovation Provides funds for repair and renovation of the Department's facilities.	$1,634,000	NR		
(5940) Rail Program				
8 Partially Restore Rail Funding Partially restores funding to FY 2001 levels. FY 2001 budget contained $12,932,088 in nonrecurring funding.	$2,000,000 $5,520,000	R NR	$2,000,000	R

	2001-2002	2002-2003
Western NC Service (NR)	$ 520,000	
Raleigh-Charlotte	$2,000,000	$2,000,000
Raleigh-Charlotte (NR)	$5,000,000	

9 Charlotte Station Funds remaining land acquisition for new multi-modal station in Charlotte.	$15,000,000	NR		
(5950) Airport Program				
10 Airport Grants Partially replaces General Fund support for airport grants with Highway Fund appropriation.	$3,000,000	NR		

	FY 2001-02		FY 2002-03	
(5970) Public Transportation Program				
11 Restore Public Transportation Funding	$15,621,993	R	$15,621,993	R
Restores funding to FY 2001 levels. FY 2001 budget contained $15,621,993 in nonrecurring funding.				

	2001-2002	2002-2003
Rural Capital	$1,150,000	$1,150,000
Rural Operating	$2,650,000	$2,650,000
Elderly & Disabled	$900,000	$900,000
Urban & Regional Maint.	$1,921,993	$1,921,993
New Starts	$9,000,000	$9,000,000

12 Replace Federal Funds	$10,000,000	R	$10,000,000	R
Replaces federal funds with State Highway Fund money. $10,000,000 of federal Congestion, Mitigation and Air Quality Funding that is being replaced will be redirected to the Transportation Improvement Program (TIP).				

	2001-2002	2002-2003
Rural Operating	$600,000	$600,000
Human Service	$400,000	$400,000
New Starts	$8,000,000	$8,000,000
Urban & Reg. Tech.	$1,000,000	$1,000,000

13 Increase Public Transportation Funding	$11,047,535	R	$11,047,535	R
Increases public transportation funding over funding from previous years.	$384,226	NR		

	2001-2002	2002-2003
Rural Capital	$1,400,000	$1,400,000
Rural Operating	$1,400,000	$1,400,000
Elderly & Disabled	$500,000	$500,000
Urban & Regional Maint.	$1,725,107	$1,340,881
New Starts	$6,406,654	$6,406,654

Governor's Highway Safety Program

(0410) Governor's Highway Safety

14 Transfer Program	($90,584)	R	($90,584)	R
Transfers program to DOT Secretary's Office. Eliminates 1 vacant position currently funded under Governor's Highway Safety Program and funds 3 positions wholly out of federal funds.	-1.00		-1.00	

Division of Motor Vehicles

(0510) Commissioner's Office

15 Eliminate 54 Positions within DMV	($2,062,747)	R	($2,062,747)	R
	-54.00		-54.00	

	FY 2001-02		FY 2002-03	
(0520) Vehicle Registration				
16 Increase payment to contract agents Provides a 6% increase in the fees paid to contract agents.	$840,000	R	$840,000	R
Reserves				
(6270) Crime Control and Public Safety				
17 Adjust Equipment Budget Eliminates funds for upgrade of communications consoles and bay station equipment. Highway Patrol would be permitted to fund this equipment from other sources.	($875,000)	R	($875,000)	R
18 Adjustment for Vehicle Inflationary Factors Would reduce continuation budget increases in the new vehicle line item consistent with cost increases in previous years.	($710,875)	R	($1,701,282)	R
19 Adjustment for Gasoline Inflationary Factors Would reduce continuation budget increases in the gasoline line item.	($403,340)	R	($201,279)	R
(6310) Department of Public Instruction				
20 Adjustment to Driver Education Reduces funding due to fewer projected students and underspending in previous years.	($1,966,232)	R	($1,966,232)	R
(6360) Global TransPark Authority				
21 GTP Administration Adjust budget	($605,549)	R	($640,882)	R
(6370) Transfer to Highway Trust Fund				
22 Discontinue Transfer to Highway Trust Fund Ends transfer to Highway Trust Fund of money required by statute. These funds were originally made available from the retirement of Highway Fund bonds. As these bonds were paid off, money equal to the debt service on the bonds was paid to the Highway Trust Fund.	($38,000,000)	R	($38,000,000)	R
(6611) Retirement Rate Adjustment				
23 Retirement Rate Adjustment Reduces the State contribution rate from 5.33% to 1.99% of payroll for members of the Teacher's and State Employees' Retirement System.	($12,231,080)	R	($12,231,080)	R

House Subcommittee on Transportation	FY 2001-02		FY 2002-03	
(6801) Compensation Increase				
24 State Funded Compensation Increase Provides funding for a permanent $625 annual salary increase to State employees whose salaries and wages are supported out of the Highway Fund.	$7,200,000	R	$7,200,000	R
(6828) Reserve for Maintenance				
25 Restore Maintenance Expenditures Restores funding to FY 2001 levels. FY 2001 budget contained $31,000,000 in nonrecurring funding.	$31,000,000	R	$31,000,000	R
26 Increase Maintenance Expenditures Increases maintenance funding over funding from previous years.	$19,140,445 $8,522,971	R NR	$19,140,445	R
(6836) State Employee Reserve				
27 State Employee Health Benefit Plan Provides a 30% premium increase to the Plan for Teachers, State Employees, and Retired Employees effective October 1, 2001. The remaining financial support to keep the plan solvent through the 2001-03 biennium will come from increased premiums paid by employees for their families, cuts in payments to hospitals and physicians, and a reduction in the Plan's benefits.	$7,000,000	R	$9,000,000	R
Total Legislative Changes	**$76,621,300** **$37,561,197**	**R** **NR**	**$77,797,621**	**R**
Total Position Changes	-55.00		-55.00	
Revised Budget	**$1,318,660,000**		**$1,289,518,146**	

INFORMATION TECHNOLOGY
Section L

Information Technology Services

INTERNAL SERVICE FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$0**		**$0**	
Legislative Changes				
Services Division				
1 ITS Rate Reductions The Office of Information Technology Services shall reduce rates charged to agencies for telecommunication services.	($4,000,000)	R	($4,000,000)	R
2 ITS Reduction The Office of Information Technology Services Internal Service fund is reduced by seven million dollars ($7,000,000). The seven million dollar reduction ($7,000,000) is transferred from the Internal Service Fund to the General Fund based upon the following installments: ($3,000,000) November 3, 2001 ($4,000,000) February 4, 2002	($7,000,000)	NR		
Total Legislative Changes	**($4,000,000)** **($7,000,000)**	R NR	**($4,000,000)**	R
Total Position Changes				
Revised Budget	**($11,000,000)**		**($4,000,000)**	

RESERVES/
DEBT SERVICE/
ADJUSTMENTS
Section M

Reserves, Debt Service and Adjustments

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	**$241,290,498**	**$241,290,498**

Legislative Changes

A. Employee Benefits

1 State Funded Compensation Increases Provide recurring funds to increase salaries of State funded Public School System employees, Community College System employees, University System employees, and State Agency employees. Also provide $5.15 million in recurring funds to continue established statutory salary plans for Magistrates, Assistant Clerks, and Deputy Clerks. Funding provided is for scheduled increases in the 2001-2002 fiscal year for the Magistrates, Assistant Clerks and Deputy Clerks salary plans plus funding required to cover a shortfall in current budgeted funding levels in the Assistant and Deputy Clerks' salary plan. Public Schools: Teachers -- 2.86% average increase Principal and Assistant Principals -- 2.86% average increase Other Public School Employees -- $625 increase Community College System Employees -- $625 average increase Also allocates $6.9 million to the Community College System to provide an additional 1.25% salary increase for faculty and professional staff. State Employees: SPA (State Agency and University System) -- $625 increase EPA (State Agency) -- $625 increase EPA (UNC System) -- $625 average increase State Agency Teachers -- 2.86% average increase School of Science and Math Faculty -- 2.86% average increase	$193,842,000	R	$193,842,000	R

	FY 2001-02		FY 2002-03	
2 State Employee Health Benefit Plan Provide a 30% premium increase to the Plan for Teachers, State Employees and Retired Employees effective October 1, 2001. The remaining financial support to keep the Plan solvent through the 2001-03 biennium will come from increased premiums paid by employees for their families, cuts in payments to hospitals and physicians, and a reduction in the Plan's benefits.	$150,000,000	R	$200,000,000	R
3 TSERS Retirement Rate Adjustment Reduce the State contribution rate from 5.33% to 1.99% of payroll for members of the Teachers' and State Employees' Retirement system as a result of removing the cap of 77% for the recognition of assets.	($239,568,180)	R	($239,568,180)	R
4 CJRS Retirement Rate Adjustment Reduce the State contribution rate from 18.58% to 14.05% of payroll for members of the Consolidated Judicial Retirement System.	($2,265,000)	R	($2,265,000)	R
B. Hurricane Floyd Reserve Fund				
5 Hurricane Floyd Recovery Funds Provide funds for necessary and appropriate relief and recovery assistance from the effects of Hurricane Floyd in accordance with the requirements of S.L. 1999-463.			$150,629,172	NR
C. Reserve to Implement HIPAA				
6 HIPAA Compliance Funds Provide funds for statewide planning and implementation of the federal Health Insurance Portability and Accountability Act (HIPAA). The act establishes national standards and requirements for the transmission, storage and handling of certain electronic health care data. HIPAA requires significant changes in information technology systems, administrative policies and regulations, operational processes, education and training. Agencies providing health care services or using patient or health care data are subject to the requirements. This includes the Department of Health and Human Services and the Teachers' and State Employees' Comprehensive Major Medical Plan.	$10,000,000	NR		
D. Information Technology Rate Adjustment				
7 ITS Rate Reduction Reduces telecommunication rates paid by State agencies to the Office of Information Technology Services. The rate change shall reduce agency General Fund expenditures by $4 million annually. The Office of Information Technology and the Office of Budget and Management shall have flexibility in implementing this reduction.	($4,000,000)	R	($4,000,000)	R

	FY 2001-02		FY 2002-03	
E. Payroll Turnover Adjustment				
8 Fund Salaries & Employer Contirbutions at 98.5% of Budgeted Requirements Generate a reduction in the amount of budgeted funding for salaries and related employer contributions for retirement and social security by reducing funding for salaries and related employer contributions to 98.5% of budgeted requirements to closer reflect actual expenditures. This action attempts to fund salaries and related employer contributions at levels closer to actual requirements. Excluded from this action are State funded salaries and related employer contributions for the Public School System and the Community College System.	($52,000,000)	R	($52,000,000)	R
F. Other Reserves				
9 Mental Health System Reform Reserve Increases funds in the Mental Health, Developmental Disabilities and Substance Abuse Services Reserve for System Reform and Olmstead to $10,000,000 in order to comply with the U.S. Supreme Court decision in Olmstead vs. L.C. & E.W. and to further implement State policy to provide appropriate community based services and supports. Funds shall be used to: (1) facilitate patient/client transition planning and movement from state institutions into community based services and supports; and (2) support patient transition activities associated with replacement of the Dorothea Dix Hospital with a new regional psychiatric hospital.	$7,525,675	NR	$0	NR
10 Debt Service Requirements Provide funds for debt service due to revised requirements for prinicipal and interest payments, including the issuance of the Higher Education Improvement Bonds authorized in 2000. Total requirements in FY 2001-02 were reduced by $24,298,298 from the Governor's recommendations due to budgeting additional receipts ($15,529,548) and delaying the sale of Natural Gas Bonds until January 1, 2002 ($8,768,750). The total debt service requirement, including federal reimbursements is $251,978,040 for FY 2001-02 and $353,422,808 for FY 2002-03.	$12,312,542	R	$113,757,310	R
11 Contingency and Emergency Fund Provide additional funds to address unanticipated disasters, emergency situations and contingencies. The total annual appropriation to the C&E Fund is $5,000,000.	$3,875,000	R	$3,875,000	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$62,196,362**	**R**	**$213,641,130**	**R**
	$17,525,675	**NR**	**$150,629,172**	**NR**
Revised Budget	**$321,012,535**		**$605,560,800**	

CAPITAL
Section N

Capital

	GENERAL FUND	
	FY 2001-02	FY 2002-03

Department of Environment and Natural Resources

1 Water Resources Development Projects

Provide state funds to match federal and local funds for water resources development projects as outlined in the state's Water Resources Development Plan. $32,936,000 NR

Statewide Capital Reserves

2 Repairs and Renovations Reserve Account

Provide funds for repairs and renovations of the UNC System and State facilities throughout North Carolina. $100,000,000 NR

Total Capital Appropriation **$132,936,000** **NR**

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 1005

Appropriations/Base Budget Committee Substitute Adopted 5/28/01
Appropriations/Base Budget Committee Substitute No. 2 Adopted 5/29/01
Third Edition Engrossed 5/31/01
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1005-PCS3873-LH-20

Short Title: The Appropriations Act of 2001. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2001."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - General Fund	**2001-2002**	**2002-2003**
EDUCATION		
Community Colleges System Office	$650,511,683	$650,511,683
Department of Public Instruction	5,877,926,964	5,927,594,010

University of North Carolina - Board of Governors		
Appalachian State University	85,569,474	85,832,474
East Carolina University		
Academic Affairs	121,199,264	122,462,332
Health Affairs	46,244,925	46,244,925
Elizabeth City State University	21,735,417	21,735,417
Fayetteville State University	30,918,567	30,918,567
North Carolina Agricultural and		
Technical University	59,749,184	59,749,183
North Carolina Central University	44,557,545	44,557,545
North Carolina School of the Arts	16,474,086	16,747,705
North Carolina State University		
Academic Affairs	266,433,642	266,918,593
Agricultural Extension Service	37,584,776	37,584,776
Agricultural Research Service	46,891,919	46,865,803
University of North Carolina at Asheville	25,580,238	25,736,337
University of North Carolina at Chapel Hill		
Academic Affairs	200,318,613	200,828,130
Health Affairs	154,802,003	156,782,218
Area Health Education Centers	46,072,336	46,072,336
University of North Carolina at Charlotte	96,039,883	96,511,109
University of North Carolina at Greensboro	93,617,446	93,694,770
University of North Carolina at Pembroke	24,689,034	24,630,347
University of North Carolina at Wilmington	59,821,472	60,172,854
Western Carolina University	52,094,143	52,362,402
Winston-Salem State University	28,207,075	28,630,664
General Administration	43,052,753	44,048,177
University Institutional Programs	41,714,602	41,714,602
Related Educational Programs	103,637,912	103,637,912
North Carolina School of Science		
and Mathematics	11,487,156	11,839,342
UNC Hospitals at Chapel Hill	38,587,322	38,587,322
Total	$1,797,080,787	$1,804,865,842

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	47,011,912	46,911,912
Division of Aging	29,519,886	29,519,886
Division of Child Development	289,583,672	289,583,672
Division of Education Services	69,940,433	69,940,433
Division of Public Health	109,587,801	107,312,801
Division of Social Services	192,262,288	198,335,582
Division of Medical Assistance	1,990,794,503	2,262,823,239
NC Health Choice	32,987,142	37,487,142
Division of Blind Services/Deaf	10,184,019	10,184,019
Division of Mental Health	581,548,722	581,548,722
Division of Facility Services	13,908,874	14,104,141
Division of Vocational Rehabilitation	42,468,956	41,768,956
Total	$3,409,798,208	$3,689,520,505

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	55,545,270	55,194,468
Department of Commerce		
Commerce	45,395,692	44,315,050
Commerce State-Aid	7,700,000	5,200,000
NC Biotechnology Center	5,270,468	6,270,468
Rural Economic Development Center	4,470,777	5,470,471
Department of Environment and Natural Resources		
Environment and Natural Resources	158,306,149	157,833,822
Clean Water Management Trust Fund	20,000,000	20,000,000
Office of the Governor - Housing Finance Agency	5,300,000	5,300,000
Department of Labor	16,023,147	15,992,906
JUSTICE AND PUBLIC SAFETY		
Department of Correction	932,202,382	939,699,999
Department of Crime Control and Public Safety	31,999,903	28,726,357
Judicial Department	305,323,643	305,235,016
Judicial Department - Indigent Defense	71,635,967	71,635,967
Department of Justice	72,955,782	73,528,600
Department of Juvenile Justice and Delinquency Prevention	141,276,263	143,030,250
GENERAL GOVERNMENT		
Department of Administration	60,292,909	59,740,890
Office of Administrative Hearings	2,795,155	2,795,155
Department of State Auditor	11,864,673	11,864,673
Office of State Controller	11,523,868	11,523,868
Department of Cultural Resources		
Cultural Resources	60,638,520	59,763,520
Roanoke Island Commission	1,859,463	1,859,463
State Board of Elections	3,186,269	3,186,269
General Assembly	39,553,848	39,553,848
Office of the Governor		
Office of the Governor	5,452,905	5,452,905
Office of State Budget and Management	5,283,596	4,933,066
Mapping and Surveying	1,187,845	1,187,845

Reserve for Special Appropriations	3,530,000	3,080,000
Department of Insurance		
Insurance	23,579,288	23,129,288
Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,500,000
Office of Lieutenant Governor	669,545	669,545
Department of Revenue	77,563,436	77,955,704
Rules Review Commission	325,795	325,795
Department of Secretary of State	8,554,507	8,554,507
Department of State Treasurer		
State Treasurer	2,830,600	2,830,600
State Treasurer – Retirement for Fire and Rescue Squad Workers	10,301,897	12,379,780
TRANSPORTATION		
Department of Transportation	10,030,000	13,393,341
RESERVES AND DEBT SERVICE		
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Compensation Increases	193,842,000	193,842,000
Reserve for Salary Adjustments	500,000	500,000
Reserve for State Health Plan	150,000,000	200,000,000
Teachers' and State Employees' Retirement Rate Adjustment	(239,568,180)	(239,568,180)
Judicial Retirement Rate Adjustment	(2,265,000)	(2,265,000)
Hurricane Floyd Reserve Fund		150,629,172
Reserve to Implement HIPPA	10,000,000	
Mental Health System Reform Reserve	7,525,675	
Information Technology Rate Adjustment	(4,000,000)	(4,000,000)
Payroll Turnover Adjustment	(52,000,000)	(52,000,000)
Debt Service		
General Debt Service	250,822,092	352,266,860
Federal Reimbursement	1,155,948	1,155,948
GRAND TOTAL CURRENT OPERATIONS –		

GENERAL FUND	**$14,272,759,739**	**$14,902,166,276**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2001-2003 biennial budget is shown below:

General Fund Budget Reform Statement	**2001-2002 ($ Millions)**	**2002-2003 ($ Millions)**
1. Composition of the 2001-2002 beginning availability:		
a. Unappropriated balance	0.0	--
b. Revenue collections in fiscal year 2000-2001 in excess of authorized estimates	0.0	--
c. Unexpended appropriations during fiscal year 2000-2001 (Reversions)	0.0	--
Beginning Unreserved Credit Balance	0.0	--
2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
3. Non-Tax Revenues:		
Investment Income	152.0	167.0
Judicial Fees	109.5	111.7
Disproportionate Share	107.0	107.0
Insurance	43.9	45.8
Other Non-Tax Revenues	105.0	106.2
Highway Trust Fund Transfer	170.0	170.0
Highway Fund Transfer	14.5	15.3
Subtotal	14,175.7	15,174.2
4. Other Adjustments		
North Carolina Railroad General Fund Repayment	19.0	--
Senate Bill 353 Enhance Department of Revenue Collections	50.0	50.0
House Bill 232 Implementation	116.5	2.7
Scrap Tire/White Goods Transfer	3.4	
Transfer of Cash from Special, Trust, Internal Service, and Reserve Funds	167.5	0.5
Transfer to the Savings Reserve Account	(125.0)	--
Subtotal	231.4	53.2
TOTAL GENERAL FUND AVAILABILITY	**$14,407.1**	**$15,227.4**

SECTION 2.2.(b) Notwithstanding the provisions of Section 7.2.(a) of S.L. 2000-67, nineteen million dollars ($19,000,000) of the North Carolina Railroad Company dividends received by the State during the 2000-2001 fiscal year and the 2001-2002 fiscal year shall: (i) be applied to increase the capital of the North Carolina Railroad Company, (ii) reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237, and (iii) be deposited in the General Fund.

SECTION 2.2.(c) Of the balance of Budget Code 19930, the Hurricane Floyd Reserve Fund established pursuant to S.L. 1999-463 (Extra Session), the sum of one hundred fifty million six hundred twenty-nine thousand one hundred seventy-two dollars ($150,629,172) shall be transferred to the General Fund on July 1, 2001. Funds are appropriated in this act for the 2002-2003 fiscal year to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, in an amount equal to the amount transferred under this section. These funds shall be expended only for Hurricane Floyd

recovery according to the purposes, procedures, and requirements provided in S.L. 1999-463 (Extra Session).

SECTION 2.2.(d) Effective July 1, 2001, cash balances remaining in special funds on June 30, 2001, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2001-2002 fiscal year.

Fund	**Amount Transferred**
Department of Agriculture and Consumer Services	
Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	$500,000
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	46,437
Budget Code 24300, Fund Code 2331 (DAQ - Air Permits)	77,889
Budget Code 24300, Fund Code 2735 (DLR - Sedimentation Fees)	148,562
Budget Code 24300, Fund Code 2620 (DLR - Land Env Controls)	111,261
Budget Code 24300, Fund Code 2740 (DLR - Dam Safety Account)	18,522
Budget Code 64305, Fund Code 6372 (DWM - Inactive Hazardous Sites Cleanup)	499,263
Budget Code 64305, Fund Code 6373 (DWM - Emergency Response Fund)	49,771
Budget Code 24300, Fund Code 2341 (DWQ - Water Permits)	371,682
Budget Code 64306, Fund Code 6341 (DWQ - WW Treatment Maintenance & Repair)	43,256
Budget Code 24300, Fund Code 2335 (DWQ - Lab Certification Fees)	16,371
Budget Code 24300, Fund Code 2130 (DWQ - Well Construction Fund)	18,134
Budget Code 24300, Fund Code 2310 (DWQ - Oil Pollution Control)	8,170
Budget Code 24303, Fund Code 2980 (DWQ - Wetlands Restoration)	3,400,000
Department of Commerce	
Budget Code 24610, Fund Code 2431 (International Trade Show Fund)	75,000
Department of Correction	
Budget Code 24502 (Inmate Canteen/Welfare Fund)	380,000

SECTION 2.2.(e) Effective October 1, 2001, the sum of one million two hundred thousand dollars ($1,200,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective April 1, 2002, the sum of two million dollars ($2,000,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(f) The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by one million dollars ($1,000,000), effective July 1, 2001, for the 2001-2002 fiscal year.

The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by five hundred thousand dollars ($500,000), effective July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years.

SECTION 2.2.(g) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2001. The State Controller shall transfer the sum of one hundred twenty-five million two hundred thousand dollars ($125,200,000) from the General Fund to the Savings Reserve Account on July 1, 2001. This is not an "appropriation made by law", as that phrase is used in Article V, Section 7(2) of the North Carolina Constitution.

This subsection becomes effective June 30, 2001.

SECTION 2.2(h) Notwithstanding G.S. 143-15.3B(a) for the 2001-2003 fiscal biennium only, the appropriation to the Clean Water Management Trust Fund for the 2001-2002 fiscal year is only twenty million dollars ($20,000,000) as provided by this act and is only twenty million dollars ($20,000,000) for the 2002-2003 fiscal year as provided by this act. The funds appropriated by this act to the Clean Water Management Trust Fund shall be used as provided by G.S. 143-15.3B(b).

SECTION 2.2.(i) Effective November 1, 2001, the sum of three million dollars ($3,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective February 1, 2002, the sum of four million dollars ($4,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(j) Notwithstanding the provisions of G.S. 105-187.19(b), effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.19(b) directs the Secretary to credit to the Scrap Tire Disposal Account.

Notwithstanding the provisions of G.S. 105-187.24 effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.24 directs the Secretary to credit to the White Goods Management Account.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Fund	**2001-2002**	**2002-2003**
(1) Transportation admin. (84210)	$69,195,895	$69,195,895
(2) Transportation operations (84220)	28,801,650	28,801,650
(3) Transportation programs (84230)		
State construction		

	Primary	-	-
	Secondary	87,462,000	89,387,000
	Urban	14,000,000	14,000,000
	Public access	2,000,000	2,000,000
	Spot safety	9,100,000	9,100,000
	Contingency	12,000,000	10,000,000
	Federal aid match	5,212,266	5,212,266
	Maintenance	585,841,175	575,818,204
	Asphalt plant/OSHA	425,000	425,000
	Capital	1,634,000	
	Ferry operations	19,747,132	19,747,132
	Aid to municipalities	87,462,000	89,387,000
	Rail	31,095,000	10,575,000
	Public transit	62,178,682	61,794,456
	Airports	3,000,000	
(4)	Governor's highway safety (84240)	266,693	266,693
(5)	Transportation regulation (84260)	98,654,012	98,649,802
(6)	Reserves and transfers (84270)	200,584,495	205,158,048
	GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	**$1,318,660,000**	**$1,289,518,146**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2001-2003 biennial budget is shown below:

Highway Fund Budget Reform Statement	**2001-2002**	**2002-2003**
Beginning Credit Balance	$ 14,860,000	-
Estimated Revenue	1,303,280,000	$1,311,720,000
Additional Reversions	520,000	-
Total Highway Fund Availability	**$1,318,660,000**	**$1,311,720,000**

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Trust Fund	**2001-2002**	**2002-2003**
Intrastate System	$464,295,516	$489,403,290
Urban Loops	187,741,771	197,894,308
Aid to Municipalities	48,715,429	51,349,821
Total for Secondary Roads	83,827,858	87,445,392
Program Administration	34,142,426	36,181,189
Transfer to General Fund	170,000,000	170,000,000
GRAND TOTAL CURRENT OPERATIONS		

AND EXPANSION	$988,723,000	$1,032,274,000

PART V. BLOCK GRANTS

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT		
01.	Community Action Agencies	$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 15,639,392
SOCIAL SERVICES BLOCK GRANT		
01.	County departments of social services (Transfer from TANF - $4,500,000)	$ 27,395,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301

12.	Comprehensive Treatment Services Program	606,364
13.	Transfer to Preventive Health Services Block Grant for emergency medical services	213,128
14.	Transfer to Preventive Health Services Block Grant for HIV/AIDS Prevention Activities	606,364
15.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
16.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
17.	UNC-CH CARES Program for training and consultation services	247,920
18.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
19.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
21.	Transfer to Maternal and Child Health Block Grant for Newborn Screenings	90,611
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 53,888,298

LOW-INCOME ENERGY BLOCK GRANT

01.	Energy Assistance Programs	$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934
04.	Weatherization Program	2,684,116
05.	Department of Administration - N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588

TOTAL LOW-INCOME ENERGY BLOCK GRANT	$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT	
01. Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	$ 5,192,826
02. Provision of community-based services to children	2,378,540
03. Establish Child Residential Treatment Services Program	1,500,000
04. Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	$ 9,855,277
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
01. Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 14,501,711
02. Continuation of services for pregnant women and women with dependent children	6,007,303
03. Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04. Provision of services to children and adolescents	6,839,190
05. Juvenile Services - Family Focus	774,414
06. Child Residential Treatment Services Program	700,000
07. Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
01. Child care subsidies	$148,343,839

02.	Quality and availability initiatives	17,259,661
03.	Administrative expenses	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	76,675,000
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$248,828,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$114,181,958
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	76,675,000
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	3,500,000
05.	Cash Assistance Reserve	9,347,631
06.	Allocation to the Division of Social Services for staff development	500,000
07.	Reduction of out-of-wedlock births	1,600,000
08.	Substance Abuse Services for Juveniles	1,182,280
09.	Special Children Adoption Fund	2,811,687
10.	Business Process Reengineering Project Reserve	3,000,000
11.	Work First Job Retention – NC Rural Center ($300,000) Work Central Career Advancement Center ($500,000)	800,000
12.	Allocation to the Division of Public Health for teen pregnancy prevention	2,239,261
13.	Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000

14.	Child Care Subsidies for TANF Recipients	26,621,241
15.	Work First Housing Initiative	3,000,000
16.	Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
17.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
18.	Intensive Family Preservation Program	2,000,000
19.	Work First/Boys and Girls Clubs	1,000,000
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
21.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,750,674
22.	Residential Substance Abuse Services for Women With Children	5,000,000
23.	Domestic Violence Services for Work First Families	2,000,000
24.	After-School Services for At-Risk Children	3,000,000
25.	Division of Social Services - Administration	500,000
26.	Child Welfare workers and services for local departments of social services	7,654,841
27.	Child Welfare Training	2,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$373,110,978

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education,	

	Technical Assistance to Local Health Departments, and Duke University Medical Center Contract for Universal Newborn Screening Services	2,102,713
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 17,019,434
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	$3,061,182
02.	Dental Services/Fluoridation	100,800
03.	Rape Crisis/Victims' Services Program - Council for Women	190,134
04.	Rape Prevention and Education Program - Division of Public Health and Council for Women	1,139,869
05.	Transfer from Social Services Block Grant - HIV/AIDS Prevention Activities	606,364
06.	Transfer from Social Services Block Grant - Emergency Medical Services	213,128
07.	Office of Minority Health	159,459
08.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$5,579,482

SECTION 5.1.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health

and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.1.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

SECTION 5.1.(d) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(e) The Department of Health and Human Services may allow no-cost contract extensions for up to six months for nongovernmental grant recipients under the TANF Block Grant.

SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2001-2002 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 5.1.(g) The Department of Health and Human Services, Division of Social Services, shall do the following:

(1) Continue the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.

(2) Continue the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.

(3) Continue the current evaluation to profile clients and families exempted from federal and State work participation requirements. The

evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2001, and shall make a final report no later than September 30, 2002.

SECTION 5.1.(h) The sum of two million eight hundred eleven thousand six hundred eighty-seven dollars ($2,811,687) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this subsection. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 5.1.(i) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this act in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

SECTION 5.1.(j) The sum of three hundred thousand dollars ($300,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used to develop and implement a Medical Child Care Pilot open to children throughout the State.

SECTION 5.1.(k) The sum of one million dollars ($1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

SECTION 5.1.(l) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 5.1.(m) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the Work First Housing Initiative shall be used to provide direct housing support to Work First clients. Direct housing support includes using funds for rental assistance, loans, moving expenses, and other financial assistance. No more than ten percent (10%) of these funds may be used for

administration. These funds may be used for counseling or similar services only if it is demonstrated that those services are not otherwise available in the community.

SECTION 5.1.(n) The sum of five hundred thousand dollars ($500,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of five million dollars ($5,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to provide regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion of regionally based substance abuse services for women with children. These services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2001, and March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

(1) The number and location of additional beds created.
(2) The types of facilities established.
(3) The delineation of roles and responsibilities at the State and local levels.
(4) Demographics of the women served, the number of women served, and the cost per client.
(5) Demographics of the children served, the number of children served, and the services provided.
(6) Job placement services provided to women.
(7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
(8) Barriers identified to the successful implementation of the expansion.
(9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
(10) Other information as requested.

SECTION 5.1.(p) The sum of two million seven hundred fifty thousand six hundred seventy-four dollars ($2,750,674) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.1.(q) The sum of two million dollars ($2,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to

provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters, for State-level administration, or to facilitate lobbying efforts.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by October 1, 2001. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of ten thousand dollars ($10,000) and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2001, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2001. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of two million two hundred thirty-nine thousand two hundred sixty-one dollars ($2,239,261) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Public Health, for the 2001-2002 fiscal year for adolescent pregnancy prevention shall be used in accordance with this subsection.

The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this subsection.

The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

The Commission for Health Services may adopt rules necessary to implement the programs.

State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the

contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs. In doing so, the Department shall address how to properly evaluate all programs and may issue a request for proposals to select an organization that has expertise in this area to assist with this evaluation.

The Department shall report on activities conducted pursuant to this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

SECTION 5.1.(s) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2002, on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(t) The sum of seven million six hundred fifty-four thousand eight hundred forty-one dollars ($7,654,841) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(u) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum of seven hundred thousand dollars ($700,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a

Comprehensive Treatment Services Program in accordance with Section 21.60 of this act.

SECTION 5.1.(v) The sum of two million dollars ($2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(w) The sum of nine million three hundred forty-seven thousand six hundred thirty-one dollars ($9,347,631) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve may only be used for cash assistance payment if the funds appropriated in this act for cash assistance payments are not sufficient to pay Work First cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(x) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Business Process Reengineering Project Reserve may only be used for the project if funds appropriated in this act for Business Process Reengineering are not sufficient to continue the project through the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(y) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 5.1.(z) The sum of one million dollars ($1,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Domestic Violence Prevention and Awareness shall be used for grants to support initiatives by local domestic violence programs to prevent domestic violence. Prevention activities shall include efforts to reach under-served populations and shall be culturally sensitive and multilingual. The Department shall award grants to community-based organizations that demonstrate the ability to collaborate and coordinate services with other local human services agencies and organizations in order to serve children and families where domestic violence has occurred or is occurring. The Department shall report on the use of these funds no later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(aa) The sum of six hundred six thousand three hundred sixty-four dollars ($606,364) appropriated in this section in the Social Services Block Grant and transferred to the Preventive Health Service Block Grant to the Department of Health and Human Services for the 2001-2002 fiscal year for HIV/AIDS Prevention Activities shall be used to create a position in the Office of the Secretary and to enhance activities for HIV/AIDS awareness and education. The position shall be responsible for all planning, programming, and budgeting for compliance with HIV/AIDS Prevention

Initiative, Section 21.18D of this act. These prevention activities shall be targeted to the general public and programs identified in HIV/AIDS Prevention Initiative, Section 21.18D of this act, and shall not be used to augment the current grant programs that target high-risk populations through the community-based organizations.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT		
01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to

five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 5.2.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

PART VI. GENERAL PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND CASH BALANCES/AUTHORIZATION FOR EXPENDITURES

SECTION 6.1.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

(1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

(2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at

least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

SECTION 6.1.(b) There is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

SECTION 6.1.(c) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act are not spent in a manner that would cause a deficit in expenditures.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INSURANCE AND FIDELITY BONDS

SECTION 6.2. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Department of Insurance, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Commissioner of Insurance.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.3.(a) Funds in the amount of five million dollars ($5,000,000) for the 2001-2002 fiscal year and five million dollars ($5,000,000) for the 2002-2003 fiscal year are appropriated in this act to the Contingency and Emergency Fund. Of the funds:

(1) The sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2001-2002 fiscal year and the sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2002-2003 fiscal year shall be used only to respond to an unanticipated disaster such as a fire, hurricane, or tornado;

(2) The sum of nine hundred thousand dollars ($900,000) for the 2001-2002 fiscal year and the sum of nine hundred thousand dollars (900,000) for the 2002-2003 fiscal year shall be used only (i) for the purposes set out in subdivision (1) of this subsection, (ii) as required by a court, Industrial Commission, or administrative hearing officer's order or award, or (iii) to match unanticipated federal funds; and

(3) The sum of two hundred twenty-five thousand dollars ($225,000) for the 2001-2002 fiscal year and the sum of two hundred twenty-five thousand dollars ($225,000) for the 2002-2003 fiscal year shall be used for the purposes set out in subdivisions (1) and (2) of this subsection or for other allocations from the Contingency and Emergency Fund.

SECTION 6.3.(b) Funds appropriated to the Contingency and Emergency Fund shall not be used to lease office space unless the expenditure is for a purpose set out in subdivisions (1) or (2) of subsection (a) of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AUTHORIZED TRANSFERS FROM SALARY ADJUSTMENT RESERVES

SECTION 6.4. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

The Director of the Budget shall report to the Fiscal Research Division prior to approving salary adjustments and transferring funds pursuant to this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.5. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY

SECTION 6.6. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DISBURSEMENTS TO NONPROFITS

SECTION 6.7. G.S. 143-26 reads as rewritten:

"**§ 143-26. Director to have discretion as to manner of paying annual appropriations.**

(a) ~~Unless otherwise provided,~~ Except as provided in subsection (b) of this section or as otherwise provided by law, it shall be discretionary with the Director of the Budget whether any annual appropriation shall be paid in monthly, quarterly or semiannual installments or in a single payment.

(b) Except as otherwise provided by law, an annual appropriation of one hundred thousand dollars ($100,000) or less to or for the use of a nonprofit corporation shall be paid in a single annual payment. An annual appropriation of more than one hundred thousand dollars ($100,000) to or for the use of a nonprofit corporation shall be paid in quarterly or monthly installments, in the discretion of the Director of the Budget."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

BUDGETING OF PILOT PROGRAMS

SECTION 6.8.(a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it.

Any new program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

SECTION 6.8.(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS EFFICIENCY REVIEW

SECTION 6.9. The Appropriations Committees of the Senate and House of Representatives shall convene at least once a month during the interim period between the 2001 General Assembly and the 2002 Regular Session of the 2001 General Assembly to study the structure, duties, and functions of the various agencies and programs of State government. The review by the Appropriations Committees shall focus on ways to ensure that State government functions efficiently and to generate cost savings to the citizens of the State. The Appropriations Committees shall apply zero-base budgeting principles in evaluating the fiscal functions and funding needs of State agencies. The Appropriations Committees shall consider the recommendations of the Governor's Efficiency Commission and shall evaluate the feasibility of consolidating, eliminating, transferring, or privatizing certain State programs, operations, or entities where there is duplication of services or functions or where the functions being performed are not cost-effective.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LIMITATIONS ON AGENCY LEGISLATIVE LIAISON

SECTION 6.10. Article 9A of Chapter 120 of the General Statutes is amended by adding the following new section to read:

"**§ 120-47.12. Limitations on agency legislative liaisons.**

No principal State department may use State funds to contract with persons who are not employed by the State to serve as legislative liaisons or otherwise lobby the General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RESERVE TO IMPLEMENT THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

SECTION 6.11.(a) Funds in the amount of ten million dollars ($10,000,000) are appropriated in this act to the Reserve to Implement HIPAA. This reserve shall be located in the Office of State Budget and Management.

SECTION 6.11.(b) The federal Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996 and set many goals for the health care industry. The act's primary purpose is to protect health insurance coverage for workers and their families when workers change or lose jobs. This new protection requires major administrative changes for health care programs. The most comprehensive changes include: (i) moving from paper-based transactions to electronic transactions, (ii) establishing national identifiers for providers, payers, and employers, and (iii) upgrading security and privacy of health care information. Failure to implement HIPAA requirements may result in denied or delayed reimbursements and severe civil and criminal penalties.

SECTION 6.11.(c) The Office of State Budget and Management, in consultation with the State Chief Information Officer and the Secretary of Health and Human Services, shall develop a strategic plan to implement the requirements outlined in HIPAA. Specifically, the plan shall:

(1) Identify and document all requirements outlined in the federal HIPAA legislation as they relate to State agencies;

(2) Include an assessment of the State's existing administrative systems, policies, and information technology systems, as they relate to the requirements of HIPAA;

(3) Include a timeline for implementing all necessary administrative, policy, and technology changes to ensure compliance; and

(4) Provide a detailed cost and cash flow analysis for each State agency subject to compliance. The analysis shall include personnel requirements, information technology equipment needs, and other operating and start-up expenses needed to implement HIPAA requirements.

SECTION 6.11.(d) The Office of State Budget and Management shall report on the strategic plan developed pursuant to this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by October 1, 2001.

SECTION 6.11.(e) Funds spent to implement this section shall not exceed one million five hundred thousand dollars ($1,500,000) until the Office of State Budget and Management reports to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on actual and proposed expenditures and actual and projected monthly cash requirements for the 2001-2002 fiscal year and beyond. After making this report, the Office of State Budget and Management shall report quarterly on its progress in implementing this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ATTORNEY GENERAL REPORTING OF PENDING LAWSUITS

SECTION 6.13.(a) Article 1 of Chapter 114 is amended by adding a new section to read:

"**§ 114-2.6. Attorney General to report on pending lawsuits in which State is a party.**

By April 1 and October 1 of each year, the Attorney General shall submit a written report to the Chairs of the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office on all pending lawsuits against the State and the status of those lawsuits. In addition, the Attorney General shall submit a written report to the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office within 30 days of a final judgment that orders the State to pay the sum of one million dollars ($1,000,000) or more."

SECTION 6.13.(b) This section becomes effective April 1, 2002.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PRIVATE LICENSE PLATES ON PUBLICLY OWNED MOTOR VEHICLES

SECTION 6.14.(a) Pursuant to the provisions of G.S. 14-250, for the 2001-2003 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

Department	Exemption Category	Number

Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance Officers (intensive probation)	25
Crime Control and Public Safety	ALE Officers	92
Revenue		24
Capitol Area Police		2
Wildlife Resources Commission	Wildlife Enforcement Officers	12.

SECTION 6.14.(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

(1) 54 among Agent I officers;
(2) 20 among Agent II officers;
(3) 1 to the Deputy Director;
(4) 12 to the District Offices/Extra Vehicles; and
(5) 5 to the Director, to be distributed at the Director's discretion.

SECTION 6.14.(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

SECTION 6.14.(d) G.S. 14-250 reads as rewritten:

"**§ 14-250. Publicly owned vehicle to be marked.**

It shall be the duty of the executive head of every department of the State government, and of any county, or of any institution or agency of the State, to have painted on every motor vehicle owned by the State, or by any county, or by any institution or agency of the State, a statement that such car belongs to the State or to some county, or institution or agency of the State. Provided, however, that no automobile used by any municipal or county officer or municipal or county official for the purpose of transporting, apprehending or arresting persons charged with violations of the laws of the State of North Carolina, shall be required to be lettered. Provided, further, that in lieu of the above method of marking motor vehicles owned by any agency or department of the State government, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof, above the license number, the words "State Owned" and that such vehicles have affixed to the front thereof a plate with the statement "State Owned". Provided, further, that in lieu of the above method of marking vehicles owned by any county, it shall be deemed a compliance with the law if such vehicles have painted or affixed on the side thereof a circle not less than eight inches in diameter showing a replica of the seal of such county. Provided, further, that no county-owned motor vehicle used for transporting day or residential facility clients of area mental health, developmental disabilities, and substance abuse authorities established under Article 4 of Chapter 122C of the General Statutes shall be required to be lettered; provided, further, notwithstanding this sentence, each vehicle shall bear the distinctive permanent registration plate pursuant to G.S. 20-84. Provided, further, that in lieu of the above method of marking vehicles owned by the State and permanently assigned to members of the Council of State, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof the license number assigned to the appropriate member of the Council of State pursuant to ~~G.S. 20-81(4);~~G.S. 20-79.5, a member of the Council of State shall not be assessed any registration fee if he elects to have a State-owned motor vehicle assigned to him designated by his official plate number.

The General Assembly recognizes the need to allow the limited use of private license plates on publicly owned vehicles, and may authorize exemptions from the provisions of this section for each fiscal year. Each agency shall submit requests for private tags to the Division of Motor Fleet Management of the Department of Administration. The Division shall report the requests to the Appropriations Committees of the General Assembly by June 1. The total number of private license plates authorized by the General Assembly for each agency is inclusive of all confidential license plates issued to the agency pursuant to G.S. 20-56 and all fictitious license plates issued to the agency pursuant to G.S. 20-39(g) and G.S. 20-39(h).

For purposes of this section, the term "private license plate" refers to a license plate that would normally be issued to a private party and therefore lacks any markings indicating that it has been assigned to a publicly owned vehicle. "Confidential" license plates are a specialized form of private license plate for which a confidential registration has been authorized under G.S. 20-56. "Fictitious" license plates are a specialized form of private license plate for which a fictitious registration has been issued under G.S. 20-39(g) or G.S. 20-39(h)."

SECTION 6.14.(e) G.S. 20-39 reads as rewritten:

"**§ 20-39. Administering and enforcing laws; rules and regulations; agents, etc.; seal; fees; licenses and plates for undercover officers.**

(a) The Commissioner is hereby vested with the power and is charged with the duty of administering and enforcing the provisions of this Article and of all laws regulating the operation of vehicles or the use of the highways, the enforcement or administration of which is now or hereafter vested in the Division.

(b) The Commissioner is hereby authorized to adopt and enforce such rules and regulations as may be necessary to carry out the provisions of this Article and any other laws the enforcement and administration of which are vested in the Division.

(c) The Commissioner is authorized to designate and appoint such agents, field deputies, and clerks as may be necessary to carry out the provisions of this Article.

(d) The Commissioner shall adopt an official seal for the use of the Division.

(e) The Commissioner is authorized to cooperate with and provide assistance to the Environmental Management Commission, or appropriate local government officials, and to develop, adopt, and ensure enforcement of necessary rules and regulations, regarding programs of motor vehicle emissions inspection/maintenance required for areas in which ambient air pollutant concentrations exceed National Ambient Air Quality Standards.

(f) The Commissioner is authorized to charge and collect the following fees for the verification of equipment to be used on motor vehicles or to be sold in North Carolina, when that approval is required pursuant to this Chapter:

(1) When a federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable federal standard; or

(2) When no federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable State standard. Any motor vehicle manufacturer or distributor who is required to certify his products under the National Traffic and Motor Vehicle Safety Act of 1966, as from time to time amended, may satisfy the provisions of this section by submitting an annual written certification to the Commissioner attesting to the compliance of his vehicles with applicable federal requirements. Failure to comply with the certification requirement or failure to meet the federal standards will subject the manufacturer or distributor to the fee requirements of this subsection.

(g) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully to the extent necessary provide law-enforcement officers of the Division on special undercover assignments with motor vehicle operator's licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. The Commissioner shall be responsible for the request for issuance and use thereof. The Commissioner may direct the immediate return of any operator's license or registration plate issued pursuant to this section.

(h) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully and to the extent necessary, provide local, State or federal law-enforcement officers on special undercover assignments with motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. Such registration plates shall only be used on publicly owned or leased ~~vehicles.~~ vehicles and shall not be used on privately owned vehicles under any circumstances. Requests for these licenses and registration plates shall be made to the Commissioner by the head of the local, State or federal law-enforcement agency and be accompanied by approval in writing from the Director of the State Bureau of Investigation upon a specific finding by the Director that the request is justified and necessary. The Director shall keep a record of all such licenses, registration plates, assumed names, false or fictitious addresses, and law-enforcement officers using the licenses or registration plates, and shall request the immediate return of any license or registration plate that is no longer necessary. Licenses and registration plates provided under this subsection shall expire six months after initial issuance or subsequent validation after the request for extension has been approved in writing by the Director of the State Bureau of Investigation. The head of the local, State or federal law-enforcement agency shall be responsible for the use of the licenses and registration plates and shall return them immediately to the Commissioner for cancellation upon either (i) their expiration, (ii) request of the Director of the State Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license or registration plates issued pursuant to this subsection shall be punished as a Class 2 misdemeanor. At no time shall the number of valid licenses and registration plates issued under this act exceed one hundred twenty-five, and those issued shall be strictly monitored by the Director. All of the private registration plates issued to special agents of the State Bureau of Investigation under the Department of Justice and to alcohol law enforcement agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-250, may be fictitious plates and shall not be counted in the total number of fictitious plates authorized by this subsection.

(i) Notwithstanding the requirements of G.S. 20-7.1 and G.S. 20-67(a), the Commissioner may correct the address records of drivers license and registration plate holders as shown in the files of the Division to that shown on notices and renewal cards returned to the Division with new addresses provided by the United States Postal Service.

(j) The Commissioner shall administer the issuance of private plates to State-owned vehicles under the provisions of G.S. 14-250, G.S. 20-56, and subsections (g) and (h) of this section to ensure that the limitations placed on the issuance of private license plates by the General Assembly are complied with, that confidential and fictitious license plates are not used on private vehicles, that confidential plates are issued only to those persons whose personal safety is demonstrably at risk, and that all other laws governing the issuance of private license plates are strictly complied with."

SECTION 6.14.(f) G.S. 20-56 reads as rewritten:

"**§ 20-56. Registration indexes.**

(a) The Division shall file each application received, and when satisfied as to the genuineness and regularity thereof, and that the applicant is entitled to register such vehicle and to the issuance of a certificate of title, shall register the vehicle therein described and keep a record thereof as follows:

(1) Under a distinctive registration number assigned to the vehicle;
(2) Alphabetically, under the name of the owner;
(3) Under the motor number or any other identifying number of the vehicle; and
(4) In the discretion of the Division, in any other manner it may deem advisable.

(b) The Division ~~shall~~ may maintain a separate registration file for vehicles bearing private tags which are owned or leased for use by individuals who comply with the provisions of this subsection and who are in the following categories:

(1) Members of federal, State, and local law enforcement agencies if the vehicles are used for the purpose of transporting, apprehending, or arresting persons charged with violations of the laws of the United States or the State of North Carolina;
(2) Agents for the Internal Revenue Service;
(3) Public officials.

Individuals in the aforementioned categories ~~must provide satisfactory evidence~~ shall demonstrate to the ~~Commissioner~~ Director of the State Bureau of Investigation that their personal safety is at ~~risk.~~ risk and provide details supporting that claim. The fact that a person is a law enforcement officer is not sufficient by itself to establish that the person's safety is at risk. The Commissioner shall adopt strict verification procedures to ensure the integrity of the registration system. This file shall be confidential for the use of the Division.

Upon the annual renewal of the registration of a vehicle for which a confidential file has been established under this section, the information placed in that file shall lose its confidential status unless the Commissioner is supplied with information demonstrating that the person's safety remains at risk at the time of renewal.

Private tags issued pursuant to this section are subject to the limitations on private license plates established by the General Assembly under G.S. 14-250 and shall not be placed on privately owned vehicles under any circumstances. The number of confidential license plates issued under this section shall not exceed 500 at any time unless the Commissioner finds that exceptional circumstances exist that justify exceeding that number."

SECTION 6.14.(g) The Division of Motor Vehicles shall report to the Joint Legislative Commission on Governmental Operations by January 1 and July 1 of each year on the number of private plates issued to State-owned vehicles. The report shall show the total number of private plates issued to each agency, the total number of confidential plates issued to each agency, the total number of fictitious plates issued to each agency, and any additional information necessary for an assessment of the agency's compliance with G.S. 14-250.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

FUND SALARIES AND RELATED EMPLOYER CONTRIBUTIONS AT LESS THAN 100% OF BUDGETED REQUIREMENTS

SECTION 6.15.(a) The purpose of the Payroll Turnover Adjustment reduction set out in Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund for State-paid salaries and wages to more accurately reflect actual salary and wage requirements for full-time and part-time State-paid personnel. The Office of State Budget and Management shall allocate to State departments and agencies funds necessary to support salaries and wages and related employer

contributions for social security and retirement at an average rate of ninety-eight and one-half percent (98.5%) of budgeted requirements for salaries and related employer contributions. The provisions of this subsection do not apply to salary and related employer contributions funded by the State for the Public School System and the North Carolina Community Colleges System.

SECTION 6.15.(b) The provisions of G.S. 143-23 shall not apply to overexpenditures of funds other than salary funds that are necessary to implement this section. Funds other than salary funds shall not be used to offset expenditures of salary funds for new personnel positions or to reclassify or otherwise increase the salary of existing employees.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXTEND THE COMMISSION TO ADDRESS SMART GROWTH, GROWTH MANAGEMENT, AND DEVELOPMENT ISSUES

SECTION 6.16. Section 16.7(g) of S.L.1999-237 reads as rewritten:

"Section 16.7.(g) Report. – The Commission shall submit an interim report to the 2000 Regular Session of the 1999 General Assembly and shall submit a final report of its findings and recommendations by ~~January 15, 2001,~~September 1, 2001, to the General Assembly, the Governor, and the citizens of the State. The report may include recommendations to (i) enact and implement a program of comprehensive planning, supportive infrastructure development, and growth management and (ii) address the issue of continued oversight of growth and development in the State, including whether a permanent commission should be established. The Commission shall terminate upon filing its final report."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MASTERS LEVEL INTERNSHIPS IN STATE AGENCIES

SECTION 6.17. Each State department, agency, and institution may establish paid internships for recent graduates of in-State Masters of Public Administration and Masters of Public Policy programs in an effort to attract and retain qualified State employees.

Requested by: Representative Easterling, Oldham, Redwine, Thompson

APPLICATION OF TORT CLAIMS ACT TO BUS DRIVERS

SECTION 6.18.(a) G.S. 143-300.1(d) reads as rewritten:

"(d) Except as otherwise provided in this subsection, the ~~The~~ Attorney General ~~may~~ may, upon the request of an employee or former employee, defend any civil action brought against the driver, transportation safety assistant, or monitor of a public school bus or school transportation service vehicle or school bus maintenance mechanic when the driver or mechanic is employed and paid by the local school administrative unit, when the monitor is acting in accordance with G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the supervision of an authorized employee of the Department of Transportation, Division of Motor Vehicles, or an authorized employee of a county or city board of education or administrative unit. The Attorney General may afford this defense through the use of a member of his staff or, in his discretion, employ private counsel. The Attorney General is authorized to pay any judgment rendered in the civil action not to exceed the limit provided under the Tort Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars ($150,000) of liability per claim shall be made available from funds appropriated to the State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. The Attorney General may compromise and settle any claim covered by this section to the extent that he finds the same to be valid, up to the limit

provided in the Tort Claims Act, provided that the authority granted in this subsection shall be limited to only those claims that would be within the jurisdiction of the Industrial Commission under the Tort Claims Act.

The Attorney General shall refuse to provide for the defense of a civil action or proceeding brought against an employee or former employee on the grounds set out in G.S. 143-300.4."

SECTION 6.18.(b) Of the funds appropriated to the State Board of Education in Section 2 of this act, the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year shall be used to implement subsection (a) of this section.

PART VII. DEPARTMENT OF ADMINISTRATION

Requested by: Representatives Jeffus, Sherrill, Walend, Easterling, Oldham, Redwine, Thompson

VETERANS' SCHOLARSHIP PROGRAM

SECTION 7.1.(a) G.S. 165-20(3) reads as rewritten:

"**§ 165-20. Definitions.**

As used in this Article the terms defined in this section shall have the following meaning:

...

(3) "Child" means a ~~person~~ person: (i) who is a domiciliary of North Carolina and is a resident of North Carolina when applying for a scholarship, (ii) who is a senior in high school or its equivalent and who will graduate at the end of the academic year or a person who has completed high school or its ~~equivalent prior to receipt of a scholarship as may be awarded under this Article,~~ equivalent, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the armed forces during which eligibility is established under G.S. 165-22.

b. A veteran's child who was born in North Carolina and has lived in North Carolina continuously since birth. Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of Administration if it is shown to the satisfaction of the Department that the child's mother was a native-born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

SECTION 7.1.(b) G.S. 165-21 reads as rewritten:

"**§ 165-21. Scholarship.**

(a) A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

(1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
a. Tuition,
b. A reasonable board allowance,
c. A reasonable room allowance,
d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.

(2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).

(3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.

(4) No educational assistance shall be afforded a child under this Article after the end of a 10-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, 1999. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years."

(b) If a child is awarded a scholarship under this Article and the child is a senior in high school or its equivalent, then the scholarship shall be awarded pending the graduation of the child."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Gibson

MODIFICATIONS TO THE STATE EMPLOYEE INCENTIVE BONUS PROGRAM

SECTION 7.2.(a) G.S. 143-340(1) reads as rewritten:

"(1) To establish the State Employee Incentive Bonus Program pursuant to Article 36A of this Chapter, with the authority to adopt all rules necessary to implement the program. The Secretary shall serve ex officio on all program committees and shall designate an executive secretary to administer the program."

SECTION 7.2.(b) G.S. 143-345.20 reads as rewritten:

"**§ 143-345.20. Definitions.**

The following definitions apply in this Article:

(1) Baseline reversion. – The two-year historical average of reversions by a State department, agency, or institution.

~~(2) Employing unit. Any of the following:~~

~~a. The principal Council of State office or department enumerated in G.S. 143A-11 for which a State employee works.~~

~~b. The principal State department enumerated in G.S. 143B-6 for which a State employee works.~~

~~c. The constituent institution of The University of North Carolina or the General Administration of The University of North Carolina for which a State employee works.~~

~~d. The local school administrative unit for which a State employee works.~~

responsible for the implementation of the cost-saving measure and (ii) to meet other similar needs within the agency.

b. Ten percent (10%) to the Department of Administration for augmenting funding for the management and administration of the SEIBP. These funds shall not revert.

c. Ten percent (10%) to the State employee education and training fund administered by the Office of State Personnel under G.S. 143-342.21(i). These funds shall not revert.

(3) The remainder to the General Fund for nonrecurring budget items.

(a1) Of the pool of funds identified in subsection (a) of this section, only the General Fund appropriations shall be subject to reversion, except during declared budget emergencies. Under nonemergency budget conditions, SEIBP funds arising from savings at The University of North Carolina, the North Carolina Community Colleges System, the Highway Trust Fund, enterprise funds, and receipt-supported organizations shall be exempt from the General Fund reversion requirements.

(b) The budget of a State agency shall not be reduced in the following fiscal year by an amount similar to the monetary savings or increased revenues realized by the State Employee Incentive Bonus Program. The agency budget shall be reduced in subsequent years only if structural or organizational changes are made that warrant the reductions, including the transfer of responsibility for an activity or service to another agency or the elimination of some function of State government.

(c) If a suggestion or innovation results in improved quality of services to the public or to other State agencies, departments, and institutions, but not in monetary savings to the State, the suggester shall receive a nonmonetary award in the form of a certificate, leave with pay, or other similar recognition."

SECTION 7.2.(e) G.S. 143-345.23 reads as rewritten:

"**§ 143-345.23. Suggestion and review process; role of agency coordinator and agency evaluator.**

(a) The process for a State employee or team of State employees to submit a cost-saving or revenue-increasing proposal shall begin ~~by~~ with the employee or team of employees submitting the suggestion or innovation to an agency ~~coordinator designated by the State department, agency, or institution impacted by the suggestion or innovation.~~coordinator. The agency coordinator, in conjunction with an agency evaluator, shall review the suggestion or innovation for submission to the State Review Committee established in ~~G.S. 143-345.14.~~G.S. 143-345.24.

(b) An agency coordinator shall be appointed by the head of each participating agency to serve as liaison between the agency, the suggester, the agency evaluator, and the SEIBP office. The duties of the agency coordinator shall include:

(1) Serving as an information source and maintaining sufficient forms necessary to submit suggestions.

(2) ~~Responsibility for presenting,~~ Presenting, in conjunction with the agency evaluator, the ~~plan of implementation for a suggestion or innovation~~ recommendation for an award to the State Review Committee.

(3) Working in conjunction with the agency evaluator ~~designated by the Agency Coordinator for~~ to process a particular suggestion or ~~innovation.~~innovation within 180 days, except when there are extenuating circumstances.

An agency may have more than one coordinator if required to provide sufficient services to State employees.

(c) An agency evaluator shall be designated by the management of the implementing agency to evaluate one or more suggestions. The duties of an agency evaluator shall include:

(1) ~~Reviewing~~ Receiving from the agency coordinator and reviewing within 90 days, when possible, the feasibility and effectiveness of cost-saving or revenue-increasing measures suggested by State employees.
(2) Being knowledgeable of the subject program, activity, or service.
(3) Determining, in conjunction with the agency fiscal officer, the budgetary impact of a suggestion or innovation.
(4) Judging impartially both the positive and negative effects of a suggestion or innovation on the current functions of the subject program, activity, or service.

~~The specific assignments of the agency evaluator shall be determined by the agency coordinator.~~

(d) The ~~State Coordinator~~ executive secretary shall be responsible for general oversight and coordination of the State Employee Incentive Bonus Program. The State ~~Coordinator~~ coordinator shall be ~~a State~~ an employee ~~working in~~of the Department of Administration. The State coordinator shall be responsible for day-to-day SEIBP program management and administration of the technical aspects of the program. The State coordinator shall be an ex officio voting member of the State Review Committee."

SECTION 7.2.(f) G.S. 143-345.24 reads as rewritten:

"**§ 143-345.24. Incentive Bonus Review Committee.**

(a) The Incentive Bonus Review Committee, hereinafter "State Review Committee", shall consist of nine members, as follows:
(1) The State Coordinator.
(2) A representative of the Office of State Budget and Management.
(3) A representative of the Office of State Personnel.
(4) A representative of The University of North Carolina.
(5) A representative of the Department of Justice.
(6) A representative of the Department of Labor.
(7) One State employee appointed by the Speaker of the House of Representatives.
(8) One State employee appointed by the President Pro Tempore of the Senate.
(9) One State employee appointed by the Governor upon the recommendation of the State Employees Association of North Carolina, Inc.

(b) The duties of the State Review Committee shall include:
(1) ~~Responsibility for receiving~~ Receiving from the various agency coordinators recommendations on ~~suggestion and innovation implementation plans.~~suggestions and innovations.
(2) Determining the impact of a suggestion or innovation on State government services by judging the monetary savings, increased revenues, or improved quality of services generated by a suggestion or innovation.
(3) Ensuring that the State employee incentive bonus process does not result in a negative impact on services provided to taxpayers by State government.

(c) All administrative, management, clerical, and other functions and services required by the State Review Committee shall be supplied by the Department of Administration. The Department of Administration and the State Review Committee shall report annually to the Joint Legislative Commission on Governmental Operations on the administration of the State Employee Incentive Bonus Program."

SECTION 7.2.(g) G.S. 143-345.25 reads as rewritten:

"**§ 143-345.25. ~~Effect~~ Innovations deemed property of the State; effect of decisions regarding bonuses.**

(a) All suggestions or innovations submitted by State employees pursuant to this Article are the property of the ~~State.~~State, and all related intellectual property rights shall be assigned to the State. By January 1, 2002, the Office of State Personnel shall establish a policy regarding intellectual property rights that arise from the SEIBP.

(b) Decisions regarding the award of bonuses by the agency coordinator and the State Review Committee are final and are not subject to review under the contested case procedures of Chapter 150B of the General Statutes."

SECTION 7.2.(h) This section becomes effective July 1, 2001, and applies to State employee suggestions and innovations approved or awarded on or after that date.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY OF MOTOR FLEET MANAGEMENT

SECTION 7.3. The Office of State Budget and Management shall study the operations of the State motor fleet management system and shall consider the feasibility of privatizing the function. The Office of State Budget and Management shall report the results of this study to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

MOTOR POOL OPERATIONS AND ASSIGNMENT OF VEHICLES

SECTION 7.4. G.S. 143-341(8)(i) reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

...

(8) General Services:

...

i. To establish and operate a central motor pool and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

...

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department. The Department shall ensure that state-owned vehicles are not normally replaced until they have been driven for ~~90,000~~ 110,000 miles or more.

5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid drivers' licenses, to assign economically suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid driver's license. Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, "economically suitable transportation" means the most cost-effective standard vehicle in the State motor fleet, unless special towing provisions are required by the ~~employee or~~ agency. The Department may not assign any employee or agency a motor vehicle that is not economically suitable. The Department shall not approve requests for vehicle assignment or reassignment when the purpose of that assignment or reassignment is to provide any employee with a newer or lower mileage vehicle because of his or her rank, management authority, or length of service or because of any non-job-related reason. The Department shall not assign "special use" vehicles, such as four-wheel drive vehicles or law enforcement vehicles, to any agency or individual except upon written justification, verified by historical data, and accepted by the Secretary. The Department may provide law enforcement vehicles only to those agencies which have statutory pursuit authority."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY STATE CAPITOL SECURITY SERVICES

SECTION 7.5. The Legislative Research Commission shall study the provision of security services in the State Capitol area. The Commission shall report its recommendations to the 2001 General Assembly no later than its reconvening in 2002.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

TRANSFER BOARD OF SCIENCE AND TECHNOLOGY

SECTION 7.6. The statutory authority, power, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the North Carolina Board of Science and Technology, as established in G.S. 143B-426.30, are transferred to the Department of Commerce. Part 27 of Article 9 of Chapter 143B of the General Statutes is recodified as Part 18 of Article 10 of Chapter 143B of the General Statutes and the Revisor of Statutes shall substitute the term "Commerce" for the term "Administration" everywhere that term appears in Part 18 of Article 10 of Chapter 143B of the General Statues.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOMESTIC VIOLENCE COMMISSION STAFFING

SECTION 7.7. G.S. 143B-394.15 is amended by adding a new subsection to read:

"(l) Staffing. – The Secretary of the Department of Administration shall be responsible for staffing the Commission. To that end, the Secretary shall, at a minimum, assign an employee to serve as a Deputy Director within the North Carolina Council for Women whose primary duties shall be to staff the Commission."

PART VIII. OFFICE OF ADMINISTRATIVE HEARINGS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OFFICE OF ADMINISTRATIVE HEARINGS RECLASSIFICATION OF POSITIONS

SECTION 8.1. The Office of Administrative Hearings shall reclassify positions in the Rules Division, Civil Rights Division, Hearings Division, and Administration Division of the Office of Administrative Hearings in accordance with the findings and recommendations of the Office of State Personnel submitted to the General Assembly on January 30, 2001.

PART IX. OFFICE OF THE STATE AUDITOR

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELECTRONIC DISTRIBUTION OF AUDITOR'S REPORTS

SECTION 9.1.(a) G.S. 147-64.6(c) reads as rewritten:

"(c) The Auditor shall be responsible for the following acts and activities:

...

(12) The Auditor shall provide ~~in a written statement~~ a report to the Governor and Attorney General, and other appropriate officials, of such facts as are in his possession which pertain to the apparent violation of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee.

...

(14) The Auditor shall ~~provide copies of each audit report to~~ notify the General Assembly, the Governor, the Chief Executive Officer of each agency audited, and other persons as the Auditor deems ~~appropriate.~~ appropriate that an audit report has been published, its subject and title, and the locations, including State libraries, at which the report is available. The Auditor shall then distribute copies of the report only to those who request a report. The copies shall be in written or electronic form, as requested. He shall also file a copy of the audit report in the Auditor's office, which will be a permanent public record; Provided, nothing in this subsection shall be construed as authorizing or permitting the publication of information whose disclosure is otherwise prohibited by law.

...."

SECTION 9.1.(b) G.S. 147-64.5(a) reads as rewritten:

"(a) Joint Legislative Commission on Governmental Operations. – The Auditor shall furnish copies of any and all audits only when requested by the Joint Legislative Commission on Governmental Operations. The copies shall be in written or electronic form, as requested. Accordingly, the Auditor shall, upon request by the chairmen, appear before the Commission to present findings and answer questions concerning the results of these audits. The Commission is hereby authorized to use these audit findings in its inquiries concerning the operations of State agencies and is empowered to require agency heads to advise the Commission of actions taken or to be taken on any recommendations made in the report or explain the reasons for not taking action."

PART X. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OVERPAYMENTS AUDIT

SECTION 10.1.(a) During the 2001-2002 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 10.1.(b) For the 2001-2002 fiscal year, two hundred thousand dollars ($200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 10.1.(c) All funds available in the Special Reserve Account 24172 on July 1, 2001, are transferred to the General Fund on that date.

SECTION 10.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2002 Regular Session of the 2001 General Assembly.

SECTION 10.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XI. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

COMPLETION OF THE INFORMATION TECHNOLOGY EXPANSION PROJECT AND THE INFORMATION RESOURCE MANAGEMENT COMMISSION PROJECT CERTIFICATION

SECTION 11.1. Of the funds appropriated to the Department of Cultural Resources, the sum of fifty thousand dollars ($50,000) shall be used to complete the planning for the Information Technology Expansion Project and the Information Resource Management Commission (IRMC) Project Certification. The Department shall not expend any additional funds for information technology expansion prior to review of the IRMC Project Certification by the Joint Select Committee on Information Technology. The results of the IRMC Project Certification shall be presented to the Joint Select Committee on Information Technology no later than December 31, 2001.

PART XII. OFFICE OF THE GOVERNOR

Requested by: Representatives Jeffus, Sherrill, Baddour, Easterling, Oldham, Redwine, Thompson

ADVISORY COMMISSION ON MILITARY AFFAIRS

SECTION 12.1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 127C.

"Advisory Commission on Military Affairs.

"**§ 127C-1. Creation of the North Carolina Advisory Commission on Military Affairs.**

There is created in the Office of the Governor the North Carolina Advisory Commission on Military Affairs to advise the Governor and the Secretary of Commerce on protecting the existing military infrastructure in this State and to promote new military missions and economic opportunities for the State and its citizens.

"**§ 127C-2. Membership.**

(a) The North Carolina Advisory Commission on Military Affairs shall consist of 21 voting members, who shall serve on the Executive Committee, and nine nonvoting, ex officio members who shall serve by reason of their positions.

(b) The Executive Committee shall be appointed as follows:

(1) Three members appointed by the Speaker of the House of Representatives, one of whom shall be a member of a recognized veterans' organization.

(2) Three members appointed by the President Pro Tempore of the Senate, one of whom shall be a member of a recognized veterans' organization.

(3) Fifteen members appointed by the Governor, consisting of:

a. Three representatives from the Jacksonville community.

b. Three representatives from the Havelock community.

c. Three representatives from the Goldsboro community.

d. Three representatives from the Fayetteville community.

e. Three public members from across the State.

(c) The following members shall serve ex officio:

(1) Secretary of Crime Control and Public Safety, or a designee.

(2) Secretary of Commerce, or a designee.

(3) Commanding General 18th Airborne Corps, Fort Bragg.

(4) Commanding General Marine Corps Base, Camp Lejeune.

(5) Commanding General Marine Corps Air Station, Cherry Point.

(6) Commander 4th FW, Seymour Johnson Air Force Base.

(7) Commander 43rd Airlift Wing, Pope Air Force Base.

(8) Commander of the U.S. Coast Guard Support Center, Elizabeth City.

(9) Adjutant General of the North Carolina National Guard.

(d) The Executive Committee appointed pursuant to subsection (b) of this section shall choose a Chairman and four Vice-Chairmen from amongst its membership.

"**§ 127C-3. Military Advisor.**

The Military Advisor within the Office of the Governor shall serve as the administrative head of the Commission and be responsible for the operations and normal business activities of the Commission, with oversight by the Executive Committee.

"**§ 127C-4. Purposes.**

The Commission shall have the following responsibilities and duties:

(1) Advise the Governor and Secretary of Commerce on how to strengthen the State's relationship with the military to protect the installations of this State from the results of any future defense budget cuts or military downsizing by providing a sound infrastructure, affordable housing, and affordable education for military members and their families, working to be viewed by national military leaders as the most military-friendly State in the nation.

(2) Develop a strategic plan to provide initiatives to support the long-term viability and prosperity of the military of this State that shall include, at least:

a. A comprehensive Economic Impact Study of Military Activities in North Carolina to be conducted by the North Carolina State University Department of Economics and the East Carolina University Office of Regional Development.

b. A Strengths/Weaknesses/Opportunities/Threats (SWOT) Analysis conducted by a professional strategic planning group on the current status of the military in North Carolina.

(3) Study ways to improve educational opportunities for military personnel in North Carolina.

(4) Assist in coordinating the State's interests in future activities of the Department of Defense.

(5) Promote initiatives to improve the quality of life for military personnel in this State."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELIMINATE STATE PLANNING UNIT AND RENAME BUDGET OFFICE

SECTION 12.2.(a) G.S. 143-10.3, 143-10.4, 143-10.5, and 143-10.6 are repealed.

SECTION 12.2.(b) The phrase "Office of State Budget, Planning, and Management" is deleted and replaced by the phrase "Office of State Budget and Management" wherever it occurs in each of the following General Statutes:

G.S. 7A-101.	Compensation.
G.S. 7A-113.	Bookkeeping and accounting systems equipment.
G.S. 18B-1009.	In-stand sales.
G.S. 20-7.	Issuance and renewal of drivers licenses.
G.S. 47-30.	Plats and subdivisions; mapping requirements.
G.S. 58-6-25.	Insurance regulatory charge.
G.S. 58-85A-1.	Creation of Fund; allocation to local fire districts and political subdivisions of the State.
G.S. 62A-25.	Use of funds.
G.S. 96-4.	Administration.
G.S. 96-32.	Common follow-up information management system created.
G.S. 96-35.	Reports on common follow-up system activities.
G.S. 97-80.	Rules and regulations; subpoena of witnesses; examination of books and records; depositions; costs.
G.S. 105-130.5.	Adjustments to federal taxable income in determining State net income.
G.S. 105-134.6.	Adjustments to taxable income.
G.S. 105-262.	Rules.
G.S. 108A-27.8.	Standard Program Counties – Duties of Department.
G.S. 115C-457.1.	Creation of Fund; administration.
G.S. 115C-457.2.	Remittance of moneys to the Fund.
G.S. 115C-457.3.	Transfer of funds to the State School Technology Fund.
G.S. 115C-546.1.	Creation of Fund; administration.
G.S. 115D-31.	State financial support of institutions.
G.S. 116-220.	Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of § 143-300.6.
G.S. 120-30.45.	Fiscal note on legislation.
G.S. 120-30.49.	Compiling federal mandates; annual report.
G.S. 120-36.8.	Certification of legislation required by federal law.
G.S. 120-131.1.	Requests from legislative employees for assistance in the preparation of fiscal notes.
G.S. 120-166.	Additional criteria; nearness to another municipality.
G.S. 122A-16.	Oversight by committees of General Assembly; annual reports.
G.S. 122C-112.	Powers and duties of the Secretary.
G.S. 122C-185.	Application of funds belonging to State facilities.

G.S. 131D-4.2.	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
G.S. 131E-13.	Lease or sale of hospital facilities to or from for-profit or nonprofit corporations or other business entities by municipalities and hospital authorities.
G.S. 135-39.3.	Oversight team.
G.S. 138-6.	Travel allowances of State officers and employees.
G.S. 138-8.	Moving expenses of State employees.
G.S. 143-1.	Scope and definitions.
G.S. 143-2.	Purposes.
G.S. 143-3.5.	Coordination of statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.
G.S. 143-4.	(For applicability see note) Advisory Budget Commission.
G.S. 143-6.	Information from departments and agencies asking State aid.
G.S. 143-6.1.	Report on use of State funds by non-State entities.
G.S. 143-10.1A.	Same – Continuation and expansion costs.
G.S. 143-10.2.	Limit on number of State employees.
G.S. 143-10.3.	Strategic planning process.
G.S. 143-10.4.	Departmental operations plans.
G.S. 143-10.5.	Development of performance measures for major programs.
G.S. 143-10.7.	Review of department forms and reports.
G.S. 143-12.1.	Vending facilities.
G.S. 143-15.4.	General Fund operating budget size limited.
G.S. 143-19.	Help for Director.
G.S. 143-20.1.	Annual financial statements.
G.S. 143-27.	Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.
G.S. 143-28.1.	Highway Fund appropriation.
G.S. 143-31.1.	Study and review of plans and specifications for building, improvement, etc., projects.
G.S. 143-34.2.	Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.
G.S. 143-34.41.	Legislative intent; purpose.
G.S. 143-34.43.	Capital improvement needs criteria.
G.S. 143-34.44.	Agency capital improvement needs estimates.
G.S. 143-138.	North Carolina State Building Code.
G.S. 143-215.94P.	Groundwater Protection Loan Fund.
G.S. 143-299.4.	Payment of State excess liability.
G.S. 143-345.24.	Incentive Bonus Review Committee.
G.S. 143B-133.1.	Powers of Commission.
G.S. 143B-336.1.	Special Zoo Fund.
G.S. 143B-372.3.	Staff.
G.S. 143B-426.39.	Powers and duties of the State Controller.
G.S. 146-30.	Application of net proceeds.
G.S. 147-33.78.	Information Resource Management Commission.

G.S. 147-33.87.	Financial reporting and accountability for information technology investments and expenditures.
G.S. 147-86.22.	Statewide accounts receivable program.
G.S. 150B-21.	Agency must designate rule-making coordinator; duties of coordinator.
G.S. 150B-21.4.	Fiscal notes on rules.
G.S. 150B-21.9.	Standards and timetable for review by Commission.
G.S. 150B-21.28.	Role of the Office of State Budget and Management.
G.S. 153A-230.1.	Definitions.
G.S. 153A-230.2.	Creation of Satellite Jail/Work Release Unit Fund.
G.S. 153A-230.5.	Satellite jails/work release units built with non-State funds.
G.S. 159I-25.	Disbursement.
G.S. 159I-28.	Rules.
G.S. 159I-29.	Annual reports to Joint Legislative Commission on Governmental Operations.
G.S. 160A-486.	Estimates of population.
G.S. 163-132.5.	Cooperation of State and local agencies.

SECTION 12.2.(c) G.S. 147-33.85(b) reads as rewritten:

"(b) The Office shall coordinate with the ~~Office of State Budget, Planning, and Management~~ Office of State Budget and Management to integrate agency strategic and business planning, technology planning and budgeting, and project expenditure processes into the Office's information technology portfolio-based management. The Office shall provide recommendations for agency annual budget requests for information technology investments, projects, and initiatives to the ~~Office of State Budget, Planning, and Management.~~Office of State Budget and Management."

PART XIII. OFFICE OF STATE PERSONNEL

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF STATE PERSONNEL PREPARE PROGRAM

SECTION 13.1. The General Assembly encourages the Department of State Treasurer to include the model of the PREPARE program in its current delivery of retirement services. The PREPARE program in the Office of State Personnel is abolished.

PART XIV. GENERAL GOVERNMENT

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

USE OF INTERNET FOR AGENCY PUBLICATIONS

SECTION 14.1.(a) Each of the State agencies listed in subsection (b) of this section shall review its printing and publication requirements and schedules and develop a plan to reduce the cost of printing, publishing, and distributing agency information and materials, including documents, reports, and other publications by using computer technology and the Internet, in particular, to distribute information and materials to the public. In developing the plan, each State agency shall review the statutory and regulatory requirements of the agency with regard to publishing and distributing information to the public and make recommendations on any statutory revisions needed to publish and distribute agency information over the Internet or by other computer-related means. Each agency shall submit a written report to the Fiscal

Research Division of the General Assembly by April 1, 2002, outlining the required information and the recurring adjustments in the agency budget.

SECTION 14.1.(b) This section applies to the Office of the Governor, the Office of the Lieutenant Governor, the Department of Administration, the Office of the State Auditor, the Office of State Budget and Management, the Board of Elections, the Department of Insurance, the Office of the Secretary of State, the Office of the State Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the Department of Cultural Resources, the General Assembly, the Office of State Personnel, the Department of Revenue, and the Rules Review Commission.

PART XIV-A. GENERAL ASSEMBLY

Requested by: Representatives Jeffus, Sherrill, Tolson, Easterling, Oldham, Redwine, Thompson

REDUCE JOURNAL PRINTING/SESSION LAWS TECHNICAL CORRECTIONS

SECTION 14A.1. G.S. 147-45 reads as rewritten:

"**§ 147-45.Distribution of copies of State publications.**

The Secretary of State shall, at the State's expense, as soon as possible after publication, provide such number of copies of the Session Laws and Senate and House Journals to federal, State, and local governmental officials, departments and agencies, and to educational institutions of instruction and exchange use, as is set out in the table ~~below:~~ below. These publications shall be made available in hardbound and electronic format. Each agency or institution entitled to more than one copy in the table below shall receive only one of the copies in hardbound format with the remainder in electronic format, unless such agency or institution requests additional hardbound copies by August 1. The Principal Clerks of the House of Representatives and Senate, in consultation with the Secretary of State, shall determine the total number of volumes to be printed each year.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	~~3~~ 2	2
Office of State Budget and Management	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3
Auditor, Department of ~~the~~ State	~~3~~ 1	~~1~~ 0
Treasurer, Department of ~~the~~ State	3	1
~~Local Government Commission~~	~~2~~	~~0~~
State Board of Education	1	0
Department of Public Instruction	~~3~~ 2	1
~~Controller~~	~~1~~	~~0~~
~~Technical Assistance Centers~~	~~1 ea.~~	~~0~~
~~Department of Community Colleges~~		
Community Colleges System Office	~~3~~ 1	1
Justice, Department of		
Office of the Attorney General	~~25~~ 5	~~3~~ 2
Budget Bureau (Administration)	1	0
Property Control (Administration)	1	1
~~State Bureau of Investigation~~	~~1~~	~~0~~
Agriculture and Consumer Services, Department of	~~3~~ 1	1
Labor, Department of	~~5~~ 4	1

Insurance, Department of	~~5~~ 2	1
Administration, Department of	1	1
~~Budget Bureau~~	~~2~~	~~1~~
Controller	1	0
~~Property Control~~	~~1~~	~~0~~
~~Purchase and Contract~~	~~2~~	~~0~~
~~Policy and Development~~	~~1~~	~~0~~
Veterans Affairs Commission	1	0
Environment and Natural Resources, Department of	6	0
Wildlife Resources Commission	2	0
Revenue, Department of	5	1
Health and Human Services, Department of	~~6~~ 1	0
Mental Health, Developmental Disabilities, and Substance Abuse Services, Division of	1	0
Social Services, Division of	3	0
~~Facilities~~Facility Services, Division of	1	0
Hospitals and Institutions	1 ea.	0
Juvenile Justice and Delinquency Prevention, Department of	3	0
Transportation, Department of	1	0
Board of Transportation	3	0
Motor Vehicles, Division of	1	0
Commerce, Department of	~~1~~ 0	0
Economic Development, Division of	2	0
State Ports Authority	1	0
Alcoholic Beverage Control Commission, North Carolina	2	0
Banking Commission	~~2~~ 1	0
Utilities Commission	~~8~~ 3	1
Industrial Commission	~~7~~ 1	0
Labor Force Development Council	1	0
~~Milk Commission~~	~~5~~	~~0~~
~~Employment Security Commission~~	~~1~~	~~1~~
Correction, Department of	1	0
~~Department of Correction~~	~~2~~	~~0~~
Post-Release Supervision and Parole Commission	~~2~~ 1	0
~~State Prison~~	~~1~~	~~0~~
Correctional Institutions	1 ea.	0
Cultural Resources, Department of	~~1~~ 0	0
Archives and History, Division of	~~5~~ 3	1
State Library	5	5
Publications Division	1	1
Crime Control and Public Safety, Department of	~~2~~ 1	1
North Carolina Crime Commission	1	0
Adjutant General	2	0
Elections, State Board of	~~2~~ 1	0
Office of Administrative Hearings	~~2~~ 1	0
State Personnel Commission	1	0
~~Office of State Personnel~~	~~1~~	~~1~~
Legislative Branch		
State Senators	1 ea.	1 ea.

State Representatives	1 ea.	1 ea.
Principal Clerk – Senate	1	1
Principal Clerk – House	1	1
Reading Clerk – Senate	1	~~1~~ 0
Reading Clerk – House	1	~~1~~ 0
Sergeant at Arms – House	1	~~1~~ 0
Sergeant at Arms – Senate	1	~~1~~ 0
Enrolling Clerk	1	0
~~Engrossing Clerk~~	~~1~~	~~0~~
~~Indexer of the Laws~~	~~1~~	~~0~~
Legislative Building Library	35	~~15~~ 7
Judicial System		
~~Justices of the Supreme Court~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Court of Appeals~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~Emergency and Special Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~District Court Judges~~	~~1 ea.~~	~~0~~
~~District Attorneys~~	~~1 ea.~~	~~0~~
~~Clerk of the Supreme Court~~	~~1~~	~~1~~
~~Clerk of the Court of Appeals~~	~~1~~	~~1~~
Administrative Office of the Courts	~~4~~ 3	1
Supreme Court Library ~~AS MANY AS REQUESTED~~	16	3
Colleges and Universities		
The University of North Carolina System Administrative Offices	3	0
University of North Carolina, Chapel Hill	~~65~~ 33	~~25~~ 9
University of North Carolina, Charlotte	~~3~~ 2	1
University of North Carolina, Greensboro	~~3~~ 1	1
~~University of North Carolina, Asheville~~	~~2~~	~~1~~
University of North Carolina, Wilmington	~~2~~ 1	1
North Carolina State University, Raleigh	~~5~~ 1	~~3~~ 1
Appalachian State University	2	1
East Carolina University	~~3~~ 1	~~2~~ 1
Elizabeth City State University	2	1
Fayetteville State University	~~2~~ 1	1
North Carolina Agricultural and Technical University	2	1
North Carolina Central University	~~5~~ 1	~~5~~ 1
Western Carolina University	~~2~~ 1	1
University of North Carolina, Pembroke	2	1
Winston-Salem State University	2	1
North Carolina School of the Arts	1	1
Private Institutions		
Duke University	~~6~~ 4	~~6~~ 3
Davidson College	~~3~~ 1	~~2~~ 1

Wake Forest University	5	5
Lenoir Rhyne College	1	1
Elon ~~College~~ University	1	1
~~Guilford College~~	~~1~~	~~1~~
Campbell University	~~5~~ 2	~~5~~ 2
Wingate ~~College~~ University	1	1
~~Pfeiffer College~~	~~1~~	~~1~~
Barber Scotia College	1	1
Barton College	1	1
Shaw University	1	1
St. Augustine's College	1	1
Johnson C. Smith University	1	1
~~Belmont Abbey College~~	~~1~~	~~1~~
Bennett College	1	1
~~Catawba College~~	~~1~~	~~1~~
Gardner-Webb ~~College~~ University	1	1
Greensboro College	1	1
High Point University	1	1
Livingstone College	1	1
Mars Hill College	1	1
Meredith College	1	1
Methodist College	1	1
~~North Carolina Wesleyan College~~	~~1~~	~~1~~
Peace College	1	0
~~Queens College~~	~~1~~	~~1~~
~~Sacred Heart College~~	~~1~~	~~1~~
~~St. Andrews Presbyterian College~~	~~1~~	~~1~~
Salem College	1	1
Warren Wilson College	1	1
County and Local Officials		
Clerks of the Superior Court	1 ea.	1 ea.
Register of Deeds	1 ea.	~~1 ea.~~ 0
Federal, Out-of-State and Foreign		
Secretary to the President	1	0
Secretary of State	1	1
Secretary of Defense	1	0
Secretary of Agriculture	1	0
Secretary of the Interior	1	0
Secretary of Labor	1	~~1~~ 0
Secretary of Commerce	1	~~1~~ 0
Secretary of the Treasury	1	0
Secretary of ~~Health, Education and Welfare~~ Health and Human Services	1	0
Secretary of Housing and Urban Development	1	0
Secretary of Transportation	1	0
Attorney General	1	0
~~Postmaster General~~ United States Postal Service	1	0
Bureau of Census	1	0
~~Bureau of Public Roads~~	~~1~~	~~0~~
Department of Justice	1	0
~~Department of Internal Revenue~~ Internal Revenue Service	1	0

~~Veterans' Administration~~ Department of Veterans Affairs	1	0
Farm Credit Administration	1	0
Securities and Exchange Commission	1	0
~~Social Security Board~~	~~1~~	~~0~~
Environmental Protection Agency	1	0
Library of Congress	8	2
Federal Judges resident in North Carolina	1 ea.	0
Federal District Attorneys resident in North Carolina	1 ea.	0
Marshal of the United States Supreme Court	1	0
Federal Clerks of Court resident in North Carolina	1 ea.	0
Supreme Court Library exchange list	1 ea.	0

One copy of the Session Laws shall be furnished the head of any department of State government created in the future.

State agencies, institutions, etc., not found in or covered by this list may, upon written request from their respective department head to the Secretary of State, and upon the discretion of the Secretary of State as to need, be issued copies of the Session Laws on a permanent loan basis with the understanding that should said copies be needed they will be recalled.

State Senators and State Representatives are entitled to the Journal of a house only if requested in writing to the Principal Clerk of that house no later than August 1 of the year of the Journal."

PART XIV-B. STATE BOARD OF ELECTIONS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Baddour, Nesbitt

EARLY VOTING FUNDS/GRANTS

SECTION 14B.1.(a) The State Board of Elections shall make grants as specified in subsection (b) of this section to certain counties that provided additional one-stop absentee voting sites in the 2000 General Election at locations other than the county board of elections office or the county courthouse. The funds for such grants shall come from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting sites. Under no circumstances shall any new grants by the State Board, under this act, be funded by any new appropriations. No other grants from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting shall be made other than those specified in subsection (b) of this section. Any funds from the fiscal year 2000-2001 appropriation remaining on June 30, 2001, shall not revert to the General Fund until the grant awards are made.

SECTION 14B.1.(b) The State Board of Elections shall make grants to the following county boards of elections in the amounts specified:

(1) Buncombe in the amount of fifteen thousand dollars ($15,000).
(2) Chatham in the amount of five thousand dollars ($5,000).
(3) Durham in the amount of ten thousand dollars ($10,000).
(4) Edgecombe in the amount of five thousand dollars ($5,000).
(5) Lenoir in the amount of ten thousand dollars ($10,000).

(6) Orange in the amount of five thousand dollars ($5,000).
(7) Wake in the amount of ten thousand dollars ($10,000).

PART XIV-C. DEPARTMENT OF STATE TREASURER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

INVESTMENT AND BANKING DIVISION OF DEPARTMENT OF STATE TREASURER/RECEIPT SUPPORTED

SECTION 14C.1.(a) G.S. 147-68.1 reads as rewritten:

"**§ 147-68.1. Banking operations.**

The cost of administration, management, and operations of the banking operations of the Department of State Treasurer shall be apportioned equitably among the funds and programs using these services, and the costs so apportioned shall be deposited with the State Treasurer as a ~~general fund nontax revenue.~~ receipt to the budget of the Department of State Treasurer. ~~The cost of administration, management and operations of the banking operations of the Department of State Treasurer shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

SECTION 14C.1.(b) G.S. 147-69.3(f) reads as rewritten:

"(f) The cost of administration, management, and operation of investment programs established pursuant to this section shall be apportioned equitably among the programs in such manner as may be prescribed by the State Treasurer, such costs to be paid from each program, and to the extent not otherwise chargeable directly to the income or assets of the specific investment program or pooled investment vehicle, shall be deposited with the State Treasurer as a ~~General Fund nontax revenue.~~ receipt to the budget of the State Treasurer. ~~The cost of administration, management, and operation of investment programs established pursuant to this section and not directly paid from the income or assets of such program shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

PART XIV-D. DEPARTMENT OF REVENUE

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COLLECT TAX

SECTION 14D.1. Funds appropriated to the Department of Revenue for Project Collect Tax shall be transferred to a separate Fund Code in the Department's budget.

PART XV. INFORMATION TECHNOLOGY

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY

SECTION 15.1. Prior to the transfer of any intellectual property or the release of any State funds to non-State entities for purposes related to the development of intellectual property, each State department, agency, and institution or other entity of the State shall report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the House of Representatives Science and Technology Committee and Senate Information Technology Committee on each of the following matters:

(1) Proposed or pending transfers to non-State entities of intellectual property developed with State funds or by State employees within the scope of employment.

(2) The State agency's consideration of the State's interest in the intellectual property asset and how to best protect that interest, as appropriate.

(3) The extent to which the transfer of intellectual property or the use of State funds may affect the public purpose of the State financial aid to the non-State entity.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

SECURITY STANDARDS FOR STATE INFORMATION TECHNOLOGY

SECTION 15.2.(a) G.S. 147-33.81 reads as rewritten:

"**§ 147-33.81. Definitions.**

As used in this Article:

(1) "Distributed information technology assets" means hardware, software, and communications equipment not classified as traditional mainframe-based items, including personal computers, local area networks (LANs), servers, mobile computers, peripheral equipment, and other related hardware and software items.

(2) "Information technology" means electronic data processing goods and ~~services and~~ services, telecommunications goods and services, security goods and services, microprocessors, software, information processing, office systems, any services related to the foregoing, and consulting or other services for design or redesign of information technology supporting business processes.

(3) "Information technology enterprise management" means a method for managing distributed information technology assets from acquisition through retirement so that total ownership costs (purchase, operation, maintenance, disposal, etc.) are minimized while maximum benefits are realized.

(4) "Information technology portfolio management" means a business-based approach for analyzing and ranking potential technology investments and selecting those investments that are the most cost-effective in supporting the strategic business and program objectives of the agency.

(5) "Office" means the Office of Information Technology Services as established in this Article.

(6) "State agency" means any department, institution, commission, committee, board, division, bureau, office, officer, or official of the State. The term does not include any State entity excluded from coverage under this Article by G.S. 147-33.80, unless otherwise expressly provided."

SECTION 15.2.(b) G.S. 147-33.82 reads as rewritten:

"**§ 147-33.82. Powers and duties of the State Chief Information Officer and the Office of Information Technology Services.**

(a) The Office of Information Technology Services shall:

(1) Procure all information technology for State agencies, as provided in Part 4 of this Article.

(2) Submit for approval of the Information Resources Management Commission all rates and fees for common, shared State government-wide technology services provided by the Office.

(3) Submit for approval of the Information Resources Management Commission recommended State government-wide, enterprise-level policies for information technology.

(4) Develop standards, procedures, and processes to implement policies approved by the Information Resources Management Commission.
(5) Assure that State agencies implement and manage information technology portfolio-based management of State information technology resources, in accordance with the direction set by the State Chief Information Officer.
(6) Assure that State agencies implement and manage information technology enterprise management efforts of State government, in accordance with the direction set by the State Chief Information Officer.
(7) Provide recommendations to the Information Resources Management Commission for its biennial technology strategy and to develop State government-wide technology initiatives to be approved by the Information Resources Management Commission.
(8) Develop a project management, quality assurance, and architectural review process that adheres to the Information Resources Management Commission's certification program and portfolio-based management initiative.
(9) Establish and utilize the Information Technology Management Advisory Council to consist of representatives from other State agencies to advise the Office on information technology business management and technology matters.

(b) Notwithstanding any other provision of law, local governmental entities may use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office. For purposes of this subsection, "local governmental entities" includes local school administrative units, as defined in G.S. 115C-5, and community colleges. Local governmental entities are not required to comply with otherwise applicable competitive bidding requirements when using contracts established by the Office. Any other State entities may also use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office.

(c) The State Chief Information Officer shall establish an enterprise-wide set of standards for information technology security to maximize the functionality, security, and interoperability of the State's distributed information technology assets, including communications and encryption technologies. As part of this function, the State Chief Information Officer shall review periodically existing security standards and practices in place among the various State agencies to determine whether those standards and practices meet enterprise-wide security and encryption requirements. The State Chief Information Officer may assume the direct responsibility of providing for the information technology security of any State agency that fails to adhere to security standards adopted pursuant to this section. Any actions taken by the State Chief Information Officer under this subsection shall be reported to the Information Resources Management Commission at its next scheduled meeting.

(d) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as otherwise provided by this subsection, all information technology security purchased using State funds, or for use by a State agency or in a State facility, shall be subject to approval by the State Chief Information Officer in accordance with security standards adopted under this section.

(1) If the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units as defined by G.S. 115C-5, or the North Carolina Community Colleges System develop their own security standards, taking into

consideration the mission and functions of that entity, that are comparable to or exceed those set by the State Chief Information Officer under this section, then these entities may elect to be governed by their own respective security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. The State Chief Information Officer shall consult with the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units, and the North Carolina Community Colleges System in reviewing the security standards adopted by those entities.

(2) If the State Chief Information Officer certifies that a State agency has developed security standards that meet or exceed those set under this section, then the agency may elect to be governed by its own security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. This certification by the State Chief Information Officer is subject to annual renewal and may be revoked by the State Chief Information Officer at any time that a State agency's standards no longer exceed those set under this section.

(e) The State Chief Information Officer shall submit the enterprise-wide set of standards for the State's information technology security to the Information Resources Management Commission for approval. The Information Resources Management Commission shall report approval of the standards to the Joint Legislative Commission on Governmental Operations prior to implementation of the standards. The State Chief Information Officer shall review and revise the standards at least annually, and the revisions shall be subject to approval by the Information Resources Management Commission, with the Commission reporting to the Joint Legislative Commission on Governmental Operations on the revisions.

(f) The head of each State agency shall cooperate with the State Chief Information Officer in the discharge of his or her duties by:

(1) Providing the full details of the agency's information technology and operational requirements.

(2) Providing comprehensive information concerning the information technology security employed to protect the agency's information technology.

(3) Forecasting the parameters of the agency's projected future information technology security needs and capabilities.

(4) Designating an agency liaison in the information technology area to coordinate with the State Chief Information Officer.

The information provided by State agencies to the State Chief Information Officer under this subsection is protected from public disclosure pursuant to G.S. 132-6.1(c)."

SECTION 15.2.(c) G.S. 147-64.6(c) is amended by adding a new subdivision to read:

"(18) The Auditor shall, after consultation and in coordination with the State Chief Information Officer, assess, confirm, and report on the security practices of information technology systems. If an agency has adopted standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in accordance with those standards. The Auditor's assessment of information security practices shall include an assessment of network vulnerability. The Auditor may conduct network penetration or any similar procedure as the Auditor may deem necessary. The Auditor may investigate reported information technology security breaches,

cyber attacks, and cyber fraud in State government. The Auditor shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision, but may provide agencies with detailed reports of the security issues identified pursuant to this subdivision which shall not be disclosed as provided in G.S. 132-6.1(c). For the purposes of this subdivision only, the Auditor is exempt from the provisions of Article 3 of Chapter 143 of the General Statutes in retaining contractors."

SECTION 15.2.(d) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT INFORMATION TECHNOLOGY PROVISIONS

SECTION 15.3.(a) G.S. 143-6 is amended by adding a new subsection to read:

"(b2) Any department, bureau, division, officer, board, commission, institution, or other State agency or undertaking desiring to request financial aid from the State for the purpose of acquiring or maintaining information technology as defined by G.S. 147-33.81(2) shall, before making the request for State financial aid, submit to the State Chief Information Officer (CIO) a statement of its needs in terms of information technology and other related requirements, and shall furnish the CIO with any additional information requested by the CIO. The CIO shall then review the statement of needs submitted by the requesting department, bureau, division, officer, board, commission, institution, or other State agency or undertaking and perform additional analysis, as necessary, to comply with G.S. 147-33.82. All requests for financial aid for the purpose of acquiring or maintaining information technology shall be accompanied by a certification from the CIO deeming the request for financial aid to be consistent with Article 3D of Chapter 147 of the General Statutes. The CIO shall make recommendations to the Governor regarding the merits of requests for financial aid for the purpose of acquiring or maintaining information technology. This subsection shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000)."

SECTION 15.3.(b) G.S. 143-7 reads as rewritten:

"**§ 143-7. Itemized statements and forms; exemptions from G.S. 147- 64.6(c)(10).**

(a) The statements and estimates required under G.S. 143-6 shall be itemized in accordance with the budget classification adopted by the State Controller, and upon forms prescribed by the Director, and shall be approved and certified by the respective heads or responsible officer of each department, bureau, board, commission, institution, or agency submitting same. Official estimate blanks which shall be used in making these reports shall be furnished by the Director of the Budget.

(b) The budget classification adopted by the State Controller and the forms prescribed by the Director shall include budget account codes relating specifically to information technology to allow reliable and meaningful analysis of information technology funding and expenditures throughout State government."

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

COMPUTER NETWORKING COSTS/TELECOMMUNICATIONS SERVICE BILLING FOR STATE AGENCIES

SECTION 15.4.(a) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall adopt a common definition for computer networking costs. The definition shall include a specific and detailed list of the separate components that comprise overall networking

costs. These agencies shall define a process to capture all such costs without redundancy.

SECTION 15.4.(b) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall complete the definition by September 1, 2001. By December 1, 2001, the agencies shall provide an interim report to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology on the process to capture networking costs, with a final report by May 1, 2002.

SECTION 15.4.(c) The Office of State Personnel, in conjunction with the Office of Information Technology Services, shall devise a mechanism for identifying, by specific industry-relevant categories, State information technology positions across all relevant classifications in State government employment. By December 1, 2001, the Office of State Personnel shall report its plan to identify State information technology personnel to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology.

SECTION 15.4.(d) The Office of Information Technology Services shall accurately identify and present State agencies with detailed information on the cost of ITS Services for telecommunications data and video services. The bill should clearly indicate the usage and the rate for the service.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STUDY STATE AGENCY USE OF CONTRACTORS FOR INFORMATION TECHNOLOGY

SECTION 15.5.(a) The Office of State Personnel, the Office of Information Technology Services, the Office of State Budget and Management, and the Office of the State Controller shall study the issue of State-agency use of information technology contractors. The study shall report on the number of contractors currently in use by State agencies, the duration of the working period for individual contractors, and the length of the contracts. The purpose of the contracts should be clearly identified. The unit and actual costs of the contracts should be clearly identified.

SECTION 15.5.(b) The Office of State Personnel shall identify the results of market analyses comparing State information technology workers with private sector information technology workers. The Office shall review its current classification scheme for IT workers to determine its adequacy for capturing the range of IT activities within State government.

SECTION 15.5.(c) The study report should recommend the most appropriate use of contractors (i.e., for discrete projects) and the most appropriate use of permanent employee (i.e., for ongoing activities such as LAN/WAN management.) In cases where the study indicates that permanent employees are best suited for a given task or activity, the Office of State Personnel is directed to identify effective mechanisms for recruiting and retaining employees.

SECTION 15.5.(d) By December 1, 2001, the study group shall report its findings and recommendations to the Joint Legislative Commission on Governmental Operations and to the Joint Select Committee on Information Technology.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

PROCUREMENT CARD PROGRAM

SECTION 15.6.(a) Section 20.3 of S.L. 1998-212, Section 24 of S.L. 1999-237, and Section 21.3 of S.L. 2000-67 are repealed.

SECTION 15.6.(b) G.S. 143-49 is amended by adding a new subdivision to read:

"(8) To establish and maintain a procurement card program for use by State agencies, community colleges, constituent institutions of The University of North Carolina, and local school administrative units. The Secretary may adopt temporary rules for the implementation and operation of the program in accordance with the payment policies of the State Controller and the Office of Information Technology Services. Prior to implementing the program, the Secretary shall consult with the State Controller, UNC General Administration, the Community Colleges System Office, and the Department of Public Instruction. When the statewide electronic procurement service is made available for goods and contractual services, all orders made pursuant to this subdivision exceeding two hundred fifty dollars ($250.00) shall be issued electronically through the statewide electronic procurement service. The Secretary may periodically adjust the order limit set under this subdivision after consulting with the State Controller and the Office of Information Technology Services."

SECTION 15.6.(c) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA INFORMATION HIGHWAY SITES

SECTION 15.7.(a) Of the funds available in the Office of Information Technology Services operating cash, the sum of three million twenty-four thousand one hundred eighty-five dollars ($3,024,185) shall be used for the 2001-2002 fiscal year to fund North Carolina Information Highway (NCIH) sites that received funding from ITS operating cash during the 2000-2001 fiscal year. In consultation with NCIH sites, the Department of Public Instruction, the Community Colleges System Office, and other site-affiliated State offices, the Office of Information Technology Services shall take appropriate action to ensure that the funds are efficiently utilized.

SECTION 15.7.(b) The Joint House of Representatives and Senate Appropriations Subcommittees on Education shall review the use of the North Carolina Information Highway and recommend a mechanism for funding the sites beyond the 2001-2002 fiscal year.

Requested by: Representatives Tolson, Tucker

REDUCTION IN EXPENDITURES BASED ON ITS RATE REDUCTIONS

SECTION 15.8. The Office of State Budget and Management shall administer reductions in the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts in an amount equal to four million dollars ($4,000,000) of General Fund appropriations through the allotment system established in G.S. 143-17. The reductions in expenditures shall be based on a percentage reduction in the rates for telephone/telecommunications and computer data processing services provided by the Office of Information Technology Services.

The Office of Information Technology Services shall have flexibility in establishing the rate reductions based upon a clear showing of cost reductions achieved through operational efficiencies or cost reductions achieved through less costly contractual arrangements. Based upon the rate reductions established by the Office of Information Technology Services, the Office of State Budget and Management shall have flexibility in allocating the reduction amounts among the Telephone (532811),

Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each spending agency shall be reduced by a percentage of the General Fund amounts appropriated to that agency for telephone/telecommunications and computer data processing services.

The Office of State Budget and Management shall coordinate the rate reductions and agency expenditure accounts reductions to ensure that expenditure reductions match rate reductions. The Office of Information Technology Services shall report the rate reductions to the Information Resources Management Commission, the Chairs of the House of Representatives and Senate Appropriations Committees, the Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial budget.

PART XVI. HOUSING FINANCE AGENCY

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

HOME PROGRAM MATCHING FUNDS

SECTION 16.1.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION 16.1.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION 16.1.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION 17.1. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.**

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION 17.2.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION 17.2.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION 17.2.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham, Redwine, Thompson

FARMLAND PRESERVATION FUNDS

SECTION 17.3. The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act to the Department of Agriculture and Consumer Services for the North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be used to continue the purposes for which the Fund was established.

PART XVIII. DEPARTMENT OF LABOR

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION 18.1.(a) Of the receipts appropriated by this act to the Department of Labor, the Department shall allocate increased elevator and amusement device inspection fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal year to support the Elevator and Amusement Device Bureau. There shall be a reduction of at least two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) in General Fund appropriations to the Department for the 2001-2002 fiscal year and a reduction of at least nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year.

SECTION 18.1.(b) The allocations provided for in subsection (a) of this section shall be made only if Senate Bill 897, House Bill 232, House Bill 1057, or other substantially similar legislation of the 2001 General Assembly becomes law.

SECTION 18.1.(c) The reductions in General Fund allocations provided for in subsection (a) of this section are instead of the reductions recommended by the Governor for the 2001-2003 biennium that would have been contained in the Appropriations Act of 2001 and are as follows:

(1) One hundred fifty-five thousand thirty-nine dollars ($155,039) recurring reductions in operating efficiencies, specifically in the areas of equipment, software, library resources, and overtime pay.

(2) Ninety-three thousand nine hundred-sixty-one dollars ($93,961) recurring reduction to offset the budgeting of indirect cost receipts.

SECTION 18.1.(d) If Senate Bill 897, House Bill 232, House Bill 1057, or other substantially similar legislation becomes law and the receipts are greater than two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) for the 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce appropriations to the Department of Labor as provided in G.S. 143-25.

PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2001-2002 and the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632
Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584

Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Highlands Biological Station	$50,000	$50,000
Carolina Raptor Center	$50,000	$50,000
Fascinate-U	$50,000	$50,000
Wilmington Children's Museum	$50,000	$50,000
Total	$3,204,520	$3,204,520

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~ three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION 19.3.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.

(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.

(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.

(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.

(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.
(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.
(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.
(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.
(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.
(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.
(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES

SECTION 19.4. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and up to four hundred thousand dollars ($400,000) of those receipts for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION 19.5. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.
(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.
(3) To maintain a web-based water quality data distribution site.
(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring, and Water Quality Permitting.
(2) Nutrient Management.
(3) Water Pollution Control.
(4) Waste Management.
(5) Groundwater Resources.
(6) Stream Hydrology.
(7) Aquatic Biology.
(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION 19.6.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION 19.6.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION 19.6.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION 19.7. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION 19.8. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION 19.9. The Secretary of Environment and Natural Resources shall designate from existing staff within the Department of Environment and Natural Resources a staff position to be responsible for managing the Submerged Lands Program. By August 1, 2001, the Secretary shall report to both the Senate and House of Representatives Cochairs of the Appropriations Subcommittees on Natural and Economic Resources what position will manage the Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION 19.10. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Cochairs of the full Appropriations Committee, and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L. 1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION 19.11.(a) The Department of Environment and Natural Resources shall study the State Water Quality Certification (Section 401 of the Clean Water Act, 33 U.S.C. § 1341) and National Pollutant Discharge Elimination System (NPDES) wastewater discharge permitting processes in the Division of Water Quality, the Coastal Area Management Act (CAMA) permitting process in the Division of Coastal Management, and the sedimentation and erosion control plan approval process in the Division of Land Resources. The study shall at a minimum include the following:

(1) A description of how the permitting and approval process currently works.
(2) The number and types of permits and plan approvals issued by each of these Divisions.
(3) The time frame within which each of the types of permits or plan approvals is issued.
(4) The adequacy of existing staff levels to complete the issuance of permits and plan approvals in a timely manner.
(5) Whether duplication in the permitting and plan approval process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.

(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION 19.11.(b) In conducting this study, the Department shall record its tracking of the permits and plan approvals and the statistical data regarding those in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION 19.11.(c) The Department shall make a report with its findings and recommendations to the Senate and House of Representatives Cochairs of the full Appropriations Committee and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees on ways to improve, expedite, or simplify the permitting process no later than March 10, 2002.

Requested by: Representatives Fox, Owens, Baker, Easterling, Oldham, Redwine, Thompson

REALLOCATE TOWN FORK CREEK FUNDS

SECTION 19.12.(a) Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L. 2000-140, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~2001.~~ 2003. Those funds are reallocated as follows:

(1) Five hundred ~~four thousand five hundred sixty~~ forty-one thousand six hundred eighty dollars ~~($504,560)~~ ($541,680) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) ~~Nine hundred thirty thousand six hundred eighty dollars ($930,680)~~ Eight hundred ninety-three thousand five hundred sixty dollars ($893,560) to the Stokes County Water and Sewer Authority, Inc., for the Walnut Cove/Industrial Site Connection Project. Any funds under this subdivision not necessary for this project are reallocated to the project listed under subdivision (3) of this subsection upon the written finding of the Stokes County Water and Sewer Authority, Inc.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SECTION 19.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Warwick, Easterling, Oldham, Redwine, Thompson

FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION.

SECTION 19.13.(a) G.S. 143B-282 is amended by adding a new subsection to read:

"(e) In appointing the members of the Commission, the appointing authorities shall make every effort to ensure fair geographic representation of the Commission."

SECTION 19.13.(b) This section is effective when it becomes law and applies to appointments made on or after that date.

PART XX. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TOURISM PROMOTION FUNDS

SECTION 20.1. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.

(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION 20.3.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Moneys allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;

(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and

(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Moneys may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of moneys from the Fund.

SECTION 20.3.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION 20.4.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION 20.4.(b) The Department shall not carryforward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION 20.5. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 20.6.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of five million nine hundred thirty thousand sixteen dollars ($5,930,016) for the 2001-2002 fiscal year for the operation of local offices.

SECTION 20.6.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2001-2002 fiscal year for the following purposes:

(1) Two million one hundred sixty-six thousand forty-seven dollars ($2,166,047) for the 2001-2002 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) One million six hundred forty-four thousand three hundred twelve dollars ($1,644,312) for the 2001-2002 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred eleven thousand eight hundred ninety-six dollars ($211,896) for the 2001-2002 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred seventy-six thousand seven hundred four dollars ($376,704) for the 2001-2002 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-six thousand five hundred six dollars ($56,506) for the 2001-2002 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor to continue the Apprenticeship Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER

SECTION 20.7.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 20.7.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 20.7.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
b. State fiscal year 2000-2001 itemized expenditures and fund sources;
c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.7.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:

(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.
(2) Negotiate the terms of the legal agreement in good faith.
(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.
(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA REPORTING REQUIREMENTS

SECTION 20.9.(a) The North Carolina Technological Development Authority, Inc., (TDA), Yadkin/Pee Dee Lakes Project, Inc., North Carolina REAL Enterprises, and World Trade Center North Carolina shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.9.(b) Fourth quarter allotments shall not be released to TDA, North Carolina REAL Enterprises, or World Trade Center North Carolina until each entity satisfies its reporting requirement for January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 20.10.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage

by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 20.12.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 20.12.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION 20.12.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION 20.13.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~

Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 20.13.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive 12-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to remove a member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

NONPROFIT REPORTING REQUIREMENTS

SECTION 20.14.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION 20.15.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 20.15.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION 20.15.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;
(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;

2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or

3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 20.15.(f) For the 2001-2002 fiscal year only, the Office of State Budget and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and the amount of five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION 20.15.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 in each fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION 20.16.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;

b. State fiscal year 2001-2002 itemized expenditures and fund sources;

c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and

d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC

SECTION 20.17.(a) G.S. 96-32 reads as rewritten:

"**§ 96-32. Common follow-up information management system created.**

(a) The Employment Security Commission of North Carolina shall develop, implement, and maintain a common follow-up information management system for tracking the employment status of current and former participants in State job training, education, and placement programs. The system shall provide for the automated collection, organization, dissemination, and analysis of data obtained from State-funded programs that provide job training and education and job placement services to program participants. In developing the system, the ESC shall ensure that data and information collected from State agencies is confidential, not open for general public inspection, and maintained and disseminated in a manner that protects the identity of individual persons from general public disclosure.

(b) The ESC ~~in consultation with the Office of State Budget, Planning, and Management~~ shall adopt procedures and guidelines for the development and implementation of the CFS authorized under this section.

(c) Based on data collected under the CFS, the ~~Office of State Budget, Planning, and Management~~ ESC shall evaluate the effectiveness of job training, education, and placement programs to determine if specific program goals and objectives are attained, to determine placement and completion rates for each program, and to make recommendations regarding the continuation of State funding for programs evaluated. ~~The ESC shall provide to the Office of State Budget, Planning, and Management data collected under the CFS in a manner and with the frequency necessary for the Office of State Budget, Planning, and Management to conduct the evaluation required under this subsection. The ESC shall consult with the Office of State Budget, Planning, and Management to determine the most efficient and effective method for providing to the Office of State Budget, Planning, and Management data collected under the CFS. The Office of State Budget, Planning, and Management shall maintain the same levels of confidentiality with respect to CFS data received from the ESC as is required of the ESC under this Article.~~"

SECTION 20.17.(b) G.S. 96-35 reads as rewritten:

"**§ 96-35. Reports on common follow-up system activities.**

(a) The Employment Security Commission of North Carolina shall present annually by May 1 to the General Assembly and to the Governor a report of CFS activities for the preceding calendar year. The report shall include information on and evaluation of job training, education, and placement programs for which data was reported by State and local agencies subject to this Article. Evaluation of the programs shall be on the basis of fiscal year data.

(b) The ~~Office of State Budget, Planning, and Management~~ ESC shall report ~~to~~ to the Governor and to the General Assembly upon the convening of each biennial session, its evaluation of and recommendations regarding job training, education, and placement programs for which data was provided to the CFS."

Requested by: Representatives Fox, Owens, Redwine, Easterling, Oldham, Thompson

ESC TO EXPEND REED ACT FUNDS

SECTION 20.18. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million one hundred thirty-six thousand seven hundred forty-six dollars ($2,136,746) for the 2001-2002 fiscal year for unemployment insurance administration.

Requested by: Representatives Fox, Owens, Insko, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA GLOBAL CENTER FUNDS

SECTION 20.19. Of the funds appropriated to the Office of State Budget and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning of the North Carolina Center for World Languages and Cultures, Inc., now known as the North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars ($300,000) shall be used for general operating purposes of the Center.

Requested by: Representatives Fox, Owens, Smith, Easterling, Oldham, Redwine

RESTORE NAME OF ABC COMPLEX

SECTION 20.20. The sign designating the North Carolina ABC Commission Office & Warehouse Complex, which is located at 3322 Garner Road in Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr. North Carolina ABC Commission Office & Warehouse Complex".

PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. CENTRAL ADMINISTRATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS REGIONAL OFFICES

SECTION 21.1.(a) The Department of Health and Human Services shall consolidate and reduce its regional, district, field, and satellite offices located throughout the State. The Department shall implement these consolidations and reductions no later than June 30, 2002. The Department shall provide the following information:

(1) An inventory of all its regional, district, field, and satellite offices located throughout the State before the consolidation required in this section. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(2) An inventory of all its regional, district, field, and satellite offices located throughout the State after the consolidation required in this section is completed. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(3) A report on the anticipated impact of the consolidation required by this section on the delivery of services;

(4) A report on the use of technology to comply with the consolidation required under this section to increase the number of staff working from their homes or other locations; and

(5) A report on the anticipated cost savings, efficiencies in the use of State staff and resources, and improved delivery of services resulting from the consolidation required under this section.

SECTION 21.1.(b) The Department of Health and Human Services shall provide an interim report on the activities required under this section by January 1, 2002, and a final report by July 1, 2002. The interim and final reports shall be provided to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS

SECTION 21.2. The Department of Health and Human Services shall centralize all activities throughout the Department relating to the coordination and processing of criminal record checks required by law. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall report on the centralization of criminal record check activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT

SECTION 21.3.(a) The Department of Health and Human Services shall implement the following recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, to improve the management of prescription drug assistance programs operated by the Department, including programs in the Divisions of Public Health, Mental Health, Developmental Disabilities, and Substance Abuse Services, Services for the Blind, and Vocational Rehabilitation:

(1) Dispensing of generic drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under all prescription drug assistance programs operated by the Department of Health and Human Services, and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic drug index, prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subdivision, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging, and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

(2) Limit the supplies of prescription drugs to 34-day supplies for some or all drugs.

Notwithstanding subdivision (1) of this subsection, an initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that the pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled.

SECTION 21.3.(b) The Department shall consider other drug utilization management activities for all prescription drug assistance programs operated by the Department as follows:

(1) Prior authorization program to manage high-cost name brand drugs.
(2) Maximum allowable pricing.
(3) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.

SECTION 21.3.(c) The Department shall report on the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TOLL-FREE PHONE LINE INVENTORY AND CONSOLIDATION

SECTION 21.5.(a) The Department of Health and Human Services shall determine the feasibility of combining all Department-operated and contracted toll-free (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines throughout Divisions of the Department shall be conducted and an evaluation completed of potential savings in combining these phone lines. In conducting the inventory, the Department shall identify the following:

(1) Title and purpose of the phone line.
(2) Type of information provided to callers.
(3) Budget of the operations.
(4) Number of staff (phone agents, other).
(5) Number of calls received annually to each phone line.
(6) Contracts.

The Department shall project costs for the new combined phone line and prepare a comprehensive cost-benefit analysis on the new consolidated plan compared with current services.

SECTION 21.5.(b) The Department shall submit a progress report on the feasibility study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Information Technology, and the House of Representatives Appropriations Subcommittee on Information Technology no later than October 1, 2001, and a final report by April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 21.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year and the sum of two hundred

thousand dollars ($200,000) for the 2002-2003 fiscal year shall be used to assist eligible individuals in obtaining prescription drugs at no cost or for a nominal fee through pharmaceutical company programs or initiatives. Coordination of access shall be provided through a central location that maintains documentation of an individual's eligibility provided by the individual and prescription orders from the individual's physician to facilitate the provision of no-cost or nominal cost drugs under the pharmaceutical company program. The coordination of access shall be implemented in a way that encourages physician, patient, and pharmacy participation by reducing time-consuming procedural requirements. The Department may contract with a private nonprofit organization to coordinate access as provided under this section.

SECTION 21.6.(b) The coordination of access effort under this section shall coordinate with other prescription drug assistance programs throughout the Department including the AIDS Drug Assistance Program and the Prescription Drug Assistance Program in identifying program participants.

SECTION 21.6(c) The Department shall work with pharmaceutical companies in obtaining access to company applications for assistance and making those applications available to the general public. The Department shall ensure that pharmaceutical company programs are registered with the Department and shall obtain the application forms of each pharmaceutical program.

SECTION 21.6.(d) The Department shall report on the implementation of this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION PLAN

SECTION 21.7.(a) The Department of Health and Human Services shall implement all of the recommendations in the March 2001 performance audit report, "Adult Care Home Reimbursement Rates", conducted by the Department of State Auditor, except for the recommendation pertaining to review of the rate methodology for adult care homes. The Department shall implement the recommendations not later than July 1, 2002.

SECTION 21.7.(b) The Fiscal Research Division, through the Legislative Services Office, in consultation with the Department of Health and Human Services, shall issue a Request For Proposal (RFP) and contract for an independent consultant with extensive expertise in rate-setting for public and private entities to develop a new rate methodology for establishing reimbursements for adult care homes. The final report of the independent consultant shall be presented to the General Assembly not later than June 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LONG-TERM CARE CONTINUUM OF CARE

SECTION 21.9.(a) The Department of Health and Human Services shall, in cooperation with other appropriate State and local agencies and representatives of consumer and provider organizations, develop a system that provides a continuum of long-term care for elderly and disabled individuals and their families. The Department shall define the system of long-term care services to include:

(1) A structure and means for screening, assessment, and care management across settings of care;

(2) A process to determine outcome measures for care;
(3) An integrated data system to track expenditures, consumer characteristics, and consumer outcomes;
(4) Relationships between the Department and the State's universities to provide policy analysis and program evaluation support for the development of long-term care system reforms;
(5) An implementation plan that addresses testing of models, reviewing existing models, evaluation of components, and steps needed to achieve development of a coordinated system; and
(6) Provision for consumer, provider, and agency input into the system design and implementation development.

SECTION 21.9.(b) Notwithstanding Section 11.7A(a) of S.L. 1999-237, as amended by Section 11.4(b) of S.L. 2000-67, if non-State funds from within the Department can be identified, the Department may, with the approval of the Office of State Budget and Management, proceed to:
(1) Implement the initial phase of a comprehensive data system that tracks long-term care expenditures, services, consumer profiles, and consumer preferences; and
(2) Develop a system of statewide long-term care services coordination and case management to minimize administrative costs, improve access to services, and minimize obstacles to the delivery of long-term care services to people in need.

SECTION 21.9.(c) Not later than April 15, 2002, the Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the North Carolina Study Commission on Aging, on the development of the system required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RECODIFICATION OF ADMINISTRATIVE RULES

SECTION 21.10. The Codifier of Rules may continue the process of reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. The reorganization of the Code may include replacing Title 10 with a new Title 10A if desirable for clarity. The Codifier of Rules may make changes in the text of the affected rules to reflect changes in organizational structure of the Department of Health and Human Services and the Department of Environment and Natural Resources. So long as the changes in text do not change the substance of the rules, the reorganization by the Codifier is exempt from the requirements of Chapter 150B of the General Statutes and does not require the review or approval of the Rules Review Commission.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CERTAIN FUNDS AUTHORIZED

SECTION 21.11. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-23.3. Transfer of certain funds authorized.**

In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse services authorities, the Director of the Budget may transfer excess funds appropriated to a specific service, program, or fund, whether

specified service in a block grant plan or General Fund appropriation, into another service, program, or fund for local services within the budget of the respective State agency."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PHYSICIAN SERVICES

SECTION 21.12. With the approval of the Office of State Budget and Management, the Department of Health and Human Services may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION

SECTION 21.13.(a) G.S. 120-225 is repealed.

SECTION 21.13.(b) G.S. 108A-27.2(12) reads as rewritten:

"**§ 108A-27.2. General duties of the Department.**

The Department shall have the following general duties with respect to the Work First Program:

...

(12) Report to the ~~Joint Legislative Public Assistance Commission and the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services the counties which have requested Electing ~~status,~~status; provide copies of the proposed Electing County Plans to ~~the Joint Legislative Public Assistance C~~commission and the members of the Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services; and make recommendations to the ~~Joint Legislative Public Assistance Commission, the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources, and the General Assembly~~Services on which of the proposed Electing County Plans ensure compliance with federal and State laws, rules, and regulations and are consistent with the overall purposes and goals for the Work First Program; and".

SECTION 21.13.(c) G.S. 108A-27.9(d) reads as rewritten:

"(d) The section of the State Plan proposing the terms of the Work First Program in Electing Counties shall be based upon the aggregate of the Electing County Plans and shall include the following:

(1) Allocations of federal and State funds for Electing Counties in the Work First Program including block grants to counties and the allocation of funding for administration not to exceed the federally established limitations on the use of federal TANF funds and the limits imposed under this Article;

(2) Maintenance of effort and levels of State and county funding for Electing Counties in the Work First Program;

(3) Federal eligibility requirements and a description of the eligibility requirements and benefit calculation in each Electing County; and

(4) A description of the federal, State, and each Electing County's financial participation in the Work First Program.

The Department may modify the section in the State Plan regarding Electing Counties once a biennium or except as necessary to reflect any modifications made by an Electing County. Any changes to the section of the State Plan regarding Electing Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the next meeting of the Commission following the changes and to the General Assembly during the next session~~Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division within one month following the changes."

SECTION 21.13.(d) G.S. 108A-29(r) reads as rewritten:

"(r) Each county's Job Service Employer Committee or Workforce Development Board shall continue the study of the working poor, titled "NC WORKS", in their respective counties and shall include the following in the study:

(1) Determination of the extent to which current labor market participation enables individuals and families to earn the amount of disposable income necessary to meet their basic needs;

(2) Determination of how many North Carolinians work and earn wages below one hundred fifty percent (150%) of the Federal Poverty Guideline and study trends in the size and demographic profiles of this underemployed group within the respective county;

(3) Examination of job market factors that contribute to any changes in the composition and numbers of the working poor including, but not limited to, shifts from manufacturing to service, from full-time to part-time work, from permanent to temporary or their contingent employment;

(4) Consideration and determination of the respective responsibilities of the public and private sectors in ensuring that working families and individuals have disposable income adequate to meet their basic needs;

(5) Evaluation of the effectiveness of the unemployment insurance system in meeting the needs of low-wage workers when they become unemployed;

(6) Examination of the efficacy of a State-earned income tax credit that would enable working families to meet the requirements of the basic needs budget;

(7) Examination of the wages, benefits, and protections available to part-time and temporary workers, leased employees, independent contractors, and other contingent workers as compared to regular full-time workers;

(8) Solicitation, receipt, and acceptance of grants or other funds from any person or entity and enter into agreements with respect to these grants or other funds regarding the undertaking of studies or plans necessary to carry out the purposes of the committee; and

(9) A request of any necessary data from either public or private entities that relate to the needs of the committee or board.

Each committee or board shall prepare and submit a report on the finding for the county which it represents by May 1 of each year to the ~~Joint Legislative Public Assistance Commission, the~~ Senate Appropriations Committee on Health and Human ~~Resources,~~Services, the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources,~~Services, the Senate Appropriations Committee on

Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources."

SECTION 21.13.(e) Unless specifically amended by another subsection of this section, the phrase "Joint Legislative Public Assistance Commission" is deleted and replaced by the phrase "Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services" whenever it occurs in each of the following sections of the General Statutes:

G.S. 108A-27	Authorization and description of Work First Program; Work First Program changes; designation of Electing and Standard Program Counties.
G.S. 108A-27.2	General Duties of the Department.
G.S. 108A-27.9	State Plan.
G.S. 108A-29	First Stop Employment Assistance; priority for employment services.
G.S. 114-40	Inspector General.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ESTABLISH OFFICE OF POLICY AND PLANNING

SECTION 21.14.(a) It is the intent of the General Assembly that the Department of Health and Human Services provide coordinated policy development and strategic planning for the State's health and human services systems. The Department is directed to establish an Office of Policy and Planning within the Office of the Secretary from existing resources across the Department. The Director of the Office of Policy and Planning shall report directly to the Secretary and shall have the following responsibilities:

(1) Coordinate the development of departmental policies, plans, and rules, in consultation with the Divisions of the Department.

(2) Development of a departmental process for the development and implementation of new policies, plans, and rules.

(3) Development of a departmental process for the review of existing policies, plans, and rules to ensure that departmental policies, plans, and rules are relevant.

(4) Coordination and review of all departmental policies before dissemination to ensure that all policies are well-coordinated within and across all programs.

(5) Implementation of ongoing strategic planning that integrates budget, personnel, and resources with the mission and operational goals of the Department.

(6) Review, disseminate, monitor, and evaluate best practice models.

SECTION 21.14.(b) Under the direction of the Secretary of Health and Human Services, the Director of the Office of Policy and Planning shall have the authority to direct Divisions, offices, and programs within the Department to conduct periodic reviews of policies, plans, and rules and shall advise the Secretary when it is determined to be appropriate or necessary to modify, amend, and repeal departmental policies, plans, and rules. All policy and management positions within the Office of Policy and Planning are exempt positions as that term is defined in G.S. 126-5.

SECTION 21.14.(c) The Department shall report on the establishment of the Office of Policy and Planning to the members of the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY HEALTH AND HUMAN SERVICES BUDGET GUIDANCE

SECTION 21.16. G.S. 108A-88 reads as rewritten:

"**§ 108A-88. Determination of State and county financial participation.**

Before February 15 of each year, the Secretary shall notify the county board of commissioners, the county manager, the director of social ~~services~~ services, and the director of public health of each county of the amount of State and federal moneys estimated to be available, as best can be determined, to that county for programs of public assistance, social ~~services~~ services, public health, and related administrative costs, as well as the percentage of county participation expected to be required for the budget for the succeeding fiscal year. In odd-numbered years, in making such notification, the Secretary shall notify the counties of any changes in funding levels, formulas, or programs relating to public assistance and public health proposed by the Governor to the General Assembly in the proposed budget and budget report submitted under the Executive Budget Act. Counties shall be notified of additional changes in the proposed budget of the Governor and the Advisory Budget Commission that are made by the General Assembly or the United States Congress subsequent to the February 15 estimates."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions in the Division of Information Research Management for an information technology project to maximize efficiencies in the preparation for and implementation of federal requirements of the medical records privacy standards under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire June 30, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

USE OF SAVINGS REALIZED FROM ELIMINATION OF POSITIONS

SECTION 21.18. Savings in non-State funds realized from the elimination of positions in the Department of Health and Human Services shall be reallocated by the Department for direct services in the program where the position was eliminated, except in programs where State funds are used to draw down federal funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZED CONTRACTS UNIT

SECTION 21.18B. The Department of Health and Human Services shall create a Contracts Unit for the centralization of all departmental contracts and contracting functions. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall develop consistent policies and procedures for the development and execution of contracts.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FAMILY SUPPORT SERVICES

SECTION 21.18C. The Department of Health and Human Services shall coordinate all family support contracts and activities across divisions. This coordination shall address duplication, cost efficiency, and effectiveness and shall ensure compliance with federal requirements while maximizing State and federal resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

HIV/AIDS PREVENTION INITIATIVE

SECTION 21.18D.(a) It is the intention of the General Assembly to focus current resources and activities to strengthen and enhance prevention and intervention programs directed at the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance awareness, education, and outreach with the North Carolina AIDS Advisory Council, North Carolina Minority Health Advisory Council, representatives of faith communities, representatives of nonprofit agencies, and other State agencies.

SECTION 21.18D.(b) The Department of Health and Human Services shall coordinate the following education, awareness, and outreach campaigns to comply with subsection (a):

(1) Division of Social Services programs and services:
   a. Domestic Violence Prevention and Awareness.
   b. Domestic Violence Services for Work First Families.
   c. After School Services for At Risk Children.
   d. Work First Boys/Girls Clubs.

(2) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services programs and services:
   a. Substance Abuse Services for Juveniles.
   b. Residential Substance Abuse Services for Women and Children.

(3) Division of Public Health programs and services:
   a. Teen Pregnancy Prevention Activities.
   b. Out-of-Wedlock Births.
   c. School Health Program.
   d. High-Risk Maternity Clinic Services.
   e. Perinatal Education and Training.
   f. Public Information and Education.
   g. Technical Assistance to Local Health Departments.

(4) Other divisions, services, and programs:
   a. Family Support Services.
   b. Family Resource Centers.
   c. Independent Living Services.
   d. Residential schools and facilities.
   e. Other programs, services, or contracts that provide education and awareness services to children and families.

SECTION 21.18D.(c) Other State agencies, including the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and the Department of Administration, shall ensure that after-school programs incorporate developmentally appropriate HIV/AIDS education, awareness, and outreach information into their programs.

SECTION 21.18D.(d) The Department shall report on the implementation of this section on March 15, 2002, to the Senate Appropriations Committee on Health

and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

OFFICE OF ECONOMIC OPPORTUNITY

SECTION 21.18E. The Office of Economic Opportunity is transferred from the Office of the Secretary to the Division of Social Services of the Department of Health and Human Services. The transfer shall include the budget and all programmatic functions of the Office of Economic Opportunity, including positions, corresponding State appropriations, federal funds, and other funds to the Division of Social Services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TRANSFER OFFICE OF RURAL HEALTH TO DIVISION OF PUBLIC HEALTH

SECTION 21.18F. The Office of Rural Health is transferred from the Office of the Secretary to the Division of Public Health. All positions, corresponding State appropriations, federal funds, and other funds are transferred to the Division of Public Health.

SUBPART 2. MEDICAL ASSISTANCE

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM

SECTION 21.19.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

(1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.

(2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.

(3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.

(4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.

(5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection

(h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars ($5.00) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.

(6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section. Payment for physician and other practitioner services shall be the lesser of one hundred percent (100%) of the current Medicare payment amount or the Medicare payment amount in effect on January 1, 2001.

(7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.

(8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.

(9) Medicare Buy-In – Social Security Administration premium.

(10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(11) Hearing Aids – Actual cost plus a dispensing fee.

(12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.

(13) Family Planning – Negotiated rate for local health departments. For other providers, see specific services, for instance, hospitals, physicians.

(14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.

(15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.

(16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.

(18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services. Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.

(19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.

(20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.

(22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:

a. Services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and

b. For children eligible for EPSDT services:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina ACCESS primary care physician or the area mental health program, and

2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

Notwithstanding G.S. 150B-121.1(a), the Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under paragraphs a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.

(24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.

(25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.

(26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	Categorically Needy	Medically Needy	
	WFFA*		
Family Size	Standard of Need	Families and Children Income Level	AA, AB, AD*
1	$4,344	$2,172	$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in

work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages	Monthly Incentive Allowance
$1.00 to $100.99	Up to $50.00
$101.00 to $200.99	$80.00
$201.00 to $300.99	$130.00
$301.00 and greater	$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost

containment programs, including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

SECTION 21.19.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

SECTION 21.19.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

(1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

SECTION 21.19.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 21.19.(p) The Department shall disregard earned income for recipients who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the Social Security Act due to earnings. This disregard shall be applied for a maximum of 12 consecutive months.

SECTION 21.19.(q) The Department of Health and Human Services shall submit a quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month following the end of each quarter.

SECTION 21.19.(r) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

SECTION 21.19.(s) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

SECTION 21.19.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

SECTION 21.19.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

SECTION 21.19.(v) Upon approval of a demonstration waiver by the Health Care Financing Administration, the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001.

SECTION 21.19.(w) The Department of Health and Human Services, Division of Medical Assistance, shall use the latest audited cost reporting data available when establishing Medicaid provider rates or when making changes to the reimbursement methodology.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM RULE MAKING UNDER APA; DETERMINATION OF MEDICAL NECESSITY

SECTION 21.20.(a) The Department of Health and Human Services shall adopt a definition and application of "medical necessity" for the State Medicaid Program that is consistent with current references to national standards of care. In order to promote consistency among providers and ensure that medical necessity criteria are uniformly applied to beneficiaries throughout the State, the determination of "medical necessity" shall be made by Department staff or other utilization review contractors. Adoption of and amendments to the definition and application of "medical necessity" under the State Medicaid Program are exempt from rule-making requirements of Chapter 150B of the General Statutes. The Department shall notify in writing all Medicaid providers in the State of all proposed amendments to the definition and application of "medical necessity". Notice shall be given 30 days prior to the adoption of the amended definition or application and shall include the text of the proposed

amended definition or application. The Department shall make available to providers and other interested persons upon request the most recently adopted definition and application of "medical necessity".

SECTION 21.20.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

(1) The Commission.
(2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
(3) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-13 and G.S. 130B-14.
(4) The Department of Revenue, with respect to the notice and hearing requirements contained in Part 2 of Article 2A.
(5) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
(6) The Department of Correction, with respect to matters relating solely to persons in its custody or under its supervision, including prisoners, probationers, and parolees.
(7) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in administering the provisions of Parts 2 and 3 of Article 3 of Chapter 135 of the General Statutes.
(8) The Department of Health and Human Services in defining and applying 'medical necessity' under the State Medicaid Program."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY MEDICAID COST-SHARE

SECTION 21.21.(a) Effective July 1, 2000, the county share of the cost of Medicaid services currently and previously provided by area mental health authorities shall be increased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

SECTION 21.21.(b) Effective July 1, 2000, the county share of the cost of Medicaid Personal Care Services paid to adult care homes shall be decreased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Nesbitt, Baddour

NC HEALTH CHOICE

SECTION 21.22.(a) The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003 fiscal year. The Department shall manage Program enrollment in a way that maximizes the number of children served within existing funds.

SECTION 21.22.(b) G.S. 108A-70.18 reads as rewritten:

"**§ 108A-70.18. Definitions.**

As used in this Part, unless the context clearly requires otherwise, the term:

(1) 'Comprehensive health coverage' means creditable health coverage as defined under Title XXI.
(2) 'Family income' has the same meaning as used in determining eligibility for the Medical Assistance Program.

(3) 'FPL' or 'federal poverty level' means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.

(4) 'Medical Assistance Program' means the State Medical Assistance Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes.

(5) 'Program' means The Health Insurance Program for Children established in this Part.

(6) 'State Plan' means the State Child Health Plan for the State Children's Health Insurance Program established under Title XXI.

(7) 'Title XXI' means Title XXI of the Social Security Act, as added by Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).

(8) 'Uninsured' means the applicant for Program benefits is not covered under any private or employer-sponsored comprehensive health insurance plan on the date of enrollment. ~~and was not covered under any private or employer-sponsored comprehensive health insurance plan for 60 days immediately preceding the date of application. The waiting periods required under this subdivision shall be waived if:~~

~~a. The child has been enrolled in Medicaid and has lost Medicaid eligibility;~~

~~b. The child has lost health care benefits due to cessation of a nonprofit organization program that provides health care benefits to low-income children;~~

~~c. The child has lost employer-sponsored comprehensive health care coverage due to termination of employment, cessation by the employer of employer-sponsored health coverage, or cessation of the employer's business; or~~

~~d. Health insurance benefits available to the family of a special needs child have been terminated due to a long-term disability or a substantial reduction in or limitation of lifetime medical benefits or benefit category. As used in this paragraph, "special needs child" has the definition applied in G.S. 108A-70.23(a).~~"

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

SECTION 21.23.(a) Disproportionate share receipts reserved at the end of the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as nontax revenue for the 2001-2002 fiscal year.

SECTION 21.23.(b) For the 2001-2002 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred seven million dollars ($107,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of the one hundred seven million dollars ($107,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST CONTAINMENT AND GROWTH REDUCTION

SECTION 21.24.(a) The Department of Health and Human Services, Division of Medical Assistance, shall contain Medicaid Program costs by reducing the rate of growth of the Medicaid Program, except for the rate of growth in the number of persons eligible for Medicaid. The Department shall develop and implement a plan to reduce the rate of growth in total expenditures for payments for medical services for fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

SECTION 21.24.(b) In addition to findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and Human Services may also consider the following actions to reduce the rate of growth in the Medicaid Program:

(1) Changes in methods of reimbursement;
(2) Changes in the method of determining or limiting inflation factors, or both;
(3) Recalibration of existing methods of reimbursement; and
(4) Contracting for services.

SECTION 21.24.(c) As part of any efforts to contain Medicaid program costs, the Department of Health and Human Services, Division of Medical Assistance, shall not adjust reimbursement rates to levels that would cause Medicaid providers to be out of compliance with certification requirements, licensure rules, or other mandated quality or safety standards.

SECTION 21.24.(d) The Department shall report on its plans to reduce the rate of growth in the State Medicaid Program not later than October 1, 2001. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.24.(e) The Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars ($3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST-CONTAINMENT RESERVE

SECTION 21.25. Of the funds appropriated in this act to the Department of Health and Human Services for the 2001-2003 fiscal biennium, the sum of one million dollars ($1,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support activities that will contain the cost of the Medicaid Program including contracting for services or hiring additional staff. Medicaid cost-containment activities may include prospective reimbursement methods, incentive-based reimbursement methods, service limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, and other cost-containment related activities. Funds shall not be expended from the Reserve until the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditures from the Reserve shall include the cost of implementing the cost-containment activity and documentation on the amount of savings expected to be realized from the cost-containment activity.

The Department shall submit a copy of proposals for expenditures from the Reserve to the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM MANAGEMENT

SECTION 21.26.(a) The Department of Health and Human Services shall consider the findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall target the following in considering whether and to what extent to implement recommendations:

(1) Reduction in the fragmentation in the medical benefit policy-making process.
(2) Improvement in the use of data and medical literature in the decision-making process.
(3) Improvement in the coordination of care and utilization review process.
(4) Strengthening of program integrity controls.

SECTION 21.26.(b) The Department shall implement a pharmacy management plan considering the recommendations of the "North Carolina Medicaid Benefit Study" to achieve anticipated cost savings of fourteen million dollars ($14,000,000) in the 2001-2002 fiscal year and twenty-six million five hundred thousand dollars ($26,500,000) in the 2002-2003 fiscal year. The pharmacy management plan may include the following activities:

(1) Establishing a prior authorization program to manage utilization of high-cost brand name drugs.
(2) Limiting prescription drugs to a 34-day supply for some or all drugs.
(3) Developing physician prescribing practice profiles and other educational tools to enable physicians to better manage their prescriptions.
(4) Establishing therapeutic limits based on appropriate dosage or usage standards.
(5) Encouraging use of generic drugs, using incentives such as differential dispensing fees or differential co-payments.
(6) Using maximum allowable pricing.
(7) Contracting with a pharmacy benefits manager to implement more extensive drug utilization review.
(8) Studying the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidenced-based clinical guidelines.
(9) Expanding disease management initiatives.
(10) Working with ACCESS physicians to develop and implement drug utilization management initiatives.
(11) If cost-effective, expanding Medicaid drug coverage to include selected over-the-counter medications.

SECTION 21.26.(c) The Department shall report on all of the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION 21.27. The Department of Health and Human Services shall improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning program operations to reflect the program goals of the ACCESS II and ACCESS III programs. Strategies for improving efficiencies and effectiveness may include such activities as:

(1) Accelerating conversion of ACCESS I to ACCESS II and III.
(2) Establishing cost-reduction targets for ACCESS II and III partnerships.
(3) Considering reimbursement mechanisms that will enable providers to share in the savings realized by exceeding cost-reduction targets.
(4) Enhancing automatic linkages between patients and their primary care providers during Medicaid eligibility determination.
(5) Improving the referral process to prevent abuse or inappropriate use of primary care provider's authorization number.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM

SECTION 21.28.(a) The Department of Health and Human Services shall study all of the optional services provided under the State Medical Assistance Program. In conducting the study, the Department shall consider the analysis and recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall conduct an analysis of each optional service. The analysis shall include consideration of cost containment achieved by reduction in or elimination of the service, and the impact the reduction or elimination will have on client needs and other services.

SECTION 21.28.(b) The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TBI MEDICAID WAIVER

SECTION 21.28A. The Department of Health and Human Services shall develop and seek approval from the Health Care Financing Administration for a Home and Community-Based Medicaid Waiver for individuals with traumatic brain injury. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

SUBPART 3. AGING

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29.(a) Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to 400 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

(1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.

(2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.

(3) How much case management is needed and which types of individuals are most in need of case management.

(4) The geographic location of individuals receiving payments under this section.

(5) A description of the services purchased with these payments.

(6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.

(7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

SECTION 21.29.(b) The Department of Health and Human Services shall apply for a Section 1115 Medicaid Waiver to provide medical assistance to individuals living in their own home who are receiving supplemental State/County special assistance payments on a pilot basis rather than statewide. Individuals eligible for supplemental payments under the waiver shall be those individuals whose income exceeds one hundred percent (100%) of the federal poverty level and who would otherwise qualify for State/County Special Assistance as a resident of an adult care home. The waiver shall be designed to enable eligible recipients to remain at home, to receive the same payment amount as adult care home residents receiving State/County Special Assistance, and to qualify for Medicaid. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SENIOR CENTER OUTREACH

SECTION 21.30.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by the Division of Aging to enhance senior center programs as follows:

(1) To expand the outreach capacity of senior centers to reach unserved or underserved areas; or

(2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

SECTION 21.30.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the board of commissioners of the county in which the new center will be located shall:

(1) Formally endorse the need for a center;

(2) Formally agree on the sponsoring agency for the center; and

(3) Make a formal commitment to use local funds to support the ongoing operation of the center.

SECTION 21.30.(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH CAROLINA

SECTION 21.31. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $75,000 in each fiscal year for the Western Carolina Alzheimer's Chapter; and

(2) $75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the Chapter shall submit to the Division of Aging, for its approval, a plan for the use of the funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN NUMBER OF AGENCIES; FUNDS

SECTION 21.32.(a) The Department of Health and Human Services shall conduct a study to determine cost savings to be realized and increased efficiencies to be gained by reducing the number of Area Agencies on Aging from 17 to not more than 13 and not fewer than 10. In conducting the study, the Department shall collect data to determine the amount of the reduction in administrative costs, direct costs, and indirect costs, and shall calculate the reduction based on maintaining the amount and quality of services provided. The Department shall do a cost-benefit analysis of each option for the reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for reducing to 12, etc. The Department shall report the results of its study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SECTION 21.32.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seven hundred thousand dollars ($700,000) for the 2001-2002 fiscal year shall be allocated equally among each of the Area Agencies on Aging. These funds shall be used for planning, coordination, and operational activities that enhance each agency's ability to provide services, information,

and education to consumers, and to better meet the data and technical assistance needs of providers, local planning committees, and local governments.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF AGING CONSOLIDATION OF SECTIONS

SECTION 21.33. The Department of Health and Human Services, Division of Aging, shall reduce layers of management and streamline operations by consolidating the Planning and Information and the Budget and Information sections. The Division shall transfer positions, corresponding State appropriations, federal funds, and any other relevant funds. The Department shall allocate savings in non-State funds realized from the reduction in positions to direct services such as Ombudsman services, home delivered meals, and personal care services. In allocating these funds, the Department shall give priority to those direct services for which there are clients waiting for services.

SUBPART 4. SOCIAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME RESIDENT ASSESSMENT SERVICES

SECTION 21.35. Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for adult care home positions in the Department and in county departments of social services shall be used for personnel trained in the medical and social needs of older adults and disabled persons in adult care homes to evaluate individuals requesting State/County Special Assistance to pay for care in adult care homes. One of the functions of these personnel shall be to develop and collect data on the appropriate level of care and placement in the long-term care system, including identifying individuals who pose a risk to other residents and who may need further mental health assessment and treatment. These personnel shall also provide technical assistance to adult care homes on how to conduct functional assessments and develop care plans and shall assist in monitoring the Special Assistance Demonstration Project.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

QUALITY CRITERIA FOR LONG-TERM CARE

SECTION 21.36. The Department of Health and Human Services, in conjunction with the North Carolina Institute of Medicine, shall continue a special work group to develop criterion-based indicators for the monitoring of quality of care in North Carolina nursing homes, adult care homes, assisted living facilities, and home health care programs. The Institute of Medicine and the Department of Health and Human Services shall work together to implement these criteria for the monitoring of long-term care in the State and pursue options for the use of these criteria in lieu of current HCFA-mandated standards for surveying North Carolina nursing homes under the federal Medicaid and Medicare programs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

LIMITATIONS ON STATE ABORTION FUND

SECTION 21.38. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and 2002-2003 fiscal years.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL CHILDREN ADOPTION FUND

SECTION 21.40.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one million one hundred thousand dollars ($1,100,000) shall be used to support the Special Children Adoption Fund for each year of the 2001-2003 fiscal biennium. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services. No local match shall be required as a condition for receipt of these funds. In accordance with State rules for allowable costs, the Special Children Adoption Fund may be used for post-adoption services for families whose incomes exceed two hundred percent (200%) of the federal poverty level.

SECTION 21.40.(b) Of the total funds appropriated for the Special Children Adoption Fund, each year one million dollars ($1,000,000) shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private adoption agencies have not been spent on or before March 31, 2002, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 21.41.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars ($15.00) is a special needs allowance for the child.

SECTION 21.41.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

SECTION 21.41.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

SECTION 21.41.(d) The maximum rates for State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per month per child with indeterminate HIV status;
(2) $1,000 per month per child confirmed HIV-infected, asymptomatic;
(3) $1,200 per month per child confirmed HIV-infected, symptomatic; and
(4) $1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL NEEDS ADOPTIONS INCENTIVE FUND

SECTION 21.42.(a) There is created a Special Needs Adoptions Incentive Fund to provide financial assistance to facilitate the adoption of certain children residing in licensed foster care homes, effective January 1, 2001. These funds shall be used to remove financial barriers to the adoption of these children and shall be available to foster care families who adopt children with special needs as defined by the Social Services Commission. These funds shall be matched by county funds.

SECTION 21.42.(b) This program shall not constitute an entitlement and is subject to the availability of funds.

SECTION 21.42.(c) The Social Services Commission shall adopt rules to implement the provisions of this section.

SECTION 21.42.(d) The Department of Health and Human Services shall report on the use of these funds no later than April 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 21.44.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars ($1,231) per month per resident.

SECTION 21.44.(b) The maximum monthly rate for residents in adult care home facilities shall be one thousand sixty-two dollars ($1,062) per month per resident through September 30, 2001.

SECTION 21.44.(c) Effective October 1, 2001, the maximum monthly rate for residents in adult care home facilities shall be one thousand eighty-four dollars ($1,084) per month per resident.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD WELFARE SYSTEM PILOTS

SECTION 21.46.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child neglect.

SECTION 21.46.(b) The Department of Health and Human Services shall develop data collection processes that would enable the General Assembly to assess the impact of these pilots on the following:

(1) Child safety.
(2) Timeliness of response.
(3) Timeliness of service.
(4) Coordination of local human services.
(5) Cost-effectiveness.
(6) Any other related issues.

SECTION 21.46.(c) The Department of Health and Human Services may proceed to implement this pilot program if non-State funds are identified for this purpose.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE ADULT DAY CARE FUND

SECTION 21.47. The Department of Health and Human Services, Division of Aging, shall implement changes in its methodology currently used for allocating slots. The new allocation shall be implemented January 1, 2002, and shall ensure the Fund will serve new clients. Not later than January 1, 2002, the Department of Health and Human Services, Division of Aging, shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division the new allocation methodology. The report shall include all of the changes made in the new allocation and an estimate of the number of new clients served. The allocation of all slots paid for with State Adult Day Care Funds shall be distributed equitably among service providers and shall eliminate the funding of unused slots.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF SOCIAL SERVICES

SECTION 21.49. The Department of Health and Human Services, Division of Social Services shall reduce layers of management and streamline operations in accordance with the following:

(1) Consolidate the Resource and Information Management Section and Budget Operations Section including the elimination of one section chief position. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds in these two sections shall be consolidated.

(2) Consolidate the Program Integrity, Economic Independence Services, and Local Support Branches into one branch within the Economic Independence Section. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds shall be consolidated.

(3) Eliminate the Local Support Section including all positions and corresponding State appropriations, federal funds, and other funds.

(4) Eliminate the Program Development Branch including the corresponding position and State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REPEAL RECIPIENT IDENTIFICATION SYSTEM

SECTION 21.52. G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS

SECTION 21.53.(a) It is the intent of the General Assembly to increase the productivity and enhance the performance of child support enforcement offices statewide.

SECTION 21.53.(b) The Department of Health and Human Services, Office of the Controller, and the Division of Social Services shall immediately develop and implement performance enhancement strategies focusing on improved efficiency and effectiveness across the State and shall develop and implement at least one privatization pilot which tests the feasibility of privatizing State-operated local child support enforcement operations.

SECTION 21.53.(c) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. In development of these performance standards, the Department of Health and Human Services shall evaluate other private and public child support models and national standards as well as other successful collections models. These performance standards shall include the following:

(1) Cost per collections.
(2) Consumer satisfaction.
(3) Paternity establishments.
(4) Administrative costs.
(5) Orders established.
(6) Collections on arrearages.
(7) Location of absent parents.
(8) Other related performance measures.

The Department of Health and Human Services shall monitor the performance of each office and shall implement a system of reporting which allows each local office to review its performance as well as the performance of other local offices. The Department of Health and Human Services shall publish an annual performance report that shall include the statewide and local office performance of each child support office.

SECTION 21.53.(d) The Department of Health and Human Services shall develop and implement a program to reward its child support enforcement offices for exemplary performance.

SECTION 21.53.(e) The Department of Health and Human Services shall report on its progress in complying with the provisions of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall make interim reports no later than September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 21.54.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity. The model shall be designed for implementation on a pilot basis and shall address the following:

(1) Services that will be provided by the facility or under contract with the facility, including assistance with daily medication.
(2) Access of clients to mental health, developmental disabilities, and substance abuse services provided in the community, including

transportation to services outside of the client's residence in the adult care home facility.

(3) Physical plant additions or changes necessary to provide for independent living of residents.

(4) Methods for assuring quality of services, resident safety, and cost-effectiveness.

(5) Consistency with the Department's Olmstead plan, other policies on community-integration, and disability plans adopted by the State.

SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on March 1, 2002. The report shall address the following:

(1) The proposed time and location for implementation of the pilot.

(2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.

(3) Method for evaluating the pilot, including services provided, on a regular basis.

(4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.

(5) Changes to State law necessary to implement the pilot.

(6) Projected cost to the State for pilot and statewide implementation.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TANF CASH ASSISTANCE FLEXIBILITY; STUDY MAINTENANCE OF EFFORT

SECTION 21.54B.(a) Notwithstanding G.S. 108A-27.11, the Department of Health and Human Services may adjust Temporary Assistance for Needy Families (TANF) allocations for the 2001-2002 fiscal year for electing counties to ensure that counties have an adequate amount of federal funds for Work First cash assistance payments.

SECTION 21.54B.(b) The Department of Health and Human Services shall, in consultation with the North Carolina Association of County Commissioners and the North Carolina Social Services Consortium, study the maintenance of effort provisions of G.S. 108A-27.11 and G.S. 108A-27.12 and other TANF State and federal funding requirements in order to evaluate the ongoing fiscal impact of these requirements on the State, counties, and the Work First program. The Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LIABILITY INSURANCE

SECTION 21.55. The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars ($1,000,000) per incident on behalf of employees of

the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 21.56. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

BUTNER COMMUNITY LAND RESERVATION

SECTION 21.57. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

SECTION 21.58.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

(1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.

(2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead vs. L.C. and E.W.

(3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

(1) Pay one-time expenditures that will not impose additional financial obligations on the State, and

(2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(e) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

Family Size	Medical Eye Care Adults	All Rehabilitation	Other
1	$4,860	$8,364	$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

Income (% of poverty)	State Participation	Client Participation
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 21.60.(a) The Department of Health and Human Services shall establish the Comprehensive Treatment Services Program for children at risk for institutionalization or other out-of-home placement. The Program shall be implemented by the Department in consultation with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a system-of-care approach for services to children and their families statewide. The program shall include the following:

(1) Behavioral health screening for all children at risk of institutionalization or other out-of-home placement.
(2) Appropriate and medically necessary residential and nonresidential services for deaf children.
(3) Appropriate and medically necessary residential and nonresidential treatment services including placements for sexually aggressive youth.
(4) Appropriate and medically necessary residential and nonresidential treatment services including placements for youths needing substance abuse treatment services and children with serious emotional disturbances.
(5) Multidisciplinary case management services, as needed.
(6) A system of utilization review specific to the nature and design of the Program.
(7) Mechanisms to ensure that children are not placed in department of social services custody for the purpose of obtaining mental health residential treatment services.
(8) Mechanisms to maximize current State and local funds and to expand use of Medicaid funds to accomplish the intent of this Program.
(9) Other appropriate components to accomplish the Program's purpose.
(10) The Secretary of the Department of Health and Human Services may enter into contracts with residential service providers.

SECTION 21.60.(b) In order to ensure that children at risk for institutionalization or other out-of-home placement are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these children:

(1) Provide only those treatment services that are medically necessary.
(2) Implement utilization review of services provided.
(3) Adopt the following guiding principles for the provision of services:
    a. Service delivery system must be outcome-oriented and evaluation-based.
    b. Services should be delivered as close as possible to the child's home.
    c. Services selected should be those that are most efficient in terms of cost and effectiveness.
    d. Services should not be provided solely for the convenience of the provider or the client.
    e. Families and consumers should be involved in decision making throughout treatment planning and delivery.
(4) Implement all of the following cost-reduction strategies:
    a. Preauthorization for all services except emergency services.

b. Levels of care to assist in the development of treatment plans.
c. Clinically appropriate services.
d. Not later than May 1, 2002, State review of individualized service plans for former Willie M. class members and for other children whose individual service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans.

SECTION 21.60.(c) The Department shall collaborate with other affected State agencies such as the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, the Administrative Office of the Courts, and with local departments of social services, area mental health programs, and local education agencies to eliminate cost shifting and facilitate cost-sharing among these governmental agencies with respect to the treatment and placement services.

SECTION 21.60.(d) The Department shall not allocate funds appropriated for Program services until a Memorandum of Agreement has been executed between the Department of Health and Human Services, the Department of Public Instruction, and other affected State agencies. The Memorandum of Agreement shall address specifically the roles and responsibilities of the various departmental divisions and affected State agencies involved in the administration, financing, care, and placement of children at risk of institutionalization or other out-of-home placement. The Department shall not allocate funds appropriated in this act for the Program until Memoranda of Agreement between local departments of social services, area mental health programs, local education agencies, and the Administrative Office of the Courts and the Department of Juvenile Justice and Delinquency Prevention, as appropriate, are executed to effectuate the purpose of the Program. The Memoranda of Agreement shall address issues pertinent to local implementation of the Program.

SECTION 21.60.(e) Notwithstanding any other provision of law to the contrary, services under the Comprehensive Treatment Services Program are not an entitlement for non-Medicaid eligible children served by the Program.

SECTION 21.60.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 21.60.(g) The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected agencies, shall report on the following Program information:

(1) The number and other demographic information of children served.
(2) The amount and source of funds expended to implement the Program.
(3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
(4) The average length of stay in residential treatment, transition, and return to home.
(5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals and a description of the services provided.
(6) Recommendations on other areas of the Program that need to be improved.
(7) Other information relevant to successful implementation of the Program.

SECTION 21.60.(h) The Department shall submit an interim report on December 1, 2001, on the implementation of this section and a final report not later than April 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

WHITAKER SCHOOL

SECTION 21.61.(a) The Department of Health and Human Services shall develop and implement a plan to transfer children receiving services from Whitaker School to the Central North Carolina School for the Deaf at Greensboro. The Department shall work with families and guardians of Whitaker School children prior to and during the transfer process to provide as smooth a transition as possible for each child. It is the intent of the General Assembly that when all children receiving services from Whitaker School have been transferred to the Central North Carolina School for the Deaf at Greensboro, the Whitaker School shall be closed. Not later than October 1, 2001, and not later than April 1, 2002, the Department shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the implementation of the transition plan.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL RETARDATION CENTER TRANSITION PLAN

SECTION 21.62.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the transfer of residents of one State mental retardation center, as follows:

(1) Transfer those residents of the center that need institutional services to one of the other State mental retardation centers or to a private intermediate care facility for the mentally retarded.

(2) Transition to community programs and services those residents of the center that may be appropriately served in the community.

The Department shall develop a transition plan for moving each resident of the mental retardation center to the community-based services and supports, or to another mental retardation facility, as appropriate. The transition plan shall be developed in consultation with the resident and the resident's family or guardian.

SECTION 21.62.(b) The Department may use funds from the Reserve for Mental Health Reform to facilitate the transition of residents into alternative community-based services as required under subsection (a) of this section. Savings realized from implementation of the plan required under subsection (a) of this section shall be deposited to the Reserve for Mental Health Reform to be used for community services.

SECTION 21.62.(c) On or before January 1, 2002, and again on or before May 1, 2002, and May 1, 2003, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in implementing this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOROTHEA DIX HOSPITAL

SECTION 21.63.(a) In keeping with the United States Supreme Court decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the construction of a replacement facility for Dorothea Dix Hospital in accordance with subsection (d) of this section, and for the transition of patients to the new facility, to the community, or to other long-term care facilities, as appropriate. The goal of the State Hospital Plan is to develop mechanisms and identify resources needed to enable current patients and their families to continue to receive the necessary services and supports based on the following guiding principles:

(1) Individuals shall be provided acute psychiatric care in non-State facilities when appropriate.

(2) Individuals shall be provided acute psychiatric care in State facilities only when non-State facilities are unavailable.

(3) Individuals shall receive evidenced-based psychiatric services and care that are cost-efficient.

(4) The State shall minimize cost shifting to other State and local facilities or institutions.

SECTION 21.63.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan for each patient in the hospital. The State shall ensure that transition plans for placement of and services to individuals who are patients of Dorothea Dix Hospital take into consideration the availability of appropriate alternative placements based on the needs of the patient and within resources available for the mental health, developmental disabilities, and substance abuse services system. In developing each plan, the Department shall consult with the patient and the patient's family or other legal representative.

SECTION 21.63.(c) In accordance with the plan established in subsections (a) and (b) of this section, any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.63.(d) The Secretary of the Department of Health and Human Services shall, in consultation with the Department of Administration, plan for the construction of a psychiatric hospital on the campus of Dorothea Dix Hospital to replace Dorothea Dix Hospital and to provide acute psychiatric treatment services for citizens of the State. In developing this plan, the Secretary, in consultation with the Department of State Treasurer and the Department of Administration, shall identify and recommend the most cost-effective means to finance construction of the new State hospital. The Department shall also take into consideration the findings and recommendations of the Government Performance Audit Committee (GPAC), December 1992, MGT America Report of 1998, and the Report of the Department of State Auditor, April 1, 2000. The Department of Health and Human Services shall provide a progress report on December 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.63.(e) The Department of Health and Human Services shall submit reports on the status of implementation of this section to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on

Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall be submitted on October 1, 2001, February 1, 2002, and May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 21.64.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall reduce layers of management and duplication of services in accordance with the following:

(1) Eliminate the Hospitals Services Section, including positions and corresponding State appropriations, federal funds, and other funds. The administration, planning, and coordination of all adult mental health services and programs shall be consolidated within an existing section in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(2) Eliminate the Mental Retardation/Mental Illness Transition Branch within the Developmental Disabilities Section, including positions, corresponding State appropriations, federal funds and other funds.

(3) Consolidate within one section all positions and corresponding State appropriations, federal funds, and other funds for financial, budgetary, information technology, and other administrative support functions in order to create one administrative and budgetary support section within the Division.

SECTION 21.64.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the feasibility of consolidating its staff, responsibilities, and resources around the functional areas of need of its clients regardless of disability. These functional areas shall include housing services and supports, supported employment, local crisis services, and capacity development.

SECTION 21.64.(c) The Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in complying with this section. The progress reports shall be submitted on or before September 1, 2001, and December 1, 2001. The final report shall be submitted on or before April 15, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE AUTHORITIES

SECTION 21.65.(a) Area mental health, developmental disabilities, and substance abuse authorities or counties administering mental health, developmental disabilities, and substance abuse services shall develop and implement plans to reduce local administrative costs. The plans shall be developed in accordance with guidelines adopted by the Secretary, in consultation with the Local Government Commission and the North Carolina Association of County Commissioners, and in accordance with the following:

(1) For the 2001-2002 fiscal year, administrative costs for:

a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed fifteen percent (15%).
b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed fifteen percent (15%).

(2) For the 2002-2003 fiscal year, administrative costs for:
a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed thirteen percent (13%).
b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed thirteen percent (13%).

SECTION 21.65.(b) The Department of Health and Human Services shall report its progress in complying with this section not later than October 1, 2001, January 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division and shall include:

(1) A description of the process used and the participants involved in complying with subsection (a) of this section.
(2) The guidelines developed under subsection (a) of this section.
(3) A description of local compliance initiatives and efforts including program or function consolidation.
(4) A list of area programs at or below the targeted thirteen percent (13%) for the 2000-2001 fiscal year.
(5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 21.66.(a) In order to ensure that multiply diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults:

(1) Implement the following guiding principles for the provision of services:
a. Service delivery system must be outcome oriented and evaluation based.
b. Services should be delivered as close as possible to the consumer's home.
c. Services selected should be those that are most efficient in terms of cost and effectiveness.
d. Services should not be provided solely for the convenience of the provider or the client.
e. Families and consumers should be involved in decision making throughout treatment planning and delivery; and
(2) Provide those treatment services that are medically necessary.
(3) Implement utilization review of services provided.

SECTION 21.66.(b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

(1) Preauthorization for all services except emergency services.

(2) Criteria for determining medical necessity.
(3) Clinically appropriate services.
(4) Not later than May 1, 2002, conduct a State review of (i) individualized service plans for former Thomas S. class members and for adults whose service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

SECTION 21.66.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 21.66.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOWNSIZING OF MENTAL RETARDATION CENTERS

SECTION 21.67.(a) In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the closing of the facility and the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act.

SECTION 21.67.(b) The Department of Health and Human Services shall report on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. Progress reports shall be submitted no later than September 1, 2001, and January 15, 2002, and a final report submitted not later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE PSYCHIATRIC HOSPITALS BED ALLOCATION PLAN

SECTION 21.68A. The Department of Health and Human Services shall develop and implement a plan that provides for the allocation of State psychiatric hospital beds among counties served by the State's regional psychiatric hospitals. The Plan shall incorporate policies that take into consideration State and county fiscal responsibilities and capacity, cost efficiency, and the principles and guidance embodied in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the implementation of this section to the House of Representatives Appropriations

Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division, on October 1, 2001, and on March 1, 2002.

SUBPART 6. CHILD DEVELOPMENT

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE ALLOCATION FORMULA

SECTION 21.69.(a) The Department of Health and Human Services shall allocate child care subsidy funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall apply the following formula to all noncategorical federal and State child care funds, including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State.

(2) One-third of budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level.

(3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

SECTION 21.69.(b) After the application of the formula in subsection (a) of this section, the Department shall identify that portion of each county's formula allotment that is comprised of the county's mandatory Smart Start allotment. The balance of the county's formula allotment will be non-Smart Start federal and State subsidy funds.

SECTION 21.69.(c) A county's initial allocation shall not be less than the grand total of that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96 plus the county's mandatory Smart Start allotment for the year for which the initial allocation is being prepared.

SECTION 21.69.(d) The Department of Health and Human Services may reallocate unused child care subsidy funds in order to meet the child care needs of low-income families.

SECTION 21.69.(e) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., the North Carolina Association of County Commissioners, and representatives of private for-profit and private not-for-profit child care providers, shall study the current methodology and process used to allocate all child care subsidy funds to assess the effectiveness of the methodology and process in meeting the needs of North Carolina's low-income working families. The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 21.70. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE REVOLVING LOAN

SECTION 21.71. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

SECTION 21.72.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

SECTION 21.72.(b) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.;

(2) For amounts greater than five thousand dollars ($5,000) but less than fifteen thousand dollars ($15,000), three written quotes;

(3) For amounts of fifteen thousand dollars ($15,000) or more but less than forty thousand dollars ($40,000), a request for proposal process; and

(4) For amounts of forty thousand dollars ($40,000) or more, request for proposal process and advertising in a major newspaper.

SECTION 21.72.(c) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal to no more than five percent (5%) for a total match requirement of twenty percent (20%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carryforward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered

resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records;
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;
(3) Not include expenses funded by State funds;
(4) Be supplemental to and not supplant preexisting resources for related program activities;
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
(6) Be otherwise allowable under federal or State law;
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership; and
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 21.72.(d) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonlicensed child care by the Social Services Commission, and with applicable federal regulations.

SECTION 21.72.(e) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE SUBSIDY RATES

SECTION 21.73.(a) G.S. 110-109 is repealed.

SECTION 21.73.(b) Subsection (d) of Section 11.27 of S.L. 2000-67 is repealed.

SECTION 21.73.(c) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 21.73.(d) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective October 1, 2001, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 21.73.(e) On or before September 30, 2001, payments for the purchase of child care services for low-income children shall be the same as would have resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that are receiving a higher rate than the market rates that will be implemented with this provision shall continue to receive that higher rate until September 30, 2002.

(3) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(4) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 21.73.(f) Provision of payment rates for child care providers in counties that do not have at least 75 children in each age group for center-based and home-based care are as follows:

(1) Payment rates shall be set at the statewide market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the regional market rate and would inhibit the ability of the county to purchase child care for low-income children, then the regional market rate may be applied.

SECTION 21.73.(g) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 21.73.(h) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor

children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 21.73.(i) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 21.73.(j) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF CHILD DEVELOPMENT REORGANIZATION

SECTION 21.74. The Department of Health and Human Services, Division of Child Development shall reduce layers of management and streamline operations in accordance with the following:

(1) Eliminate the Workforce Support and Consumer Outreach Section, including positions and corresponding State appropriations, federal funds, and other funds. Except that the Workforce Support, Criminal Records Checks, and the Work Force Unit-Quality Improvement Units shall be transferred to the Administration Section, including positions and corresponding State appropriations, federal funds, and other funds.

(2) Eliminate the Program Integrity and Quality Assurance Section including positions and corresponding State appropriations, federal funds, and other funds.

(3) Eliminate the Research and Policy Unit including positions and corresponding State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 21.75.(a) The North Carolina Partnership for Children, Inc., and the Department of Health and Human Services shall immediately develop and implement the following:

(1) Policies to ensure Early Childhood Education and Development Initiatives funds are allocated to child care programs, providers, and services that serve low-income children.

(2) Policies to ensure the allocation of all State funds for one-time quality improvement initiatives to the neediest child care providers with priority given from the lowest licensure rating to the highest.

(3) Policies to ensure the elimination of local duplication and increased efficiency in the administration of child care subsidy funds, including the following:

a. The Department and the Partnership shall ensure that not more than one administrative entity per county administers child care subsidy funds.

b. The Department, in consultation with the local partnerships and counties, shall contract with the most efficient and effective entity to administer subsidy funds.

c. At no time shall the Department and a local partnership allow the duplicative administration of State child care subsidy funds through subcontracts.

(4) Policies and procedures to ensure the unduplicated compilation of children served through State child care subsidy funds.

(5) Policies and procedures to ensure the timely, accurate, and consistent reporting of information on local child care subsidy waiting lists statewide.

SECTION 21.75.(b) In consultation with the Department of Public Instruction and the North Carolina Partnership for Children, Inc., the Department of Health and Human Services shall develop and implement policies and procedures to ensure that local partnerships that allocate funds to child care providers receiving State and federal child care funds plan and coordinate with their local education agencies the following:

(1) Preschool curriculum development and selection.

(2) Kindergarten transition activities.

(3) Other activities needed to ensure that children transitioning from child care settings to kindergarten enter school ready to succeed.

SECTION 21.75.(c) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., and the Office of State Budget and Management, shall develop a separate NCPC, Early Childhood Education and Development Initiative Program budget, within the Division of Child Development fund code for the purpose of segregating all expenditures related to the administration and operation of the statewide Smart Start program.

SECTION 21.75.(d) The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal year 2001-2002 shall be administered and distributed in the following manner:

(1) The North Carolina Partnership for Children, Inc., shall develop a policy to allocate the reduction of funds for Early Childhood Education and Development Initiatives for the 2001-2002 fiscal year.

(2) The North Carolina Partnership for Children, Inc., administration shall be reduced by seven percent (7%) from the 2000-2001 fiscal year level.

(3) The Department of Health and Human Services, Division of Child Development, Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

(4) Capital expenditures and playground equipment expenditures are prohibited for fiscal year 2001-2002. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

SECTION 21.75.(e) The allocation of fiscal year 2000-2001 State carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall revert to the General Fund.

SECTION 21.75.(f) For the 2001-2002 fiscal year, the North Carolina Partnership for Children, Inc., shall not approve local partnership plans that allocate State funds to child care providers for one-time quality improvement initiatives in the following circumstances:

(1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.

(2) Child care facilities that do not accept child care subsidy funds.

(3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure.

SECTION 21.75.(g) G.S. 143B-168.15(f) is repealed.

SECTION 21.75.(h) G.S. 143B-168.12(a)(9) is repealed.

SECTION 21.75.(i) G.S. 143B-168.13(a)(6) reads as rewritten:

"(a) The Department shall:

...

(6) Annually update its funding formula, in collaboration with the North Carolina Partnership for Children, Inc., using the most recent data available. These amounts ~~shall~~ may serve as the basis for determining "full funding" amounts for each local partnership."

SECTION 21.75.(j) Notwithstanding the funding formula in G.S. 143B-168.13(a)(6), the State, in consultation with the North Carolina Partnership for Children, Inc., shall evaluate the feasibility of developing a revised funding formula which takes into consideration all relevant funding used by the State, local human services agencies and programs, and local partnerships to provide services and assistance to children under age five and their families. These funds shall include the Early Intervention Preschool Program, Health Choice, and Family Resource Centers, as well as other State and local services and programs funded with State funds, federal funds, local funds, and other resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES EVALUATION

SECTION 21.76. Of the funds appropriated to the Department of Health and Human Services, Division of Child Development, for the 2001-2002 fiscal year for the evaluation of the Early Childhood Education and Development Initiatives, no more than five hundred thousand dollars ($500,000) may be used for evaluation of the Initiatives. The funds shall be used as follows:

(1) Evaluation of the Early Childhood Education and Development Initiatives, including the ongoing review of quality child care efforts and child care providers' progress in preparing children to be ready to enter school and succeed.

(2) Continuation of technical assistance to local partnerships in data collection and evaluation.

(3) No more than five percent (5%) shall be used for the contractor's administrative overhead.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Baddour

DEVELOPMENT OF MORE AT FOUR PILOT PROGRAM

SECTION 21.76A.(a) Of the funds appropriated to the Department of Health and Human Services, the sum of six million four hundred fifty-six thousand five

hundred dollars ($6,456,500) in each year of the 2001-2003 fiscal biennium shall be used to develop and implement "More At Four", a voluntary prekindergarten pilot program for at-risk four-year-olds. The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall develop "More At Four" for four-year-old children in North Carolina to ensure that all children have an opportunity to succeed in kindergarten.

SECTION 21.76A.(b) The Department of Health and Human Services and the Department of Public Instruction shall establish the "More At Four" Pre-K Task Force to oversee development and implementation of the pilot program. The membership shall include:

(1) Parents of at-risk children.
(2) Representatives with expertise in early childhood development.
(3) Classroom teachers who are certified in early childhood education.
(4) Representatives of the private not-for-profit and for-profit child care providers in North Carolina.
(5) Employees of the Department of Health and Human Services who are knowledgeable in the areas of early childhood development, current State and federally funded efforts in child development, and providing child care.
(6) Representatives of local Smart Start partnerships.
(7) Representatives of local school administrative units.
(8) Representatives of Head Start prekindergarten programs in North Carolina.
(9) Employees of the Department of Public Instruction.

SECTION 21.76A.(c) The Department of Health and Human Services and the Department of Public Instruction, under the guidance of the Task Force, shall develop and implement the "More At Four" pilot prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The pilot shall be distributed geographically to ensure adequate representation of the diverse areas of the State, including underserved areas. The goal of the program shall be to provide quality prekindergarten services in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force and may consider the "More At Four" Pre-K Task Force Recommendations. The program shall include:

(1) A process and system for identifying children at risk of academic failure.
(2) A process and system for identifying children who have never been served in a formal early education program such as child care, public or private preschool, Head Start, Early Head Start, early intervention programs or other such programs, who demonstrate educational needs on the basis of a prekindergarten assessment, and who are eligible to enter kindergarten the next school year.
(3) A curriculum or several curricula that are recommended by the Task Force. The Task Force may consider curricula used by established prekindergarten programs such as WINGS, Bright Beginnings, and others. These curricula shall (i) focus primarily on oral language and emergent literacy, (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years, (iii) involve active learning, (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills, and (v)

develop skills that will prepare children emotionally and socially for kindergarten.

(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through pre- and post-assessment of children as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children. A process and system for reimbursing providers that builds upon the existing child care subsidy reimbursement system.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities who demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth to kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More At Four".

(11) A system of accountability.

(12) Collaboration with State agencies and other organizations. The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall collaborate with State agencies and other organizations such as the North Carolina Partnership for Children, Inc., in the design and implementation of the pilot.

(13) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten related care and services.

(14) Recommendations for long-term organizational placement and administration of the program.

SECTION 21.76A.(d) In development of the "More At Four" pilot, the Department of Health and Human Services, in consultation with the Department of Public Instruction and the Task Force, shall:

(1) Contract with an independent research organization, outside the Department of Health and Human Services and the Department of Public Instruction, with proven expertise in evaluation of prekindergarten programs, for the design of an evaluation component. The evaluation component shall facilitate longitudinal review of the program and child-specific outcomes to include, at a minimum, participants' readiness for kindergarten, percentage of participants scoring at or above grade level on the third grade end-of-grade test, and high school graduation rates.

(2) Collaborate in the development of a system to collect and maintain child-specific information to provide for the long-term evaluation of the pilot. The system shall be developed in a manner which builds

upon existing State and local systems and which facilitate the interface with the N.C. Student Information Management System.

SECTION 21.76A.(e) State funds appropriated under this act for the "More At Four" pilot program shall not supplant current expenditures by counties, local partnerships, or other recipients of State and federal funds, allocated and expended on behalf of young children.

SECTION 21.76A.(f) In order to maximize and coordinate funding for prekindergarten programs for four-year-olds with demonstrated educational needs, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall identify and make recommendations on the reallocation of funds from existing State and local programs providing prekindergarten related care and services, including child care subsidies. All potential funding sources, including federal as well as State-funded efforts, shall be identified.

SECTION 21.76A.(g) The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall report by January 1, 2002, and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Health and Human Services, and the House of Representatives Appropriations Subcommittee on Health and Human Services on the progress in complying with the act. A final report along with recommendations for changes or expansion of the program shall be presented to the 2003 General Assembly.

SUBPART 7. SERVICES FOR THE BLIND

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE DIVISION OF SERVICES FOR THE BLIND

SECTION 21.77. The Division of Services for the Blind may consolidate the operating budgets for the Medical Eye Care Program and the Independent Living Services Program. The Division shall continue to provide all services currently provided by the Medical Eye Care Program and the Independent Living Services Program.

SUBPART 8. VOCATIONAL REHABILITATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

SECTION 21.78.(a) The Department of Health and Human Services shall compare the income eligibility standards for Vocational Rehabilitation and Independent Living Services to the income eligibility standards for Vocational Rehabilitation and Independent Living Services in other states.

SECTION 21.78.(b) The Department of Health and Human Services shall develop a plan for maximizing resources for Independent Living Services to ensure that services are targeted to the most financially needy persons.

SECTION 21.78.(c) The Department of Health and Human Services shall develop a plan for maximizing resources for Vocational Rehabilitation Services to ensure services are provided for low-income persons, the developmentally disabled, and Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

SECTION 21.78.(d) The Department of Health and Human Services shall report on the activities required by this section no later than March 1, 2002, to the

Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SUBPART 9. EARLY INTERVENTION AND EDUCATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components. The Office shall have a Superintendent and appropriate staff to manage these schools. The purpose of the Office is to improve student academic and postsecondary outcomes and to strengthen collaborative relationships with local education agencies and with the State Board of Education.

SECTION 21.80.(c) The Early Intervention program, including all positions and the corresponding State appropriations, federal funds, and other funds that were in the Early Intervention program as of January 1, 2001, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(d) The Developmental Evaluation Centers, including all positions and the corresponding State appropriations, federal funds, and other funds, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(e) The Governor Morehead School preschool program, including all positions and the corresponding State appropriations, federal funds, and other funds, is transferred from the Division of Early Intervention and Education to the Governor Morehead School.

SECTION 21.80.(f) The Department of Health and Human Services shall make the necessary organization changes effective immediately and the budget adjustments by October 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT GREENSBORO

SECTION 21.81.(a) G.S. 143B-146.21(b) and (c) read as rewritten:

"(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the ~~three~~ State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act, whichever occurs later. This subsection shall not apply to preschool personnel in any oral, auditory, or cued speech preschool.

(c) The Department of Public Instruction, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall offer and communicate the availability of professional development opportunities, including those to improve sign language skills, to the personnel assigned to the State's residential schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

SECTION 21.81.(b) G.S. 143B-216.40 reads as rewritten:

"**§ 143B-216.40. Establishment; operations.**

There are established, and there shall be maintained, the following schools for the deaf: the Eastern North Carolina School for the Deaf at Wilson ~~(K-12); the Central North Carolina School for the Deaf at Greensboro (K-8),~~(K-12) and the North Carolina School for the Deaf at Morganton (K-12). The Department of Health and Human Services shall be responsible for the operation and maintenance of the schools.

The Board of Directors of the North Carolina Schools for the Deaf shall advise the Department and shall adopt rules and regulations concerning the schools as provided in G.S. 115C-124 and 143B-173."

SECTION 21.81.(c) G.S. 143B-146.2(a) reads as rewritten:

"(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall participate in the ABC's Program. The Secretary, in consultation with the General Assembly and the State Board, may designate other residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its superintendent, and the instructional personnel accountable for improved student performance in that school."

SECTION 21.81.(d) G.S. 143B-216.32(a) reads as rewritten:

"(a) The Council for the Deaf and the Hard of Hearing shall consist of 23 members. Fifteen members shall be members appointed by the Governor. Three members appointed by the Governor shall be persons who are deaf and three members shall be persons who are hard of hearing. One appointment shall be an educator who trains deaf education teachers and one appointment shall be an audiologist licensed under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be parents of deaf or hard of hearing children including one parent of a student in a residential school; one parent of a student in a preschool program; and one parent of a student in a mainstream education program, with ~~each~~ at least one parent coming from ~~a different~~ each region of the ~~three~~ North Carolina schools for the deaf regions. One member appointed by the Governor shall be recommended by the President of the North Carolina Association of the Deaf; one member shall be recommended by the President of the North Carolina Pediatric Society; one member shall be recommended by the President of the North Carolina Registry of Interpreters for the Deaf; and one member shall be nominated by the Superintendent of Public Instruction. One member shall be appointed from the House of Representatives by the Speaker of the House of Representatives and one member shall be appointed from the Senate by the President Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint six members as follows: one from the Division of Vocational Rehabilitation, one from the Division of Aging, one from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one from the Division of Social Services,

one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RESIDENTIAL SCHOOLS FOR THE DEAF

SECTION 21.82.(a) The Department of Health and Human Services shall assess the educational needs of the current students at the North Carolina School for the Deaf in Morganton and the Eastern North Carolina School for the Deaf in Wilson. In doing so, the Department shall identify resources needed to educate these children within the public school system and prepare an educational plan of transition for each student. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall work together in the development of transition plans for students.

SECTION 21.82.(b) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall develop a plan for those children who are seriously emotionally disturbed and prepare plans to place them in appropriate settings. These specific plans shall identify the children's educational and emotional needs, the resources necessary for the student's education, and the plan for transition.

SECTION 21.82.(c) The Department of Health and Human Services shall report on or before March 15, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCHOOL PROGRAMS FOR THE DEAF

SECTION 21.83. Effective October 1, 2001, the Department of Health and Human Services shall transition the children at the State-operated preschool programs for the deaf to other preschool services. The State-operated preschool sites shall cease to operate after that date. The Department of Health and Human Services, the Division of Public Health, the Office of Education Services, the Division of Child Development, and the Department of Public Instruction shall develop a transition plan for the appropriate placement of the children located at these preschool sites. The transition plan shall include an assessment of the available resources to meet the needs of the children.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY INTERVENTION PILOTS

SECTION 21.84.(a) The Department of Health and Human Services, Division of Public Health shall not expand the Student Information Management System pilot program statewide during the 2001-2002 fiscal year. The Department shall maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001 fiscal year, and provide a report on the status of the system to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by October 1, 2001. The report shall include the status of the operations of the database, a plan for statewide expansion, and the costs associated with the expansion.

SECTION 21.84.(b) The Department of Health and Human Services shall not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EVALUATION OF EARLY INTERVENTION SYSTEM

SECTION 21.85.(a) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children are waiting for evaluation services provided by the Developmental Evaluation Centers. The Division shall develop an action plan to reduce the waiting period for evaluation services.

SECTION 21.85.(b) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children and their families are waiting for services that follow the evaluation process. The Division shall identify the specific services that children are waiting for and develop a plan to address the waiting period.

SECTION 21.85.(c) The Department of Health and Human Services, Division of Public Health, shall assess ways in which to create efficiencies among the therapies that are provided within the Early Intervention Program, Children With Special Health Services program, and other programs. The Division shall also evaluate ways to combine early intervention services provided by the Developmental Evaluation Centers, regional therapists, local health departments, and area mental health, developmental disabilities, and substance abuse authorities to gain efficiencies.

SECTION 21.85.(d) Not later than December 1, 2001, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the assessment and plans of action for all of the above.

SUBPART 10. PUBLIC HEALTH

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM RESTITUTION POLICY

SECTION 21.86. Part 2 of Article 6 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.**

Immunization program providers shall be liable for restitution to the State for the cost of replacement vaccine when vaccine in the provider's inventory has become spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle or store the vaccine."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM FUNDING

SECTION 21.87.(a) Of the funds appropriated in this act to the Department of Health and Human Services for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars ($1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars ($1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

(1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable

children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and

(2) Continued development of an automated immunization registry.

SECTION 21.87.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to develop an automated immunization registry or with local health departments for outreach.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION 21.88. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

(1) Over the age of 65 years and not eligible for full Medicaid benefits;

(2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and

(3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADOLESCENT PREGNANCY PREVENTION INITIATIVES

SECTION 21.89.(a) The title of Part 6 of Article 5 of Chapter 130A of the General Statutes reads as rewritten:

"Part 6. Adolescent Pregnancy ~~Prevention Projects.~~Prevention."

SECTION 21.89.(b) G.S. 130A-131.15 is repealed.

SECTION 21.89.(c) The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this section.

SECTION 21.89.(d) The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

SECTION 21.89.(e) The Commission for Health Services may adopt rules necessary to implement the programs.

SECTION 21.89.(f) State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

SECTION 21.89.(g) In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

SECTION 21.89.(h) Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

SECTION 21.89.(i) Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 21.90.(a) The Department shall develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars ($50,000) of the funds appropriated in this act to implement this information management system. This information management system shall be patterned after the information management system used by the Prescription Drug Assistance Program, shall provide instantaneous internal access to information, and shall include information on the following:

(1) Program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, types of medications prescribed, and the cost of prescribed medications on a monthly basis.

(2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than May 1, 2002.

SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Eligibility for participation in ADAP may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. Following six months of increased eligibility at one hundred fifty percent (150%) of the federal poverty level, eligibility for participation in ADAP shall be extended to individuals with incomes up to one hundred seventy-five percent (175%) of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with incomes up to two hundred percent (200%) of the federal poverty level.

SECTION 21.90.(c) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2002, and a final report on ADAP program utilization and a report on the findings from a study on ways to improve HIV/AIDS prevention and care programs by April 30, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

(1) ADAP program utilization:

a. Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.

b. Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.

c. Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP who have been determined to be ineligible.

d. Monthly data on fiscal year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar year-to-date expenditures of ADAP.
e. An update on the status of the information management system.
f. Monthly data on ADAP usage patterns and demographics of participants in ADAP.
g. Fiscal year-to-date budget information.

(2) HIV/AIDS prevention and care:
a. Ways to improve the efficiency of current HIV/AIDS prevention and care programs to ensure that current available funds are put to the optimal use. This study shall include an analysis of the changing demographics of the HIV/AIDS epidemic to ensure that prevention funds are targeted at population subgroups most at risk.
b. A review of prevention programs operated by other states or localities that are not currently offered by this State. This review shall include a study of the effectiveness of the programs, any barriers to offering the programs in this State, an estimate of the costs involved with offering these programs, and ways in which a specific program might be adapted to meet the needs of this State.
c. Any other matter the Department finds relevant to the issue.

SECTION 21.90.(d) The Department of Health and Human Services shall revise its policy regarding determination of eligibility to require all applications for participation in ADAP to be reviewed for eligibility determination by the Purchase of Medical Care Unit of the Program Benefits and Payment Section of the Office of the Controller of the Department of Health and Human Services. The Department shall track all applications for participation in ADAP in order to make the reports required under subsection (c) of this section. This policy applies to all applications made in physician offices or other settings.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH REORGANIZATION

SECTION 21.91.(a) The Department of Health and Human Services shall reduce layers of management and streamline operations by creating a Section of Financial Management and Support. The Department shall consolidate all budgeting, purchasing, contract oversight, and computer networking personnel into this section. The Department shall transfer all positions, corresponding State appropriations, federal funds, and other related funds into this section. At no time shall the Department allow the Division of Public Health to maintain nonprogram positions within the other sections of the Division.

SECTION 21.91.(b) The Department shall establish a new permanent full-time position in the Division of Public Health for Local Health Services section chief. The Department shall not contract for this position.

SECTION 21.91.(c) Not later than October 1, 2001, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the reorganization activities required under this section.

Requested by: Representatives Earle, Nye, Insko, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH NURSE CONSULTANT AND PUBLIC HEALTH EDUCATOR CONSOLIDATION

SECTION 21.91A.(a) The Department shall evaluate in partnership with local health departments, all nurse consultant positions across the Division of Public Health to determine the need for generalist or specialty consultation and the best organizational location with the Division to support this technical assistance. Based on these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

SECTION 21.91A.(b) The Department shall evaluate in consultation with local health departments, all health educator positions across the Division to determine the need for generalist or specialty consultation and the best organizational location within the Department. Based on these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE LABORATORY

SECTION 21.92.(a) The Department of Health and Human Services, Office of the Controller, shall develop a five-year equipment replacement schedule for the State Laboratory. The purpose of the schedule is to have an objective plan for medical laboratory equipment replacement to plan for current and future years' budget requirements.

SECTION 21.92.(b) The Department shall assess the various services that the State Laboratory provides and address the feasibility of contracting for additional services. The Department shall prepare a cost-benefit analysis of providing services in-house versus contracting out for services.

SECTION 21.92.(c) The Department shall assess the current fees and fee methodology for laboratory services to determine if fees are set at the appropriate levels. The Department shall identify new ways to set fees that incorporate the fully allocated cost of laboratory equipment and the full costs of operations. The Department may implement a revised fee schedule to reflect the full cost of operations including equipment replacement.

SECTION 21.92.(d) Not later than March 1, 2002, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS

SECTION 21.93.(a) The State Center for Health Statistics is transferred to the Office of the Secretary of the Department of Health and Human Services and is renamed the "Center for Health and Human Services Statistics and Information." The purpose of the Center is to provide primary statistical analyses and information for the Department, members of the public, and support of all of the Divisions of the Department. The Center shall collect, compile, manage, and report data for the public and the Department. The Secretary shall transfer all information management, database management, and other related positions from throughout the divisions, except for the Division of Information Resource Management and other systems management personnel, and shall transfer corresponding State appropriations, federal funds, and other funds to establish and expand the Center. The Department shall do the following:

(1) Determine the feasibility of transferring existing database contracts to the Center. All future statistical analyses and information projects will be first made available to the Center for the right of first refusal.
(2) Determine the feasibility of creating a unit in the Center to more efficiently and effectively manage database and information contracts for the entire Department.
(3) Consult with the Center in planning any management information systems.
(4) Evaluate the feasibility of operating the center as an internal service fund budget.

The Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section no later than October 1, 2001, and a final report on March 1, 2002. The report shall include an assessment of the current statistical analysis functions for each Division and determine the resources (staff and appropriations) that would be suitable for transfer into the Center. The inventory shall include an assessment of all current contracts for database management, data collection, and analyses, and shall determine the total amount of funds currently involved with these efforts. The final report shall include an implementation plan for carrying out the provisions of this section.

SECTION 21.93.(b) Article 15 of Chapter 130A of the General Statutes reads as rewritten:

"Article 15.

"~~State~~ Center for Health ~~Statistics.~~ and Human Services Statistics and Information.

"**§ 130A-371. ~~State~~ Center for Health and Human Services Statistics and Information established.**

~~A State~~ The Center for Health and Human Services Statistics and Information is established within the Department. The purpose of the Center for Health and Human Services Statistics and Information is to provide primary statistical analysis and information for health and human services, members of the public, and support for all Divisions of the Department.

"**§ 130A-372. Definitions.**

The following definitions shall apply throughout this Article:

(1) 'Health data' means information relating to the health status of individuals, the availability of health resources and services, and the use and cost of these resources and services. The term shall not include vital records registered under the provisions of Article 4 of this Chapter.
(2) 'Medical records' means health data relating to the diagnosis or treatment of physical or mental ailments of individuals. "

"**§ 130A-373. Authority and duties.**

(a) The ~~State~~ Center for Health and Human Services Statistics and Information is authorized to:

(1) Collect, maintain and analyze health data on:
a. The extent, nature and impact of illness and disability on the population of the State;
b. The determinants of health and health hazards;
c. Health resources, including the extent of available work power and resources;
d. Utilization of health care;
e. Health care costs and financing; and
f. Other health or health-related matters; and

(2) Undertake and support research, demonstrations and evaluations respecting new or improved methods for obtaining data.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information may collect health data on behalf of other governmental or nonprofit organizations.

(c) The ~~State~~ Center for Health and Human Services Statistics and Information shall collect data only on a voluntary basis except when there is specific legal authority to compel mandatory reporting of the health data. In collecting health data on a voluntary basis, the ~~State~~ Center for Health and Human Services Statistics and Information shall give the person a statement in writing:

(1) That the data is being collected on a voluntary basis and that the person is not required to respond; and

(2) The purposes for which the health data is being collected.

(d) Subject to the provisions of G.S. 130A-374, the ~~State~~ Center for Health and Human Services Statistics and Information may share health data with other persons, agencies and organizations.

(e) The ~~State~~ Center for Health and Human Services Statistics and Information shall:

(1) Take necessary action to assure that statistics developed under this Article are of high quality, timely and comprehensive, as well as specific and adequately analyzed and indexed; and

(2) Publish, make available and disseminate statistics on as wide a basis as practical.

(f) The ~~State~~ Center for Health and Human Services Statistics and Information shall coordinate health data activities within the State in order to eliminate unnecessary duplication of data collection and to maximize the usefulness of data collected by:

(1) Participating with State and local agencies in the design and implementation of a cooperative system for producing comparable and uniform health information and statistics at the State and local levels; and

(2) Undertaking and supporting research, development, demonstration and evaluation respecting the cooperative system.

"**§ 130A-374. Security of health data.**

(a) Medical records of individual patients shall be confidential and shall not be public records open to inspection. The ~~State~~ Center for Health and Human Services Statistics and Information may disclose medical records of individual patients which identify the individual described in the record only if:

(1) The individual described in the medical record has authorized the disclosure; or

(2) The disclosure is for bona fide research purposes. The Commission shall adopt rules providing for the use of the medical records for research purposes.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information shall take appropriate measures to protect the security of health data collected by the Center, including:

(1) Limiting the access to health data to authorized individuals who have received training in the handling of this data;

(2) Designating a person to be responsible for physical security; and

(3) Developing and implementing a system for monitoring security."

SECTION 21.93.(c) The Secretary shall review the requirements of the medical records privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with that Act and this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PUBLIC HEALTH PREVENTION ACTIVITIES REPORT

SECTION 21.94. The Department of Health and Human Services, Division of Public Health, shall conduct an inventory of its activities in the prevention of infant mortality and birth defects. The Department shall conduct a comprehensive assessment of these activities to identify all in-house activities and contracted activities and shall include the following:

(1) Program or service title and description;
(2) Number of clients served, if applicable;
(3) State appropriations, federal funds, and other funds involved with the program or service; and
(4) To the extent possible include Smart Start health programs and services, and identify other nonprofit organizations' activities.

The Department shall report on the information required under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION 21.96. The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

(1) Unduplicated number of infants screened.
(2) Number of infants who failed the second hearing screening.
(3) Number of infants receiving the diagnostic evaluation.
(4) Number and types of services provided.
(5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INTENSIVE HOME VISITING

SECTION 21.97.(a) The Department of Health and Human Services, Division of Public Health, shall not contract for evaluation or technical assistance for the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division shall continue to collect and manage data collected by nurses and visitors on program

activities. The Division shall collect the necessary information on participants to allow future tracking of these participants and facilitate a future longitudinal study for the purposes of determining program effectiveness.

SECTION 21.97.(b) The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, 2002, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

(1) Number of clients/families enrolled per county.
(2) Attrition and reasons why families leave the program.
(3) Average number of home visits per month.
(4) Average time involved per home visit.
(5) Baseline family characteristics.
(6) Health behaviors.
(7) Perinatal and birth outcomes.
(8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONTRACTUAL SERVICES LIMITATION

SECTION 21.99.(a) The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

SECTION 21.99.(b) Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

SECTION 21.99.(c) The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs and shall continue to collect data.

SECTION 21.99.(d) The Department shall report on activities conducted pursuant to this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Redwine, Easterling, Oldham, Thompson

PRESCRIPTION DRUG INITIATIVES GRANT FUNDS

SECTION 21.100. The Health and Wellness Trust Fund Commission shall, as it develops criteria for awarding grants under Article 6C of Chapter 147 of the General Statutes, include criteria that will enable programs and initiatives addressing the need to expand access to prescription drugs to North Carolina senior and disabled citizens to receive grants from the Fund. In making the grants, the Commission shall consider, and coordinate with, the availability of any federal funds allocated to North Carolina pursuant to any federal initiative to provide financial assistance to senior and disabled citizens for the cost of prescription drugs.

In making its annual report to the Joint Legislative Commission on Governmental Operations and to the chairs of the Joint Legislative Health Care Oversight Committee regarding the implementation of that Article, the chair of the Health and Wellness Trust Fund Commission shall report on the programs and initiatives to expand access to prescription drugs to senior and disabled citizens that were funded by the Trust Fund. The report shall include the amount of funds disbursed for programs and initiatives to expand access to prescription drugs to senior and disabled citizens and the success of those programs and initiatives towards helping senior and disabled citizens obtain prescription drugs.

PART XXII. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

SECTION 22.1. Funds appropriated to the Judicial Department in the 2001-2003 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts may transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON COMMUNITY MEDIATION CENTERS

SECTION 22.2. Article 5 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-38.6. Report on community mediation centers.**

(a) All community mediation centers currently receiving State funds shall report annually to the Mediation Network of North Carolina on the program's funding and activities, including:

(1) Types of dispute settlement services provided;
(2) Clients receiving each type of dispute settlement service;
(3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
(4) Total program funding and funding sources;
(5) Itemization of the use of funds, including operating expenses and personnel;
(6) Itemization of the use of State funds appropriated to the center;
(7) Level of volunteer activity; and
(8) Identification of future service demands and budget requirements.

The Mediation Network of North Carolina shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House of Representatives and Senate Appropriations Committees and

the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

(b) A community mediation center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

(c) Each community mediation center receiving State funds for the first time shall document in the information provided pursuant to this section that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

(d) Each community mediation center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

(e) Each community mediation center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

(f) Each community mediation center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

(g) The percentage that State funds comprise of the total funding of each community mediation center shall be determined at the conclusion of each fiscal year with the information provided pursuant to this section and is intended as a funding ratio and not a matching funds requirement. Community mediation centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

(h) A community mediation center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the Mediation Network of North Carolina for consideration by the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety.

(i) The provisions of G.S. 143-31.4 do not apply to community mediation centers receiving State funds."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SENTENCING SERVICES REPORT

SECTION 22.3. The Judicial Department shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 1, 2002, on the effectiveness of the Sentencing Services Program under structured sentencing and the criminal case docketing system. The report shall include:

(1) Data on the number of plans prepared, the recommendations included in those plans, the actual sentences imposed in those cases, and an analysis of the extent to which judges impose sentences using recommendations from plans;

(2) Data on the number of plans initiated but not presented to the court, including the reason the plan was not completed or presented; and

(3) The results of a survey on the impact of sentencing plans on judicial decisions, to be conducted by the Research, Planning, and Budget Development Section of the Judicial Department or another entity separate from the Sentencing Services Program. The survey shall

include superior court judges, district attorneys, public defenders, and defense attorneys.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

ELIMINATE VACANT SUPERIOR COURT JUDGESHIP IN DISTRICT 4B/ADD SUPERIOR COURT JUDGESHIP IN DISTRICT 24

SECTION 22.4.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	~~2~~ 1
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1

Third	10D	(part of Wake, see subsection (b))	1	
Fourth	11A	Harnett, Lee	1	
Fourth	11B	Johnston	1	
Fourth	12A	(part of Cumberland, see subsection (b))	1	
Fourth	12B	(part of Cumberland, see subsection (b))	1	
Fourth	12C	(part of Cumberland, see subsection (b))	2	
Fourth	13	Bladen, Brunswick, Columbus	2	
Third	14A	(part of Durham, see subsection (b))	1	
Third	14B	(part of Durham, see subsection (b))	3	
Third	15A	Alamance	2	
Third	15B	Orange, Chatham	1	
Fourth	16A	Scotland, Hoke	1	
Fourth	16B	Robeson	2	
Fifth	17A	Rockingham	2	
Fifth	17B	Stokes, Surry	2	
Fifth	18A	(part of Guilford, see subsection (b))	1	
Fifth	18B	(part of Guilford, see subsection (b))	1	
Fifth	18C	(part of Guilford, see subsection (b))	1	
Fifth	18D	(part of Guilford, see subsection (b))	1	
Fifth	18E	(part of Guilford, see subsection (b))	1	
Sixth	19A	Cabarrus	1	
Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1	
Fifth	19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1	
Sixth	19C	Rowan	1	
Sixth	20A	Anson, Richmond	1	
Sixth	20B	Stanly, Union	2	
Fifth	21A	(part of Forsyth, see subsection (b))	1	
Fifth	21B	(part of Forsyth, see subsection (b))	1	
Fifth	21C	(part of Forsyth, see subsection (b))	1	
Fifth	21D	(part of Forsyth,	1	

		see subsection (b))	
Sixth	22	Alexander, Davidson, Davie, Iredell	3
Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	~~1~~ 2
Seventh	25A	Burke, Caldwell	2
Seventh	25B	Catawba	2
Seventh	26A	(part of Mecklenburg, see subsection (b))	2
Seventh	26B	(part of Mecklenburg, see subsection (b))	2
Seventh	26C	(part of Mecklenburg, see subsection (b))	2
Seventh	27A	Gaston	2
Seventh	27B	Cleveland, Lincoln	2
Eighth	28	Buncombe	2
Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
Eighth	30A	Cherokee, Clay, Graham, Macon, Swain	1
Eighth	30B	Haywood, Jackson	1."

SECTION 22.4.(b) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 24 as authorized by subsection (a) of this section to serve a term expiring December 31, 2002. The successor to that judge shall be elected in the 2002 general election to serve a term expiring December 31, 2010.

SECTION 22.4.(c) This section becomes effective October 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BUSINESS COURT

SECTION 22.5. The Administrative Office of the Courts shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the activities of the North Carolina Business Court, including the number of cases heard by the court and the number of court sessions held outside of Superior Court District 18.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELIMINATE UNNECESSARY OR OBSOLETE REPORTS

SECTION 22.6.(a) G.S. 7A-348 reads as rewritten:

"**§ 7A-348. Training and supervision of assistants for administrative and victim and witness services.**

Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

(1) Assist in establishing uniform statewide training for assistants for administrative and victim and witness services; and

(2) Assist in the implementation and supervision of this ~~program; and~~ program.

~~(3) With the Director of the Administrative Office of the Courts, report annually to the Joint Legislative Commission on Governmental Operations on the implementation and effectiveness of this act, beginning on or before February 1, 1987.~~"

SECTION 22.6.(b) G.S. 143-170.4 reads as rewritten:

"**§ 143-170.4. Administrative Office of the Courts; publications procedures manual; reports.**

Not later than June 1, 1990, the Administrative Office of the Courts, after review of the Department of Administration's state publications procedures guidelines and after consultation with the State Librarian and State Auditor, shall adopt (i) a publications procedures manual for public documents, other than the official reports of the North Carolina Supreme Court and the North Carolina Court of Appeals and official forms published by the Administrative Office of the Courts pursuant to G.S. 7A-343, that addresses the elements of publication production described in G.S. 143-170.2 and (ii) an administrative review and approval process to ensure appropriate review and approval of its public documents. The initial guidelines and the administrative review and approval process shall be reported to the Joint Legislative Commission on Governmental Operations by ~~January 1, 1991, and revisions thereto shall be reported to the Joint Legislative Commission on Governmental Operations within six months of adoption.~~ January 1, 1991."

SECTION 22.6.(c) G.S. 143-589 reads as rewritten:

"**§ 143-589. Legislative and judicial branch safety and health programs.**

The Legislative Services Commission and the Administrative Office of the Courts are authorized to separately establish safety and health programs for their employees. ~~The Administrative Office of the Courts shall report annually to the Joint Legislative Commission on Governmental Operations on its safety and health activities with respect to its program.~~"

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COLLECTION OF WORTHLESS CHECKS FUND

SECTION 22.7. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2001, for the purchase or repair of office or information technology equipment during the 2001-2002 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology on the equipment to be purchased or repaired and the reasons for the purchases.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF FUNDS TO OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 22.9. In the event that requirements for payments to assigned counsel exceed available funds in the Office of Indigent Defense Services during the 2001-2002 fiscal year, the Judicial Department shall transfer to the Office of Indigent Defense Services up to the sum of one million five hundred thousand dollars ($1,500,000) in funds available to pay those additional amounts. The Office of Indigent Defense Services and the Judicial Department shall report to the Joint Legislative

Commission on Governmental Operations prior to any transfer of funds authorized by this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

NORTH CAROLINA STATE BAR FUNDS

SECTION 22.10. Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 2001-2003 biennium, the North Carolina State Bar may in its discretion use up to the sum of five hundred ninety thousand dollars ($590,000) for the 2001-2002 fiscal year and up to the sum of five hundred ninety thousand dollars ($590,000) for the 2002-2003 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDER LONGEVITY/OFFICE OF INDIGENT DEFENSE SERVICES CORRECTIONS

SECTION 22.11.(a) Section 49 of S.L. 2000-144 reads as rewritten:

"Section 49. Except as otherwise provided in this Part, this act becomes effective July 1, 2001. G.S. 7A-498, 7A-498.1, 7A-498.2, 7A-498.4, 7A-498.5, ~~and~~ 7A-498.6, and 7A-498.7(g), as enacted in Section 1 of this act, and Section 13 of this act are effective when they become law; however, except as otherwise provided in this Part, no rules, standards, or other regulations issued by the Commission on Indigent Defense Services, and no decisions regarding the actual delivery of services shall take effect prior to July 1, 2001, and all authority over the expenditure of funds shall remain with the Director of the Administrative Office of the Courts prior to that date. The Commission shall be responsible for the expenditure of funds for all cases pending on or after July 1, 2001."

SECTION 22.11.(b) Section 13 of S.L. 2000-144 reads as rewritten:

"Section 13. Effective when this act becomes law, G.S. 7A-467(d) is repealed. Effective July 1, 2001, G.S. 7A-459, 7A-465, 7A-466, ~~7A-467,~~ 7A-467(a), 7A-467(b), 7A-467(c), 7A-467(e), 7A-467(f), 7A-467(g), 7A-469, 7A-470, 7A-471, 7A-486, 7A-486.1, 7A-486.2, 7A-486.3, 7A-486.4, 7A-486.5, 7A-486.6, and 7A-486.7 are repealed."

SECTION 22.11.(c) G.S. 7A-498.7 is amended by adding three new subsections to read:

"(i) A public defender may apply to the Director of the Office of Indigent Defense Services to enter into contracts with local governments for the provision by the State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(j) The Director of the Office of Indigent Defense Services may provide assistance requested pursuant to subsection (i) of this section only upon a showing by the requesting public defender, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(k) The terms of any contract entered into with local governments pursuant to subsection (i) of this section shall be fixed by the Director of the Office of Indigent Defense Services in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section or to obligate the Office of Indigent Defense Services to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the

Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(d) G.S. 153A-212.1 reads as rewritten:

"**§ 153A-212.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a county may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(e) G.S. 160A-289.1 reads as rewritten:

"**§ 160A-289.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a city may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(f) Subsection (h) of Section 15.4 of S.L. 2000-67 reads as rewritten:

"Section 15.4.(h) The Administrative Office of the Courts and the Office of Indigent Defense Services shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Committees, to the Chairs of the House of Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the Senate Appropriations Committee on Justice and Public Safety on contracts entered into with local governments for the provision of the services of assistant district attorneys, assistant public defenders, judicial secretaries, and employees in the office of the Clerk of Superior Court. The report shall include the number of applications made to the Administrative Office of the Courts or the Office of Indigent Defense Services for these contracts, the number of contracts entered for provision of these positions, and the dollar amounts of each contract."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

OFFICE OF INDIGENT DEFENSE SERVICES REPORT

SECTION 22.12. The Office of Indigent Defense Services shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Representatives Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on:

(1) The volume and cost of cases handled in each district by assigned counsel or public defenders;

(2) Actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program;

(3) Plans for changes in rules, standards, or regulations in the upcoming year; and

(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDERS/PUBLIC DEFENDER OFFICE PERSONNEL

SECTION 22.13.(a) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of four hundred seventy-seven thousand seven hundred sixty-eight dollars ($477,768) for the 2001-2002 fiscal year and up to the sum of four hundred forty-six thousand eight hundred twenty dollars ($446,820) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to six new assistant public defender positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(b) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of two hundred eighty-three thousand five hundred seventy-five dollars ($283,575) for the 2001-2002 fiscal year and up to the sum of two hundred fifty-six thousand three hundred ten dollars ($256,310) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to five new legal assistant, paralegal, investigator, or administrative assistant positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(c) Prior to establishing any new positions under this section, the Office of Indigent Defense Services shall report to the Joint Legislative Commission on Governmental Operations on the positions to be established and the locations of those positions.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PISGAH LEGAL SERVICES FUNDS

SECTION 22.15. Notwithstanding the provisions of G.S. 7A-474.4, the North Carolina State Bar shall allocate to Pisgah Legal Services that share of State funds that would otherwise have been provided through Legal Services of North Carolina, Inc., to Appalachian Legal Services to serve eligible clients in Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

AUTHORIZE ADDITIONAL MAGISTRATES

SECTION 22.16. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Magistrates Max.	Additional Seats of Court
Camden	1	3	
Chowan	2	3	
Currituck	1	4	
Dare	3	8	

1	Gates	2	3	
2	Pasquotank	3	5	
3	Perquimans	2	4	
4	Martin	5	8	
5	Beaufort	4	8	
6	Tyrrell	1	3	
7	Hyde	2	4	
8	Washington	3	4	
9	Pitt	10	12	Farmville
10				Ayden
11	Craven	7	10	Havelock
12	Pamlico	2	4	
13	Carteret	5	8	
14	Sampson	6	8	
15	Duplin	9	11	
16	Jones	2	3	
17	Onslow	8	14	
18	New Hanover	6	11	
19	Pender	4	6	
20	Halifax	9	14	Roanoke
21				Rapids,
22				Scotland Neck
23	Northampton	5	7	
24	Bertie	4	6	
25	Hertford	5	7	
26	Nash	7	10	Rocky Mount
27	Edgecombe	4	7	Rocky Mount
28	Wilson	4	7	
29	Wayne	5	12	Mount Olive
30	Greene	2	4	
31	Lenoir	4	10	La Grange
32	Granville	3	7	
33	Vance	3	6	
34	Warren	3	5	
35	Franklin	3	7	
36	Person	3	4	
37	Caswell	2	5	
38	Wake	12	21	Apex,
39				Wendell,
40				Fuquay-
41				Varina,
42				Wake Forest
43	Harnett	7	11	Dunn
44	Johnston	10	12	Benson,
45				Clayton,
46				Selma
47	Lee	4	6	
48	Cumberland	10	19	
49	Bladen	4	6	
50	Brunswick	4	~~9~~ 10	
51	Columbus	6	~~9~~ 10	Tabor City
52	Durham	8	13	
53	Alamance	7	11	Burlington

1	Orange	4	11	Chapel Hill
2	Chatham	3	9	Siler City
3	Scotland	3	5	
4	Hoke	4	5	
5	Robeson	8	16	Fairmont,
6				Maxton,
7				Pembroke,
8				Red Springs,
9				Rowland,
10				St. Pauls
11	Rockingham	4	9	Reidsville,
12				Eden,
13				Madison
14	Stokes	2	5	
15	Surry	5	9	Mt. Airy
16	Guilford	20	27	High Point
17	Cabarrus	5	9	Kannapolis
18	Montgomery	2	4	
19	Randolph	5	10	Liberty
20	Rowan	5	10	
21	Stanly	5	6	
22	Union	4	7	
23	Anson	4	6	
24	Richmond	5	6	Hamlet
25	Moore	5	8	Southern
26				Pines
27	Forsyth	3	15	Kernersville
28	Alexander	2	4	
29	Davidson	7	10	Thomasville
30	Davie	2	3	
31	Iredell	4	9	Mooresville
32	Alleghany	1	2	
33	Ashe	3	4	
34	Wilkes	4	6	
35	Yadkin	3	5	
36	Avery	3	5	
37	Madison	4	5	
38	Mitchell	3	4	
39	Watauga	4	6	
40	Yancey	2	4	
41	Burke	4	7	
42	Caldwell	4	7	
43	Catawba	6	10	Hickory
44	Mecklenburg	15	28	
45	Gaston	11	22	
46	Cleveland	5	8	
47	Lincoln	4	7	
48	Buncombe	6	15	
49	Henderson	4	7	
50	McDowell	3	6	
51	Polk	3	4	
52	Rutherford	6	8	
53	Transylvania	2	4	

Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton
Jackson	3	5	
Macon	3	4	
Swain	2	3."	

PART XXIII. DEPARTMENT OF JUSTICE

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

SECTION 23.1.(a) Assets transferred to the Department of Justice during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice, Correction, and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended.

SECTION 23.1.(b) The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice, the Department of Correction, and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 23.1.(c) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

SECTION 23.2. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

SECTION 23.3. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION

SECTION 23.4. The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina System.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON CRIMINAL RECORDS CHECKS CONDUCTED FOR CONCEALED HANDGUN PERMITS/STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS

SECTION 23.5.(a) The Department of Justice shall report by January 15 each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the receipts, costs for, and number of criminal records checks performed in connection with applications for concealed weapons permits. The report by the Department of Justice shall also include information on the number of applications received and approved for firearms safety courses.

SECTION 23.5.(b) The Office of State Budget and Management, in consultation with the Department of Justice, shall study the feasibility of adjusting the fees charged for criminal records checks conducted by the Division of Criminal Information of the Department of Justice as a result of the increase in receipts from criminal records checks. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to providing criminal records checks and how those costs have changed since the 1998-99 fiscal year. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on or before March 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CRIMINAL JUSTICE INFORMATION NETWORK REPORT/ADD REPRESENTATIVE FROM THE DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION TO THE BOARD

SECTION 23.6.(a) The Criminal Justice Information Network Governing Board established pursuant to G.S. 143-661 shall report by April 1, 2002, to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

(1) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board; and

(2) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network. For each component of the Network, the initial cost estimate of the component, the amount of funds spent to date on the component, the source of funds for expenditures to date, and a timetable for completion of that component, including additional resources needed at each point.

SECTION 23.6.(b) G.S. 143-661(b) reads as rewritten:

"(b) The Board shall consist of ~~19~~20 members, appointed as follows:

(1) ~~Three~~Four members appointed by the Governor, including one member who is a director or employee of a State correction agency for a term to begin September 1, 1996 and to expire on June 30, 1997, one member who is an employee of the North Carolina Department of Crime Control and Public Safety for a term beginning September 1, 1996 and to expire on June 30, 1997, ~~and~~one member selected from the North Carolina Association of Chiefs of Police for a term to begin September 1, 1996 and to expire on ~~June 30, 1999.~~ June 30, 1999, and one member who is an employee of the Department of Juvenile Justice and Delinquency Prevention.

(2) Six members appointed by the General Assembly in accordance with G.S. 120-121, as follows:

a. Three members recommended by the President Pro Tempore of the Senate, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1997, and one member selected from the North Carolina League of Municipalities who is a member of, or an employee working directly for, the governing board of a North Carolina municipality for a term to begin on September 1, 1996 and to expire on June 30, 1999; and

b. Three members recommended by the Speaker of the House of Representatives, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1999, and one member selected from the North Carolina Association of County Commissioners who is a member of, or an employee working directly for, the governing board of a North Carolina county for a term to begin on September 1, 1996, and to expire on June 30, 1997.

(3) Two members appointed by the Attorney General, including one member who is an employee of the Attorney General for a term to begin on September 1, 1996, and to expire on June 30, 1997, and one member from the North Carolina Sheriffs' Association for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(4) Six members appointed by the Chief Justice of the North Carolina Supreme Court, as follows:

a. The Director of the Administrative Office of the Courts, or an employee of the Administrative Office of the Courts, for a term beginning July 1, 1997, and expiring June 30, 2001.

b. One member who is a district attorney or an assistant district attorney upon the recommendation of the Conference of District Attorneys of North Carolina, for a term beginning July 1, 1998, and expiring June 30, 1999.

c. Two members who are superior court or district court judges for terms beginning July 1, 1998, and expiring June 30, 2001.

d. One member who is a magistrate upon the recommendation of the North Carolina Magistrates' Association, for a term beginning July 1, 1998, and expiring June 30, 1999.

e. One member who is a clerk of superior court upon the recommendation of the North Carolina Association of Clerks of Superior Court, for a term beginning July 1, 1998, and expiring June 30, 1999.

(5) One member appointed by the Chair of the Information Resource Management Commission, who is the Chair or a member of that Commission, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(6) One member appointed by the President of the North Carolina Chapter of the Association of Public Communications Officials International, who is an active member of the Association, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

The respective appointing authorities are encouraged to appoint persons having a background in and familiarity with criminal information systems and networks generally and with the criminal information needs and capacities of the constituency from which the member is appointed.

As the initial terms expire, subsequent members of the Board shall be appointed to serve four-year terms. At the end of a term, a member shall continue to serve on the Board until a successor is appointed. A member who is appointed after a term is begun serves only for the remainder of the term and until a successor is appointed. Any vacancy in the membership of the Board shall be filled by the same appointing authority that made the appointment, except that vacancies among members appointed by the General Assembly shall be filled in accordance with G.S. 120-122."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

DRUG EDUCATION PROGRAM TRAINING/REVIEW

SECTION 23.9.(a) The State Bureau of Investigation shall collaborate with the Criminal Justice Standards Division of the Department of Justice in administering of the Drug Abuse Resistance Education (DARE) program.

SECTION 23.9.(b) The Juvenile Justice Institute at North Carolina Central University shall review DARE and other drug education efforts in North Carolina to identify an effective model for drug education. The Juvenile Justice Institute shall report the results of its review to the Joint Legislative Education Oversight Committee, the Justice and Public Safety Subcommittee of the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF INSPECTOR GENERAL

SECTION 23.10. Effective January 1, 2002, Article 6 of Chapter 114 of the General Statutes, G.S. 114-40 through G.S. 114-42, is repealed.

PART XXIV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

S.O.S. ADMINISTRATIVE COST LIMITS AND REPEAL CONFERENCE REQUIREMENT

SECTION 24.1.(a) Of the funds appropriated to the Department of Juvenile Justice and Delinquency Prevention in this act, not more than five hundred fifty thousand dollars ($550,000) for the 2001-2002 fiscal year and not more than five hundred fifty thousand dollars ($550,000) for the 2002-2003 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may

contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services.

SECTION 24.1.(b) G.S. 143B-152.3(1) is repealed.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

JUVENILE CRIME PREVENTION COUNCIL GRANT REPORTING, CERTIFICATION, AND FUNDING OF RESEARCH-BASED PROGRAMS

SECTION 24.2.(a) On or before May 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on Governmental Operations and the Appropriations Committees of the Senate and House of Representatives a list of the recipients of the grants awarded, or preapproved for award, from funds appropriated to the Department for local Juvenile Crime Prevention Council grants. The list shall include for each recipient the amount of the grant awarded, the membership of the local committee or council administering the award funds on the local level, and a short description of the local services, programs, or projects that will receive funds. The list shall also identify any programs that received grant funds at one time but for which funding has been eliminated by the Department of Juvenile Justice and Delinquency Prevention. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly.

SECTION 24.2.(b) Each county in which local programs receive Juvenile Crime Prevention Council grant funds from the Department of Juvenile Justice and Delinquency Prevention shall certify annually through its local council to the Department that funds received are not used to duplicate or supplant other programs within the county.

SECTION 24.2.(c) The General Assembly recognizes the importance of evaluation and outcome measurements of the programs serving adjudicated juvenile offenders in order to ensure the cost-effective use of Juvenile Crime Prevention Council grant funds. The Department of Juvenile Justice and Delinquency Prevention shall establish and implement a system to collect and report on information and data regarding the expenditures and impact of the Juvenile Crime Prevention Council formula grant funds used by the individual counties to serve juveniles who have been adjudicated delinquent or who have been diverted for delinquent offenses.

The Department of Juvenile Justice and Delinquency Prevention, in consultation with the North Carolina Sentencing Commission, the Governor's Crime Commission, and the Juvenile Justice Institute, shall develop standards for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council grant funds and that serve juveniles who have been adjudicated delinquent or who have been diverted for delinquent offenses. The standards shall include methods for measuring success factors following intervention, including those factors that:

(1) Reduce the use of alcohol or controlled substances.
(2) Reduce subsequent complaints.
(3) Reduce violations of terms of community supervision.
(4) Reduce convictions for subsequent offenses.
(5) Fulfill restitution to victims.
(6) Increase parental accountability.

The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Fiscal Research Division no later than April 1, 2002, on the progress of the establishment of the system mandated by this section. The system shall be implemented no later than June 30, 2003.

After June 30, 2003, on or before April 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the following:

(1) The number of diverted and adjudicated juveniles served.
(2) The specific methods used by the Juvenile Crime Prevention Councils to determine services, programs, and intervention strategies most likely to change behaviors of juvenile offenders.
(3) The total cost for each funded program, including the cost per juvenile and the essential elements of the program.
(4) An assessment of the extent to which programs funded by Juvenile Crime Prevention Council grants:
   a. Are compatible with research that shows prevention and early intervention strategies that are effective with juvenile offenders.
   b. Are outcome-based in that the grantee describes what outcomes will be achieved or what outcomes have already been achieved.
   c. Include an evaluation component.
   d. Have a demonstrable impact on success factors.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON CERTAIN PROGRAMS

SECTION 24.3.(a) Project Challenge North Carolina, Inc., shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on the source of referrals for juveniles, the types of offenses committed by juveniles participating in the program, the amount of time those juveniles spend in the program, the number of juveniles who successfully complete the program, and the number of juveniles who commit additional offenses after completing the program.

SECTION 24.3.(b) The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the effectiveness of the Juvenile Assessment Center by April 1 each year. The report on the Juvenile Assessment Center shall include information on the number of juveniles served and an evaluation of the effectiveness of juvenile assessment plans and services provided as a result of these plans.

SECTION 24.3.(c) Communities in Schools shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Joint Legislative Education Oversight Committee by April 1 each year on the operation and the effectiveness of its program. The report shall include information on the number of children served, the number of volunteers used, the impact on the children who have received services from Communities in Schools, and the operating budget of Communities in Schools.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 24.4. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2001-2002 fiscal year, the amount of funds anticipated for the 2002-2003 fiscal year, and the allocation of funds by program and purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 24.5. The Department of Juvenile Justice and Delinquency Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp programs, the teen court programs, the program that grants funds to the local organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L. 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and multipurpose group homes. The teen court report shall include statistical information on the number of juveniles served, the number and type of offenses considered by teen courts, referral sources for teen courts, and the number of juveniles that become court-involved after participation in teen courts. The report on the Boys and Girls Clubs program shall include information on:

(1) The expenditure of State appropriations on the program;
(2) The operations and the effectiveness of the program; and
(3) The number of juveniles served under the program.

In conducting the evaluation of each of these programs, the Department shall consider whether participation in each program results in a reduction of court involvement among juveniles. The Department shall also identify whether the programs are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The Department shall report the results of the evaluation to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the Subcommittees of Justice and Public Safety of the House of Representatives and Senate Appropriations Committees by March 1 of each year.

Requested by: Representatives Culpepper, Haire , Easterling, Oldham, Redwine, Thompson

CONTINUE CUMBERLAND JUVENILE ASSESSMENT CENTER

SECTION 24.7.(a) Section 18.21(b) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(b) The Administrative Office of the Courts, in collaboration with the Chief Court Counselor of District Court District 12, the Cumberland County Department of Social Services, and the appropriate local school administrative units, shall develop and implement a Juvenile Assessment Center Project in District Court District 12 to operate from the effective date of this ~~act to June 30, 1999.~~ act. The purpose of the Project is to facilitate efficient prevention and intervention service delivery to juveniles who are (i) alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk of becoming delinquent or undisciplined because they have behavioral problems and

have committed delinquent acts even though they have not been taken into custody. The Project shall assist these juveniles by providing a centralized point of intake and assessment for the juveniles, by addressing the educational, emotional, and physical needs of the juveniles, and by providing juveniles with an atmosphere for learning personal responsibility, self-respect, and respect for others. The Administrative Office of the Courts shall consider the recommendations of the Juvenile Assessment Advisory Board in developing and implementing the Project."

SECTION 24.7.(b) Section 18.21(d) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(d) There is established the Juvenile Assessment Advisory Board to make recommendations to the Administrative Office of the Courts regarding the development and operations of the Project. The Board shall consist of 13 members, including:

(1) The director of the Department of Social Services of Cumberland County, or the director's designee.
(2) A representative from the local mental health area authority of Cumberland County.
(3) A member of the Cumberland County Board of Education.
(4) The sheriff of Cumberland County, or the sheriff's designee.
(5) The chief of police of the Fayetteville Police Department, or the designee of the chief of police.
(6) A judge of District Court District 12.
(7) A juvenile court counselor from District Court District 12.
(8) The director of the Guardian Ad Litem program in Cumberland County, or the director's designee.
(9) The director of the Health Department of Cumberland County, or the director's designee.
(10) Two public members appointed by the Fayetteville City Council.
(11) Two public members appointed by the Board of County Commissioners of Cumberland County.

The members of the Board shall, within 30 days after the initial appointment is made, meet and elect one member as chair. The Board shall meet at least once a month at the call of the ~~chair, and a quorum of the Board shall consist of a majority of its members.~~ chair. The Board of County Commissioners of Cumberland County shall provide necessary clerical and professional assistance to the Board.

~~Initial appointments shall be made by October 1, 1997, and all terms shall expire June 30, 1999.~~"

SECTION 24.7.(c) The Juvenile Assessment Center Project shall continue to do all of the following:

(1) Identify those juveniles who are alleged to be delinquent or undisciplined or who are at risk of becoming delinquent or undisciplined.
(2) Evaluate the educational, emotional, and physical needs of the juveniles identified and determine whether the juveniles have problems related to substance abuse, depression, or other emotional conditions.
(3) Develop a collaborative interagency information network that will speed appropriate law enforcement, juvenile court, and relevant intervention responses for referred youth and their families.
(4) Develop in-depth and comprehensive assessment plans for the juveniles identified that recommend appropriate treatment, counseling, and disposition of the juveniles.
(5) Provide services to juveniles identified and their families through collaboration with public and private resources, including local law

enforcement, parents' organizations, the faith community, and county and community programs and organizations that provide substance abuse treatment and child and family counseling.

(6) Maintain individual case files and keep statistical information used to document services delivered and evaluate the progress of the program.

SECTION 24.7.(d) The Department of Juvenile Justice and Delinquency Prevention shall evaluate the Project and report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly by October 1, 2002, on the operations of the Project. The report shall include recommendations on whether the Project should be continued and, if so, the extent to which it should be continued, why it should be continued, and the costs associated with continuing the Project. If the Department recommends the Project should not be continued, it shall provide the reasons for that recommendation.

SECTION 24.7.(e) Subsections (a), (b), and (e) of this section become effective June 29, 1999. The remainder of this section becomes effective July 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TEEN COURT GUIDELINES CODIFIED

SECTION 24.8. Article 12 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-520. Teen court programs.**

(a) All teen court programs administered by the Department of Juvenile Justice and Delinquency Prevention shall operate as community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction, including counseling, restitution, curfews, and community service.

Teen court programs may also operate as resources to the local school administrative units to handle problems that develop at school but that have not been turned over to the juvenile authorities.

(b) Teen court programs shall provide the Department of Juvenile Justice and Delinquency Prevention with annual reports on the expenditure of funds of each year and other relevant statistical data."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

YOUTH DEVELOPMENT CENTER PLANS

SECTION 24.9. Prior to closing any Youth Development Center or permanently closing individual housing units at any Center, the Department of Juvenile Justice and Delinquency Prevention shall develop a long-range plan for the operation of Youth Development Centers. The plan shall be presented to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than March 1, 2002. The plan shall include:

(1) Information and data on the current operations of the Centers.

(2) Proposed or anticipated changes systemwide and at each Center in:

a. Characteristics of the juvenile offender population.

b. Education and other treatment programs.

c. Custody and security.

d. Staffing and management.

(3) Any long-range capital plans for the construction of new or replacement Centers, including the estimated cost and information on the type of housing proposed, whether dormitory, group rooms, or individual rooms.

(4) Any plans for the closing, renovation, expansion, or demolition of housing units at the current Centers as well as any proposed new housing units at these Centers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER FUNDS AND POSITIONS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 24.10.(a) Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2003 biennium, the sum of two hundred forty-eight thousand four hundred thirty-five dollars ($248,435) is transferred to the Department of Health and Human Services. Six police officer positions are transferred from the Department of Juvenile Justice and Delinquency Prevention to the Department of Health and Human Services. The funds and positions transferred pursuant to this section shall be used to provide security at the Black Mountain Center and at the Julian F. Keith Alcohol and Drug Abuse Treatment Center.

SECTION 24.10.(b) Section 37 of Chapter 24 of the Session Laws, 1994 Extra Session, is repealed.

PART XXV. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

EARNED TIME CREDIT FOR MEDICALLY AND PHYSICALLY UNFIT INMATES

SECTION 25.1.(a) G.S. 15A-1355 is amended by adding a new subsection to read:

"(d) Earned Time Credit for Medically and Physically Unfit Inmates. – Inmates in the custody of the Department of Correction who suffer from medical conditions or physical disabilities that prevent their assignment to work release or other rehabilitative activities may, consistent with rules of the Department of Correction, earn credit based upon good behavior or other criteria determined by the Department that may be used to reduce their maximum term of imprisonment as provided in G.S. 15A-1340.13(d) for felony sentences and in G.S. 15A-1340.20(d) for misdemeanor sentences."

SECTION 25.1.(b) This section is effective when it becomes law and applies to inmates serving sentences on or after that date.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT REPORTING

SECTION 25.2. The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, the Judicial Department, and the Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the

department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LIMIT USE OF OPERATIONAL FUNDS

SECTION 25.3. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 120 days of projected completion, except for certain management, security, and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

SECTION 25.4. The Department of Correction may use funds appropriated to the Department for the 2001-2002 fiscal year to pay the sum of forty dollars ($40.00) per day as reimbursement to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF CLOSED PRISON FACILITIES

SECTION 25.5. In conjunction with the closing of prison facilities, including small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from medium security to minimum security, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the

lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The Department of Correction shall also provide annual summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS

SECTION 25.6.(a) If the cost of providing food and health care to inmates housed in the Division of Prisons is anticipated to exceed the continuation budget amounts provided for that purpose in this act, the Department of Correction shall report the reasons for the anticipated cost increase and the source of funds the Department intends to use to cover those additional needs to the Joint Legislative Commission on Governmental Operations, the Chairs of the House of Representatives and Senate Appropriations Committees, and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety.

SECTION 25.6.(b) Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the 2001-2002 fiscal year for the purchase of prescription drugs for inmates if expenditures are projected to exceed the Department's inmate medical continuation budget for prescription drugs. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

The Department of Administration, Purchase and Contract Division, and the Department of Correction shall review the current statewide contract for purchase of prescription drugs as it applies to the Department of Correction's purchases for inmates to determine if the Department is receiving the lowest rate available and to determine whether the Department should be authorized to issue a request for proposals for a separate vendor or purchasing consortium for the provision of prescription drugs for inmates. The Departments shall report on their findings to the Joint Legislative Commission on Governmental Operations by February 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT MATCHING FUNDS

SECTION 25.7. Notwithstanding the provisions of G.S. 148-2, the Department of Correction may use up to the sum of nine hundred thousand dollars ($900,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STRUCTURED SENTENCING STUDY

SECTION 25.8.(a) In exercising its statutory responsibility under Article 4 of Chapter 164 of the General Statutes to monitor and review the criminal justice and corrections system, the North Carolina Sentencing and Policy Advisory Commission shall study and review the State's sentencing laws. Areas of review may include the classification of offenses and offenders, the relationship of the sentence and the sentence length to the offense, and the sentence dispositions available to judges. The Commission shall also analyze the parole-eligible population in terms of offense committed, sentence, and time served in comparison to structured sentencing inmates. The Commission's recommendations should balance the need to ensure that sentencing laws appropriately penalize offenders for the nature and degree of harm caused by the offense with the need to consider the potential impact on correctional resources of the growth in the prison population. These recommendations shall be consistent with the purposes of sentencing as stated in G.S. 15A-1340.12.

SECTION 25.8.(b) The North Carolina Sentencing and Policy Advisory Commission shall report its findings to the 2001 General Assembly no later than the convening of the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ENERGY FOR COMMITTED OFFENDERS/CONTRACT AND REPORT

SECTION 25.10. The Department of Correction may continue to contract with Energy for Committed Offenders, Inc., for the purchase of prison beds for minimum security female inmates during the 2001-2003 biennium. Energy for Committed Offenders, Inc., shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Correction. Energy for Committed Offenders, Inc., shall also provide information on the rearrest rate and the return-to-prison rate for inmates participating in the program who are paroled or released from prison.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MEDIUM CUSTODY ROAD CREW COMPENSATION

SECTION 25.11.(a) Of funds appropriated to the Department of Transportation by this act, the sum of ten million dollars ($10,000,000) per year shall be transferred by the Department to the Department of Correction during the 2001-2003 biennium for the actual costs of highway-related labor performed by medium-custody prisoners, as authorized by G.S. 148-26.5. This transfer shall be made quarterly in the amount of two million five hundred thousand dollars ($2,500,000). The Department of Transportation may use funds appropriated by this act to pay an additional amount exceeding the ten million dollars ($10,000,000), but those payments shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation.

SECTION 25.11.(b) The Department of Transportation shall transfer to the Department of Correction the sum of one million eight hundred eleven thousand six hundred twenty-eight dollars ($1,811,628) between July 1 and August 31, 2001, in order to fully comply with subsection (a) of Section 27.21 of S.L. 1999-237, which directed the Department of Transportation to provide reimbursement during the 1999-2001 biennium for highway-related labor performed by medium-custody prisoners.

SECTION 25.11.(c) Subsection (b) of Section 27.21 of S.L. 1999-237 is repealed.

SECTION 25.11.(d) The Department of Transportation and the Department of Correction shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Joint Legislative Transportation Oversight Committee by March 1, 2002, on road squad activity and the implementation of the provisions of this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REDUCE SUMMIT HOUSE APPROPRIATION

SECTION 25.14.(a) The General Fund appropriation to the Department of Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine thousand six hundred fifty dollars ($139,650) for each year of the 2001-2003 biennium. This ten percent (10%) reduction in funding shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites.

SECTION 25.14.(b) The Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Fiscal Research Division shall review the organizational structure and expenditures of Summit House, Inc., prior to the convening of the 2002 Regular Session of the 2001 General Assembly to identify potential modifications that would provide for more efficient operation of the program in future fiscal years.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP FORMULA/UNEXPENDED BALANCE REVERSION

SECTION 25.16.(a) G.S. 143B-273.15 reads as rewritten:

"**§ 143B-273.15. Funding formula.**

To determine the grant amount for which a county or counties may apply, the granting authority shall apply the following formula:

~~(1) Twenty percent (20%) of the total fiscal year appropriation plus any unspent or unclaimed funds in the Account shall be distributed in the discretion of the Secretary to encourage innovative efforts to develop multicounty projects; to encourage cooperation and collaboration among existing services and avoid duplication of efforts; to provide for technical assistance to the counties in the development of county plans and in the evaluation of programs funded under this Article; to encourage the renovation of existing facilities; and to encourage innovative substance abuse programs.~~

~~(2) Of the remaining eighty percent (80%) of the fiscal year appropriation, a total funding amount will be set for each county based upon the following variables:~~

~~a.~~ (1) Twenty percent (20%) based on a fixed equal dollar amount for each county;

~~b.~~ (2) Sixty percent (60%) based on the county share of the State population; and

~~c.~~ (3) Twenty percent (20%) based on the supervised probation admissions rate for the county.

The sum of the amounts in ~~sub-subdivisions a., b., and c.~~ subdivisions (1), (2), and (3) is the total amount of the funding that a county may apply for under this subsection.

Grants to participating counties are for a period of one fiscal year with unobligated funds being returned to the Account at the end of the grant period. Funds are provided to participating counties on a reimbursement basis unless a county documents a need for an advance of grant funds."

SECTION 25.16.(b) Notwithstanding the provisions of G.S. 143B-273.5, the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2002, and the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2003.

SECTION 25.16.(c) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of Correction determines that the county has a demonstrated need and a fully developed plan for each type of sanction.

SECTION 25.16.(d) The Department of Correction shall report by February 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Committees, the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the status of the Criminal Justice Partnership Program. The report shall include the following information:

(1) The amount of funds carried over from the prior fiscal year;
(2) The dollar amount and purpose of grants awarded to counties as discretionary grants for current fiscal year;
(3) Any counties the Department anticipates will submit requests for new implementation grants;
(4) An update on efforts to ensure that all counties make use of the electronic reporting system, including the number of counties submitting offender participation data via the system;
(5) An analysis of offender participation data received, including data on each program's utilization and capacity; and
(6) An analysis of comparable programs, prepared by the Research and Planning Division of the Department of Correction, and a summary of the reports prepared by county Criminal Justice Partnerships Advisory Boards.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

POST-RELEASE SUPERVISION AND PAROLE COMMISSION /REPORT ON STAFFING REORGANIZATION AND REDUCTION

SECTION 25.17. The Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on an updated transition plan for implementing staff reductions through the 2002-2003 fiscal year, including a minimum ten percent (10%) reduction in staff positions in the 2002-2003 fiscal year over the 2001-2002 fiscal year.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON NONPROFIT PROGRAMS

SECTION 25.18.(a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property. Harriet's House shall report by February 1 of each year to the Joint Legislative Commission on

Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

SECTION 25.18.(b) Summit House shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House, Inc.

SECTION 25.18.(c) Women at Risk shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

SECTION 25.18.(d) The John Hyman Foundation shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

SECTION 25.19.(a) Article 1 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"**§ 148-19.1. Exemption from licensure and certificate of need.**

(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction shall be exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, the portion of the facility that serves inmates shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need."

SECTION 25.19.(b) G.S. 122C-22(a) reads as rewritten:

"(a) The following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

(1) Physicians and psychologists engaged in private office practice;

(2) General hospitals licensed under Article 5 of Chapter 131E of the General Statutes, that operate special units for the mentally ill, developmentally disabled, or substance abusers;

(3) State and federally operated facilities;

(4) Adult care homes licensed under Chapter 131D of the General Statutes;

(5) Developmental child care centers licensed under Article 7 of Chapter 110 of the General Statutes;
(6) Persons subject to licensure under rules of the Social Services Commission;
(7) Persons subject to rules and regulations of the Division of Vocational Rehabilitation Services; ~~and~~
(8) Facilities that provide occasional respite care for not more than two individuals at a time; provided that the primary purpose of the facility is other than as defined in ~~G.S. 122C-3(14).~~ G.S. 122C-3(14);
(9) Twenty-four-hour nonprofit facilities established for the purposes of shelter care and recovery from alcohol or other drug addiction through a 12-step, self-help, peer role modeling, and self-governance ~~approach.~~ approach; and
(10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction, as described in G.S. 148-19.1."

SECTION 25.19.(c) G.S. 131E-184 is amended by adding a new section to read:

"(d) The Department shall exempt from certificate of need persons contracting to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction, as described in G.S. 148-19.1."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON PROBATION AND PAROLE CASELOADS

SECTION 25.20. The Department of Correction shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on caseload averages for probation and parole officers. The report shall include:
(1) Data on current caseload averages for Probation Parole Officer I, Probation Parole Officer II, and Probation Parole Officer III positions;
(2) An analysis of the optimal caseloads for these officer classifications; and
(3) An assessment of the role of surveillance officers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON INMATES ELIGIBLE FOR PAROLE

SECTION 25.21. The Post-Release Supervision and Parole Commission shall provide quarterly reports to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates eligible for parole. These reports shall include at least the following:
(1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates that were parole-eligible during the previous quarter and the total number of those inmates that were paroled. The report should group these inmates by offense type and custody classification;
(2) A list of all those inmates paroled or released by category of parole or release, including each inmate's offense and custody classification at the time of the parole or release;

(3) The average time served, by offense class, of Fair Sentencing and Pre-Fair Sentencing inmates compared to inmates sentenced under Structured Sentencing;

(4) The projected number of parole-eligible inmates to be paroled or released by the end of the 2001-2002 fiscal year and by the end of the 2002-2003 fiscal year.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

IMPACT PROGRAM

SECTION 25.22.(a) Of the funds appropriated to the Department of Correction for the 2001-2003 biennium, the sum of four million eight hundred sixty-six thousand seven hundred fifty-nine dollars ($4,866,759) for the 2001-2002 fiscal year and the sum of four million five hundred thousand nine hundred fifty-five dollars ($4,500,955) for the 2002-2003 fiscal year shall be used for residential programs for probationers, including the IMPACT boot camp program. The Department of Correction shall maintain a residential program with a community work component for male offenders in both Hoffman and Morganton.

SECTION 25.22.(b) The Department of Correction shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2001, on plans to implement the reduction in funding for the IMPACT program and any proposed modifications in the program capacity or content. The report shall include revised capacity, positions to be eliminated, revised staffing allocation, intended level of community service work, uses of any vacated space, and proposed changes in the program for the 2001-2003 biennium. The Department may also include any recommendations for additional residential programs for offenders on probation that could be implemented within current funding.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CHARGES FOR INMATE HEALTH CARE

SECTION 25.23.(a) Hospital facilities operated by constituent institutions of The University of North Carolina providing health care services to inmates in the custody of the Department of Correction shall charge the Department for those services during the 2001-2002 fiscal year no more than:

(1) The rate of $1,633 per day per inmate for treatment other than for burns, trauma, and transplants; and

(2) The rates at which the Department was charged during the 2000-2001 fiscal year for treatment of burns, trauma, and transplants.

SECTION 25.23.(b) The Department of Correction, in consultation with the Fiscal Research Division, shall study the rates charged by State and county hospitals for providing health care to inmates in the custody of the Department and determine methods of controlling the rate at which the Department is charged for those services in the future. The Department shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

SITES FOR CLOSE SECURITY PRISONS

SECTION 25.24. The Council of State has approved the recommendation of the Department of Administration and the Department of Correction for the construction of two new close-custody correctional facilities to be lease-purchased by the State. In response to that approval, the Department of Administration shall select Alexander and Scotland Counties as the sites for those correctional facilities.

PART XXVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM

SECTION 26.2. The Department of Crime Control and Public Safety shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the operations and effectiveness of the National Guard Tarheel Challenge Program. The report should evaluate the program's effectiveness as an intervention method for preventing juveniles from becoming undisciplined or delinquent. The report shall also evaluate the Program's role in improving individual skills and employment potential for participants and shall include:

(1) The source of referrals for individuals participating in the Program;
(2) The summary of types of actions or offenses committed by the participants of the Program;
(3) An analysis outlining the cost of providing services for each participant, including a breakdown of all expenditures related to the administration and operation of the Program and the education and treatment of the Program participants;
(4) The number of individuals who successfully complete the Program; and
(5) The number of participants who commit offenses after completing the Program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

SECTION 26.3.(a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that the State application for Drug Law Enforcement Grants is subject to review by the State legislature or its designated body. Therefore, the Governor's Crime Commission of the Department of Crime Control and Public Safety shall report on the State application for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety when the General Assembly is in session. When the General Assembly is not in session, the Governor's Crime Commission shall report on the State application to the Joint Legislative Commission on Governmental Operations.

SECTION 26.3.(b) Unless a State statute provides a different forum for review, when a federal law or regulation provides that an individual State application for a grant shall be reviewed by the State legislature or its designated body and at the time of the review the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

VICTIMS ASSISTANCE NETWORK REPORT

SECTION 26.4. The Department of Crime Control and Public Safety shall report on the expenditure of funds allocated pursuant to this section for the Victims Assistance Network. The Department shall also report on the Network's efforts to gather data on crime victims and their needs, act as a clearinghouse for crime victims' services, provide an automated crime victims' bulletin board for subscribers, coordinate and support activities of other crime victims' advocacy groups, identify the training needs of crime victims' services providers and criminal justice personnel, and coordinate training for these personnel. The Department shall submit its report to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives by December 1 of each year of the biennium.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REVISE REPORT ON CRIME VICTIMS COMPENSATION FUND

SECTION 26.5. G.S. 15B-21 reads as rewritten:

"**§ 15B-21. Annual report.**

The Commission shall, by March 15 each year, prepare and transmit to the Governor and the General Assembly a report of its activities in the prior fiscal year and the current fiscal year to date. The report shall include:

(1) The number of claims filed;
(2) The number of awards made;
(2a) The number of pending cases by year received;
(3) The amount of each award;
(4) A statistical summary of claims denied and awards made;
(5) The administrative costs of the Commission, including the compensation of commissioners;
(6) The current unencumbered balance of the North Carolina Crime Victims Compensation Fund;
(7) The amount of funds carried over from the prior fiscal year;
(8) The amount of funds received in the prior fiscal year from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.; and
(9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

The Attorney General and State Auditor shall assist the Commission in the preparation of the report required by this section."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSPORT OF PERSONS TO AND FROM BUTNER FACILITIES

SECTION 26.7.(a) G.S. 122C-408(b) reads as rewritten:

"(b) After taking the oath of office required for law-enforcement officers, the special police officers authorized by this section shall have the authority of deputy sheriffs of Durham and Granville Counties in those counties respectively. Within the territorial jurisdiction stated in subsection (a) of this section, the special police officers have the primary responsibility to enforce the laws of North Carolina and any rule

applicable to that territory adopted under authority of this Part or under G.S. 143-116.6 or G.S. 143-116.7 or under the authority granted any other agency of the State and also have the powers set forth for firemen in Articles 80, 82 and 83 of Chapter 58 of the General Statutes. Any civil or criminal process to be served on any individual confined at any State facility within the territorial jurisdiction described in subsection (a) of this section shall be forwarded by the sheriff of the county in which the process originated to the Director of the Butner Public Safety Division. ~~Special police officers authorized by this section shall be assigned to transport any individual transferred to or from any State facility within the territorial jurisdiction described in subsection (a) of this section to or from the psychiatric service of the University of North Carolina Hospitals at Chapel Hill.~~"

SECTION 26.7.(b) No State funds appropriated for Butner Public Safety for the 2001-2003 biennium shall be used to transport any individual transferred to or from any State facility within the territorial jurisdiction of the Butner Public Safety Division to or from the psychiatric service of the University of North Carolina Hospitals at Chapel Hill.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BOXING COMMISSION REPORTS/FUNDS DO NOT REVERT

SECTION 26.7A.(a) If Article 68 of Chapter 143 of the General Statutes is recodified as Chapter 85D of the General Statutes by Section 7 of House Bill 232, 2001 Session, then Chapter 85D of the General Statutes is amended by adding a new section to read:

"**§ 85D-12. Commission report.**

The North Carolina State Boxing Commission shall report by April 1 of each year to Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the operations and budget of the Commission. The report shall include information and data on the number of events regulated that year, the number of persons licensed by the Commission, any civil or criminal sanctions or injunctions issued, and the revenues and expenditures of the Commission."

SECTION 26.7A.(b) All receipts collected by the North Carolina State Boxing Commission during the 2000-2001 fiscal year shall not revert, but shall remain available to the Commission.

SECTION 26.7A.(c) Subsection (a) of this section becomes effective January 1, 2002. The remainder of this section becomes effective June 30, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMUNITY SERVICE WORK PROGRAM AND TERMINATE VACANT POSITIONS

SECTION 26.9. The Secretary of the Department of Crime Control and Public Safety and the Secretary of the Department of Correction shall collaborate to develop a plan of reorganization in which the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety is merged with the Division of Community Corrections of the Department of Correction. The merger of the Community Service Work Program with the Department of Crime Control and Public Safety and the Department of Correction shall be effective January 1, 2002, and shall have all the elements of a Type I transfer, as defined in G.S. 143A-6. All (i) statutory authority, powers, duties, and functions, including rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and

salaries, (iv) property, and (v) unexpended balances of appropriations, allocations, reserves, support costs, and other funds of the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety shall be transferred to and vested in the Department of Correction.

As part of the plan of reorganization, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall identify 25 vacant positions to terminate no later than January 1, 2002. The positions shall be identified from the four regional managers and the 21 district managers in the area of community service work and the judicial district managers and judicial division managers in the area of probation and parole. In addition to the 25 vacant positions to terminate no later than January 1, 2002, the positions of Director of Victims and Justice Services and administrative assistant shall cease to exist after January 1, 2002.

On or before October 1, 2001, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall report the plan of reorganization, including the specific vacant positions to terminate, to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TERMINATION OF CERTAIN ALE POSITIONS

SECTION 26.10. Of the 10 remaining supervisor positions and the 12 assistant supervisor positions in the district offices of the Alcohol Law Enforcement Division of the Department of Crime Control and Public Safety, four positions shall terminate no later than June 30, 2002. The Department of Crime Control and Public Safety shall identify the positions that will terminate pursuant to this section and shall report to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly by May 1, 2002, on the positions identified by the Department pursuant to this section.

PART XXVII. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

REPEAL BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO HIGHWAY TRUST FUND

SECTION 27.1. G.S. 136-176(a)(4) and G.S. 136-183 are repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS AUTHORIZED

SECTION 27.2.(a) Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-28.11. Design-build construction of transportation projects.**

Notwithstanding any other provision of law, the Board of Transportation may award up to three contracts annually for construction of transportation projects on a design-build basis. These contracts may be awarded after a determination by the Department of Transportation that delivery of the projects must be expedited and that it is not in the public interest to comply with normal design and construction contracting procedures.

Prior to the award of a design-build contract, the Secretary of Transportation shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations on the nature and scope of the project and the reasons an award on a design-build basis will best serve the public interest."

SECTION 27.2.(b) The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on September 1, December 1, and March 1 of each year on the status of all design-build projects.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

SMALL URBAN AND CONTINGENCY FUNDS

SECTION 27.3. Of the funds appropriated in this act to the Department of Transportation:

(1) $14,000,000 shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits.

(2) $12,000,000 in fiscal year 2001-2002 and $10,000,000 in fiscal year 2002-2003 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 27.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	$1,334.6 million
FY 2004-2005	$1,369.8 million
FY 2005-2006	$1,406.1 million
FY 2006-2007	$1,445.5 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	$1,127.6 million
FY 2004-2005	$1,176.5 million
FY 2005-2006	$1,226.8 million
FY 2006-2007	$1,278.4 million

SECTION 27.4.(b) Section 25 of S.L. 2000-67 is repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

WESTERN NORTH CAROLINA AMTRAK THRUWAY BUS SERVICE OPERATIONS AND STATION RIGHT-OF-WAY ACQUISITION FUNDS

SECTION 27.5. Of the funds appropriated in this act for passenger rail service in Western North Carolina, the Department of Transportation may use these funds for the following purposes:

(1) Up to two hundred thousand dollars ($200,000) during the 2001-2002 fiscal year may be used to contract with Amtrak to provide thruway bus service for Western North Carolina. These funds may only be used for operations and may not be used for the purchase of equipment or for making infrastructure improvements.

(2) Up to three hundred twenty thousand dollars ($320,000) during the 2001-2002 fiscal year may be used to acquire right-of-way for stations in the Town of Valdese and the City of Asheville.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by March 15, 2002, on the status of negotiations with the Norfolk Southern Corporation on needed track improvements and on the status of negotiations with local governments on local financial participation to provide passenger rail service to Western North Carolina.

Five hundred twenty thousand dollars ($520,000) of the remaining unencumbered funds appropriated for the 1998-99 fiscal year for Western North Carolina rail service shall revert.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

HIGHWAY TRUST FUND STUDY COMMITTEE

SECTION 27.6.(a) Study Committee Established. – There is established a Highway Trust Fund Study Committee to report to the Joint Legislative Transportation Oversight Committee.

SECTION 27.6.(b) Membership. – The Study Committee shall be composed of 16 members as follows:

(1) The Chairs of the Joint Legislative Transportation Oversight Committee.

(2) Four Representatives and three public members appointed by the Speaker of the House of Representatives.

(3) Four Senators and three public members appointed by the President Pro Tempore of the Senate.

The appointing authorities shall make each of their seven appointments from a different Distribution Region, as defined in G.S. 136-17.2A(a), and their appointments shall reflect the urban-rural diversity of the population of the State.

SECTION 27.6.(c) Duties of the Study Committee. – The Committee may study all aspects of the Highway Trust Fund. The study shall include the examination of all the following:

(1) The current status, cost estimates, and feasibility of Highway Trust Fund projects currently listed in Article 14 of Chapter 136 of the General Statutes.

(2) Unanticipated problems with the structure of the Highway Trust Fund.

(3) The gap between transportation funding structures and the actual transportation needs of the State.

(4) Allocation issues raised by the structure of the transportation funding equity distribution formula in G.S. 136-17.2A.

(5) The feasibility of altering the project eligibility requirements of the Highway Trust Fund.

(6) The feasibility of altering the funding allocation structure of the Highway Trust Fund.

(7) Any other issue related to the Highway Trust Fund or transportation funding.

SECTION 27.6.(d) Vacancies. – The appointing authority shall fill any vacancy on the Study Committee.

SECTION 27.6.(e) Cochairs. – Cochairs of the Study Committee shall be the cochairs of the Joint Legislative Transportation Oversight Committee. The Study Committee shall meet upon the call of the Chairs. A quorum of the Study Committee shall be eight members.

SECTION 27.6.(f) Expenses of Members. – Members of the Study Committee shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 27.6.(g) Staff. – The Legislative Services Office shall assign professional and clerical staff to the assist the Study Committee in its work.

SECTION 27.6.(h) Consultants. – The Study Committee may hire consultants to examine specific issues and subjects related to the study, in accordance with G.S. 120-32.02.

SECTION 27.6.(i) Meetings During Legislative Session. – The Study Committee may meet during a regular or extra session of the General Assembly, subject to approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

SECTION 27.6.(j) Meeting Location. – The Study Committee may meet at various locations around the State in order to promote greater public participation in its deliberations. The Legislative Services Commission shall grant adequate meeting space to the Study Committee in the State Legislative Building or the Legislative Office Building.

SECTION 27.6.(k) Report. – The report of the study shall be made to the Joint Legislative Transportation Oversight Committee no later than April 1, 2002. Upon the filing of its final report, the Study Committee shall terminate.

SECTION 27.6.(l) Funding. – The Study Committee shall be funded from funds available to the Joint Legislative Transportation Oversight Committee, in accordance with G.S. 120-70.52.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CHARLOTTE DOWNTOWN INTERMODAL STATION

SECTION 27.7. The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by February 15, 2002, on the status of the development of the downtown intermodal station in Charlotte. The report shall include (i) the total cost, projected schedule, and scope of the project, (ii) how the costs of the project will be met, including the shares of the costs borne by: the State of North Carolina, participating local governments, federal funds, the Norfolk Southern Corporation, private funding, and any other sources of funds, and (iii) identification of at least three parcels of land that could be purchased for the station.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DIVISION 3 HEADQUARTERS COMPLEX FUNDS

SECTION 27.8. The requirement in Section 27.14 of S.L. 1999-237 that the Highway Fund reimburse the Highway Trust Fund by June 30, 2004, for the capital costs required to relocate the Division 3 headquarters complex in Wilmington, North Carolina, is rescinded.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ACCEPT ELECTRONIC BIDS

SECTION 27.9.(a) G.S. 136-28.1 is amended by adding a new subsection to read:

"(k) The Department of Transportation may accept bids under this section by electronic means and may issue rules governing the acceptance of these bids. For purposes of this subsection 'electronic means' is defined as means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities."

SECTION 27.9.(b) G.S. 136-28.1(a) reads as rewritten:

"(a) All contracts over eight hundred thousand dollars ($800,000) that the Department of Transportation may let for construction or repair necessary to carry out the provisions of this Chapter shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation.

Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions of work ordered by the ~~engineer~~ engineer, or significant changes in the character of the work. For those federal aid projects, the ~~The~~ Department of Transportation shall use ~~only~~ the contract provisions provided in the North Carolina Department of Transportation, Standard Specifications for Roads and Structures, January 1, 1984, except as each may be changed or provided for by rule adopted by the Board of Transportation in accordance with the Administrative Procedure Act."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ESTABLISH AN ESCORT DRIVER CERTIFICATION PROGRAM

SECTION 27.10. G.S. 20-119 is amended by adding a new subsection to read:

"(f) The Department of Transportation shall issue rules to establish an escort driver training and certification program for escort vehicles accompanying oversize/overweight loads. Any driver operating a vehicle escorting an oversize/overweight load shall meet any training requirements and obtain certification under the rules issued pursuant to this subsection. These rules may provide for reciprocity with other states having similar escort certification programs. Certification credentials for the driver of an escort vehicle shall be carried in the vehicle and be readily available for inspection by law enforcement personnel."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

TRANSFER RESPONSIBILITIES OF GOVERNOR'S HIGHWAY SAFETY PROGRAM TO THE OFFICE OF THE SECRETARY OF TRANSPORTATION.

SECTION 27.11.(a) G.S. 143B-360 reads as rewritten:

"**§ 143B-360. Powers and duties of Department and Secretary.**

The Department of Transportation is hereby empowered to contract ~~in~~ on behalf of the State with the government of the United States to the extent allowed by the laws of

North Carolina for the purpose of securing the benefits available to this State under the Federal Highway Safety Act of 1966. To that end, the Secretary of Transportation shall coordinate, with the Governor's approval, the activities of any and all departments and agencies of the State and its subdivisions relating thereto.

All of the duties and responsibilities of the Governor's Highway Safety Program, established pursuant to this section, are transferred to the Office of the Secretary of Transportation."

SECTION 27.11.(b) This section becomes effective July 1, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DRIVERS LICENSE/MOTOR VEHICLE REGISTRATION SECTION CONSOLIDATION STUDY

SECTION 27.14. The Department of Transportation shall study the consolidation and integration of the functions of the Driver License Section and the Vehicle Registration Section of the Division of Motor Vehicles to provide more accessible, efficient, and cost-effective service to the public. The Department of Transportation shall report the results of this study to the Joint Legislative Transportation Oversight Committee by March 1, 2002.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION TO FUND AVIATION GRANTS

SECTION 27.15. Notwithstanding the provisions of G.S. 136-16.4 for determining the amount of continuing aviation appropriations, there is appropriated from the General Fund to the Department of Transportation the sum of seven million two hundred fifty thousand dollars ($7,250,000) for the 2001-2002 fiscal year to fund aviation grants.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DOT REGULATION OF THE TRANSIT OF MODULAR HOMES

SECTION 27.17.(a) G.S. 20-356 reads as rewritten:

"**§ 20-356. Definitions.**

"Person" as used in this Article shall mean an individual, corporation, partnership, association or any other business entity. The word "house" as used in this Article shall mean a dwelling, building, or other structure in excess of 14 feet in ~~width.~~ width; provided that neither mobile homes, nor modular homes or portions thereof, are within this definition when being transported from the manufacturer to the first set-up site. The word "Department" as used in this Article shall mean the North Carolina Department of Transportation."

SECTION 27.17.(b) G.S. 150B-21.1 is amended by adding a new subsection to read:

"(a8) Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules concerning the permitted height of mobile and modular homes. After having the proposed temporary rule published in the North Carolina Register and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall:

(1) Notify persons on its mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of its intent to adopt a temporary rule.

(2) Accept oral and written comments on the proposed temporary rule.

(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary must submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.17.(c) Subsection (b) of this section expires on June 30, 2003.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

AVIATION DIVISION STUDY THE TRANSFER OF THE GLOBAL TRANSPARK AIRPORT

SECTION 27.19. The Department of Transportation's Aviation Division shall study the transfer of the Global TransPark airport fixed assets and operations from the Global TransPark Authority to another appropriate entity. The Aviation Division shall report the results of this study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE BOARD OF COMMUNITY COLLEGES TO STUDY TRANSFER OF GLOBAL TRANSPARK EDUCATION AND TRAINING CENTER

SECTION 27.20. The State Board of Community Colleges shall study the transfer of the Education and Training Center from the Global TransPark Authority to an appropriate public educational entity. The State Board of Community Colleges shall report the results of the study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Sutton, Easterling, Oldham, Redwine, Thompson

CONTRACT AGENT RATE INCREASE

SECTION 27.21. G.S. 20-63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration ~~certificates~~ certificates, and certificates of title issued by the Division, outside of those issued from the Raleigh offices of the ~~said~~ Division and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of ~~such~~ the plates and certificates in localities throughout North Carolina with persons, firms, corporations or governmental subdivisions of the State of North ~~Carolina and the~~ Carolina. The Division shall make a reasonable effort in every locality, except as ~~hereinbefore noted,~~ noted above, to enter into a commission contract for the issuance of ~~such~~ the plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission ~~contracts as hereinbefore set out~~ contracts, it shall ~~then~~ issue ~~said~~ the plates and certificates through the regular employees of the Division. Whenever registration plates, registration ~~certificates~~ certificates, and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of ~~such~~ the distribution. ~~Commission contracts entered under this subsection shall provide for the payment of compensation for all transactions as set forth below.~~ Nothing contained in this subsection will allow or permit the operation of fewer outlets in any county in this State than are now being operated.

Commission contracts entered into by the Division under this subsection shall provide for the payment of compensation on a per transaction basis. The collection of

the highway use tax shall be considered a separate transaction for which one dollar and twenty-seven cents ($1.27) compensation shall be paid. The performance at the same time of one or more of the remaining transactions listed in this subsection shall be considered a single transaction for which one dollar and forty-three cents ($1.43) compensation shall be paid.

A transaction is any of the following activities:

(1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
(2) Issuance of a handicapped placard or handicapped identification card.
(3) Acceptance of an application for a personalized registration plate.
(4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
(5) Cancellation of a title because the vehicle has been junked.
(6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
(7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
(8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
(8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
(8b) Sale of one or more inspection stickers in a single transaction to a licensed inspection station.
(9) Collection of the highway use tax.
(10) Acceptance of a temporary lien filing.

~~Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8b) of this section is a single transaction for which a dollar and thirty-five cent ($1.35) compensation shall be paid. Performance of the item listed in subdivision (9) of this subsection in combination with any other items listed in this subsection is a separate transaction for which a one dollar and twenty cent ($1.20) compensation shall be paid.~~"

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

ISSUANCE OF TEMPORARY RULES GOVERNING MINIMUM CRITERIA TRANSPORTATION PROJECTS

SECTION 27.22. (a) G.S. 150B-21.1(a6) reads as rewritten:

"(a6) ~~Reserved for future codification purposes.~~ Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules pursuant to G.S. 113A-11(b) to establish a class of minimum criteria projects.

After having the proposed temporary rule published in the North Carolina Register, and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall do all of the following:

(1) Notify persons on its mailing list, maintained pursuant to G.S. 150B-21.2(d), and any other interested parties, of his intent to adopt a temporary rule.
(2) Accept oral and written comments on the proposed temporary rule.
(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary shall submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.22.(b) Subsection (a) of this section expires on June 30, 2003.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION CASH FLOW MANAGEMENT

SECTION 27.23.(a) The Department of Transportation is directed to reorganize its cash management procedures consistent with the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report.

The Department is directed to:

(1) Utilize cash flow financing to the maximum extent possible to fund highway construction projects, with the goal of reducing the combined average daily cash balance of the Highway Trust Fund and the Highway Fund to an amount equal to twelve percent (12%) of combined estimate of the yearly receipts of the Funds, exclusive of municipal aid funds.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financial report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Strengthen the project delivery process by reorganization of preconstruction functions in order to expedite project delivery and maximize use of cash flow financing of projects. The Department shall designate one person responsible for project delivery, develop project delivery reports, and continually assess which projects can be accelerated using cash flow financing.

(4) Report quarterly for a period of two years, beginning in September 2001, to the Joint Legislative Transportation Oversight Committee on its efforts to reorganize the cash management and project delivery process and the results of those efforts.

SECTION 27.23.(b) Article 6A of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-86.15. Cash Management of the Highway Fund and the Highway Trust Fund.**

The State Treasurer may combine the balances of the Highway Fund and the Highway Trust Fund for cash management purposes. The State Treasurer may make short term loans between the Funds to accomplish the purposes of this section."

SECTION 27.23.(c) The Department of Transportation and the State Treasurer are directed to jointly:

(1) Evaluate the recommendations of the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report concerning authorization for the State Treasurer to borrow funds on a short term basis in order to allow the Department of Transportation to maintain lower target cash balances and expedite highway construction projects;

(2) Develop recommendations concerning short term borrowing for cash management purposes, including any needed legislation; and

(3) Submit findings and recommendations to the Joint Legislative Transportation Oversight Committee by February 1, 2002.

SECTION 27.23.(d) G.S. 136-176 is amended by adding a new subsection to read:

"(a1) The Department may use two hundred million dollars ($200,000,000) in fiscal year 2001-2002 and one hundred fifty million dollars ($150,000,000) in each fiscal year 2002-2003 and 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

(1) For primary route pavement preservation. – One hundred seventy million dollars ($170,000,000) in fiscal year 2001-2002, and one hundred twenty million ($120,000,000) in each of the fiscal years 2002-2003 and 2003-2004.

(2) For preliminary engineering costs not included in the current year Transportation Improvement Plan. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004.

(3) For computerized traffic signal systems and signal optimization projects. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004."

SECTION 27.23.(e) G.S. 136-176 is amended by adding a new subsection to read:

"(a2) The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the Highway Trust Fund cash balances for these purposes will not adversely affect the delivery schedule of Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE TIRE RETREADING CONTRACT

SECTION 27.24. The Purchase and Contract Division of the Department of Administration shall take steps to insure that the bid process for the State contract for tire retreading is fair and open and that it complies with State purchasing laws.

Before soliciting bids, the Purchase and Contract Division shall:

(1) Research technologies for tire retreading and tire retread testing to determine which technologies are most consistent with State needs and safety requirements.

(2) Circulate proposed specifications for the retread tire contract to tire retread vendors, tire retreading industry associations, and State users of retread tires.

(3) Solicit comments and feedback from the entities listed in subdivision (2) of this section.

(4) Provide a copy of the final specifications for the retread tire contract to the Joint Legislative Transportation Oversight Committee at least six weeks prior to soliciting bids.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE HIGHWAY PATROL TO REPORT TO LEGISLATIVE OVERSIGHT COMMITTEES ON BUDGETARY MATTERS

SECTION 27.25. The State Highway Patrol shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on its revenues, expenditures, and other budget related matters. These financial reports shall be made in writing to the cochairs of the oversight committees and to the Fiscal Research Division

by November 15, February 15, May 15, and August 15 of each year to be taken up, if necessary, at the next meetings of the oversight committees following those dates.

Requested by: Representatives Cole, J. Crawford, Bowie, Nesbitt, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE RESEARCH COMMISSION TO STUDY NONBETTERMENT UTILITY RELOCATION COSTS IN HIGHWAY CONSTRUCTION

SECTION 27.26. The Legislative Research Commission may study the issue of nonbetterment utility relocation costs. As a part of its study, the LRC shall consider all of the following:

(1) The current statutory procedure for allocation of relocation costs, found in G.S. 136-27.1.

(2) The current population ceiling of 5,500 for municipalities to receive utility relocation assistance from the Department of Transportation, and the appropriateness of this ceiling.

(3) The history of exceptions to the general policy on the nonpayment by the Department of Transportation for nonbetterment utility relocation costs and the rationales for these exceptions.

(4) The development of a rational and equitable policy for the payment for nonbetterment utility relocation costs.

(5) Any other issue related to nonbetterment utility relocation costs.

Requested by: Representatives Cole, J. Crawford, Bowie, Redwine, Easterling, Oldham, Thompson

DEPARTMENT OF TRANSPORTATION TO EVALUATE THE LOCATIONS OF PROPOSED PUBLIC AND PRIVATE SCHOOLS TO ENHANCE TRAFFIC OPERATIONS AND SAFETY

SECTION 27.27. G.S. 136-18 reads as rewritten:

"**§ 136-18. Powers of Department of Transportation.**

The said Department of Transportation shall be vested with the following powers:

...

(29a) To coordinate with all public and private entities planning schools to provide written recommendations and evaluations of driveway access and traffic operational and safety impacts on the State highway system resulting from the development of the proposed sites. All public and private entities shall, prior to acquiring land for a new school, relocating a school, or expanding an existing school, coordinate with the Department to obtain a written evaluation and written recommendations to ensure that all proposed access points comply with the criteria in the current North Carolina Department of Transportation 'Policy on Street and Driveway Access'. The Department shall provide the written evaluation and recommendations within a reasonable period of time."

Requested by: Representatives Cole, J. Crawford, Bowie, Bowie, Easterling, Oldham, Redwine, Thompson

REGIONAL PUBLIC TRANSPORTATION AUTHORITY CAPITAL RESERVE FUND ACCUMULATION

SECTION 27.28. G.S. 160A-613 is amended by adding a new subsection to read:

"(c) Notwithstanding any provision of G.S. 159-18, the Board of Trustees may accumulate moneys from any source authorized by this Article or by Article 50 of Chapter 105 of the General Statutes in a capital reserve fund for any authorized purpose

of the Authority. Notwithstanding any provision of G.S. 159-19 or G.S. 159-22, the Board of Trustees may, by amendment to the resolution establishing a capital reserve fund, withdraw moneys accumulated in a fund for noncapital purposes if the capital outlay purpose for which the fund was created is no longer viable, as determined by a majority of the Board of Trustees. Except as otherwise provided in this subsection, the provisions of Part 2 of Article 3 of Chapter 159 of the General Statutes shall control the establishment of capital reserve funds by the Authority."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA RAILROAD FUNDS

SECTION 27.29.(a) Of funds appropriated to the Department of Transportation Public Transportation Division for new start projects for fiscal year 2001-2002, up to one million dollars ($1,000,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

SECTION 27.29.(b) Of funds appropriated to the Department of Transportation Rail Division for fiscal year 2001-2002, up to five million three hundred thousand dollars ($5,300,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

PART XXVIII. PUBLIC SCHOOLS

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LITIGATION RESERVE FUNDS DO NOT REVERT

SECTION 28.1.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July 1, 2001, but shall remain available for expenditure until June 30, 2002.

SECTION 28.1.(b) Subsection (a) of this section becomes effective June 30, 2001.

SECTION 28.1.(c) The State Board of Education may expend up to five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHILDREN WITH DISABILITIES

SECTION 28.2. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand six hundred sixty-two dollars and eighty-seven cents ($2,662.87) per child for a maximum of 158,825 children for the 2001-2002 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2001-2002 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also increase in accordance with legislative salary increments for personnel who serve children with disabilities.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ACADEMICALLY GIFTED STUDENTS

SECTION 28.3. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of eight hundred seventy-nine

dollars and ten cents ($879.10) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2001-2002 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 52,042 children for the 2001-2002 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also increase in accordance with legislative salary increments for personnel who serve academically or intellectually gifted children.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 28.4. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to implement G.S. 115C-12(24).

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNIFORM EDUCATION REPORTING SYSTEM (UERS)

SECTION 28.5.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years, but shall remain available until expended.

SECTION 28.5.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 28.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2001-2002 fiscal year and the 2002-2003 fiscal year to be used for supplemental funds for schools.

SECTION 28.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks, (ii) for salary supplements for instructional personnel and instructional support personnel, and (iii) to pay up to ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 28.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
- a. Anticipated county property tax revenue availability,
- b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
- c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
- d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
- e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277.001,
- f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-275.2, and
- g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
- a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
- b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
- c. Add to the resulting amount the:
  1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
  2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
  3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

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

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 28.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student

and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

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

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

SECTION 28.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 28.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-97 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-98 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

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

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

SECTION 28.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

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

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

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

SECTION 28.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 28.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership of from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least four hundred sixty-six thousand dollars ($466,000) excluding textbooks.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 28.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant

local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

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

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

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

SECTION 28.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 28.7.(d) Definitions. – As used in this section:

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

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

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

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

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

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

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most

recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM

SECTION 28.8.(a) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2000-2001 school year, in accordance with the ABCs of Public Education Program.. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 28.8.(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 28.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students

with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2 1/2%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 28.9.(b) The Department of Public Instruction shall prepare a current headcount of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURES FOR DRIVING EDUCATION CERTIFICATES

SECTION 28.10. The State Board of Education may use funds appropriated for drivers education for the 2001-2002 fiscal year and for the 2002-2003 fiscal year for driving eligibility certificates.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER SALARY SCHEDULES

SECTION 28.11.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.11.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2001-2002 MONTHLY SALARY SCHEDULE
"A" TEACHERS

Years of	"A"	NBPTS

Experience	Teachers	Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" TEACHERS

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203
11	$3,807	$4,264
12	$3,862	$4,325

13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.11.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

INSTRUCTIONAL SUPPORT PERSONNEL SALARY SCHEDULES

SECTION 28.12.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the instructional support personnel salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all instructional support personnel whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.12.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as instructional support personnel. The schedule contains 30 steps with each step corresponding to one year of experience as a certificated employee of the public schools.

2001-2002 MONTHLY SALARY SCHEDULE
"A" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"A" Instructional Support Personnel	NBPTS Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"M" Instructional Support Personnel	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203

11	$3,807	$4,264
12	$3,862	$4,325
13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.12.(c) Certified public school instructional support personnel with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified public school instructional support personnel with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel.

SECTION 28.12.(d) Effective for the 2001-2002 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as instructional support personnel.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 28.12.(e) Effective for the 2001-2002 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred

twenty-six dollars ($126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 28.12.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 28.12.(g) G.S. 115C-325(a)(6) reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(6) "Teacher" means a person who holds at least a current, not provisional or expired, Class A certificate or a regular, not provisional or expired, vocational certificate issued by the Department of Public Instruction; whose major responsibility is to teach or directly supervises teaching or who is classified by the State Board of Education or is paid either as a classroom ~~teacher;~~teacher or instructional support personnel; and who is employed to fill a full-time, permanent position."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SCHOOL ADMINISTRATOR SALARY SCHEDULES

SECTION 28.13.(a) Funds appropriated to the Reserve for Compensation Increases shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 28.13.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

2001-2002
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	$3,226	–	–	–	–
5	$3,373	–	–	–	–
6	$3,515	–	–	–	–
7	$3,629	–	–	–	–
8	$3,681	$3,681	–	–	–
9	$3,735	$3,735	–	–	–
10	$3,791	$3,791	$3,845	–	–
11	$3,845	$3,845	$3,901	–	–
12	$3,901	$3,901	$3,956	$4,015	–
13	$3,956	$3,956	$4,015	$4,074	$4,135
14	$4,015	$4,015	$4,074	$4,135	$4,197
15	$4,074	$4,074	$4,135	$4,197	$4,259
16	$4,135	$4,135	$4,197	$4,259	$4,324
17	$4,197	$4,197	$4,259	$4,324	$4,388
18	$4,259	$4,259	$4,324	$4,388	$4,456

19	$4,324	$4,324	$4,388	$4,456	$4,524
20	$4,388	$4,388	$4,456	$4,524	$4,596
21	$4,456	$4,456	$4,524	$4,596	$4,666
22	$4,524	$4,524	$4,596	$4,666	$4,737
23	$4,596	$4,596	$4,666	$4,737	$4,811
24	$4,666	$4,666	$4,737	$4,811	$4,886
25	$4,737	$4,737	$4,811	$4,886	$4,963
26	$4,811	$4,811	$4,886	$4,963	$5,042
27	$4,886	$4,886	$4,963	$5,042	$5,143
28	$4,963	$4,963	$5,042	$5,143	$5,246
29	$5,042	$5,042	$5,143	$5,246	$5,351
30	$5,143	$5,143	$5,246	$5,351	$5,458
31	$5,246	$5,246	$5,351	$5,458	$5,567
32	–	$5,351	$5,458	$5,567	$5,678
33	–	–	$5,567	$5,678	$5,792
34	–	–	$5,678	$5,792	$5,908
35	–	–	–	$5,908	$6,026
36	–	–	–	$6,026	$6,147
37	–	–	–	–	$6,270

2001-2002

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	$4,259	–	–	–
15	$4,324	–	–	–
16	$4,388	$4,456	–	–
17	$4,456	$4,524	$4,666	–
18	$4,524	$4,596	$4,737	$4,811
19	$4,596	$4,666	$4,811	$4,886
20	$4,666	$4,737	$4,886	$4,963
21	$4,737	$4,811	$4,963	$5,042
22	$4,811	$4,886	$5,042	$5,143
23	$4,886	$4,963	$5,143	$5,246
24	$4,963	$5,042	$5,246	$5,351
25	$5,042	$5,143	$5,351	$5,458
26	$5,143	$5,246	$5,458	$5,567
27	$5,246	$5,351	$5,567	$5,678
28	$5,351	$5,458	$5,678	$5,792
29	$5,458	$5,567	$5,792	$5,908
30	$5,567	$5,678	$5,908	$6,026
31	$5,678	$5,792	$6,026	$6,147
32	$5,792	$5,908	$6,147	$6,270
33	$5,908	$6,026	$6,270	$6,395
34	$6,026	$6,147	$6,395	$6,523
35	$6,147	$6,270	$6,523	$6,653
36	$6,270	$6,395	$6,653	$6,786
37	$6,395	$6,523	$6,786	$6,922
38	$6,523	$6,653	$6,922	$7,060

39	–	$6,786	$7,060	$7,201
40	–	$6,922	$7,201	$7,345
41	–	–	$7,345	$7,492

SECTION 28.13.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	**Number of Teachers Supervised**
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 28.13.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 28.13.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 28.13.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

SECTION 28.13.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 28.13.(h)

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

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

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

SECTION 28.13.(i) Participants in an approved full-time Masters in School Administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal Fellows Program or a school of education where the intern participates in a full-time Masters in School Administration.

SECTION 28.13.(j) During the 2001-2002 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CENTRAL OFFICE SALARIES

SECTION 28.14.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

School Administrator I	$2,932	$5,214
School Administrator II	$3,112	$5,534
School Administrator III	$3,303	$5,873
School Administrator IV	$3,436	$6,110
School Administrator V	$3,574	$6,358
School Administrator VI	$3,792	$6,747
School Administrator VII	$3,945	$7,020

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2001.

SECTION 28.14.(b) The monthly salary ranges that follow apply to public school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

Superintendent I	$4,187	$7,451
Superintendent II	$4,445	$7,904
Superintendent III	$4,716	$8,389
Superintendent IV	$5,005	$8,901
Superintendent V	$5,312	$9,447

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local

school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 28.13(f) of this act.

SECTION 28.14.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 28.14.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 28.14.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 28.14.(f) The Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, beginning July 1, 2001, funds necessary to provide an average annual salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

SECTION 28.14.(g) The State Board of Education shall develop a new formula for allocating to local school administrative units funds appropriated for salaries for public school central office administrators for the 2002-2003 fiscal year. This formula shall not include a permanent hold-harmless provision for local school administrative units.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NONCERTIFIED PERSONNEL SALARIES

SECTION 28.15.(a) The Director of the Budget may transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, commencing July 1, 2001, funds necessary to provide a salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all noncertified public school employees whose salaries are supported from the State's General Fund.

SECTION 28.15.(b) Local boards of education shall increase the rates of pay for all such employees who were employed for all or part of fiscal year 2000-2001 and who continue their employment for fiscal year 2001-2002 by at least six hundred twenty-five dollars ($625.00), commencing July 1, 2001. For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 28.15.(c) These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

SECTION 28.15.(d) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of six hundred twenty-five dollars ($625.00) for the 2001-2002 fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

HIGH SCHOOL EXIT EXAMS

SECTION 28.16. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to three million dollars ($3,000,000) for the 2001-2002 fiscal year to:

(1) Continue to develop a high school exit examination;

(2) Purchase equipment for scoring tests, including the new computer adaptive exam for eligible students with disabilities; and

(3) Revise the reading and writing assessments.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FAIRNESS IN TESTING PROGRAM

SECTION 28.17.(a) The State Board of Education shall provide the Joint Legislative Education Oversight Committee with a detailed analysis of the current resources allocated to meet the needs of all students subject to the Statewide Student Accountability Standards, and in addition, shall submit recommendations regarding other resources that would best assist students in meeting these new standards.

SECTION 28.17.(b) G.S. 115C-288(a) reads as rewritten:

"(a) To Grade and Classify Pupils. – The principal shall have authority to grade and classify ~~pupils except a~~ pupils. In determining the appropriate grade for a pupil who is already attending a public school, the principal shall consider the pupil's classroom work and grades, the pupil's scores on standardized tests, and the best educational interests of the pupil. The principal shall not make the decision solely on the basis of standardized test scores. If a principal's decision to retain a child in the same grade is partially based on the pupil's scores on standardized tests, those test scores shall be verified as accurate.

A principal shall not require additional testing of a student entering a public school from a school governed under Article 39 of this Chapter if test scores from a nationally standardized test or nationally standardized equivalent measure that are adequate to determine the appropriate placement of the child are available."

SECTION 28.17.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(39) To Provide a Right to Appeal the Decision to Retain a Child. – If local board policy requires that a child be retained at a grade level or that a child attend summer school, based on the child's standardized test scores, that local policy shall also provide the child's parent or guardian the right to appeal the decision. The right to appeal shall provide, at a minimum, for clear notice of the parent's rights, the right to have an advocate present at the hearing, the right to ask questions of school officials, the right to obtain records and information from the school, and the right to present information and evidence on behalf of the child."

SECTION 28.17.(d) The State Board of Education shall study the benefits of providing students' parents or guardians with copies of tests administered to their children under the Statewide Testing Program. The Board shall also consider the costs of maintaining the integrity and reliability of the tests if such a policy is implemented. The Board shall report the results of this study to the Joint Legislative Education Oversight Committee by March 31, 2002.

SECTION 28.17.(e) Part 3 of Article 8B of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-105.41. Students who have been placed at risk of academic failure; personal education plans.**

Local school administrative units shall identify students in all grades who have been placed at risk for academic failure and implement a personal education plan for academic improvement with focused intervention and performance benchmarks. Identification shall occur as early as can reasonably be done and can be based on grades, observations, State assessments, and other factors that teachers and administrators consider appropriate, without having to await the results of end-of-grade or end-of-course tests. At the beginning of the school year, a personal education plan shall be developed for any student not performing at least at grade level, as identified by the State end-of-grade test. Focused intervention and acceleration activities may include, among other things, summer school, Saturday school, and extended days. Local school administrative units shall provide these activities and transportation free of charge to students."

SECTION 28.17.(f) G.S. 115C-174.12(a) reads as rewritten:

"(a) ~~The State Board of Education shall review the tests being administered through State and local testing programs and shall select the tests that it believes are necessary to provide the best measures of the levels of academic achievement attained by students in various subject areas.~~ The State Board of Education shall ~~also~~ establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs and for otherwise carrying out the provisions of this Article. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and Section 504 plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption."

SECTION 28.17.(g) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning.

SECTION 28.17.(h) Students in a local school shall not be subject to field tests or national tests during the two-week period preceding the administration of the end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams. No school shall participate in more than two field tests at any one grade level during a school year.

SECTION 28.17.(i) The Joint Legislative Education Oversight Committee shall study the State's testing program. As part of this study, the Committee shall consider:

(1) The number of tests currently mandated at the State level and the process and cost of developing, validating, and scoring them.

(2) Whether the State should consider the use of nationally developed tests as a substitute to State-developed testing. In particular, the Committee

shall determine whether this use would (i) affect the ABCs Program, (ii) adequately measure student achievement and performance, (iii) provide more than minimum levels of achievement, (iv) provide a better comparison to student achievement and performance in other states, (v) be practical for high school courses or higher level courses, (vi) reduce the need for field testing, and (vii) offer any cost savings to the State.

(3) The number of grades in which State tests are given. The Committee shall determine the necessity for testing all grades in third through eighth grades, whether a reduction in the grades tested would affect the receipt of federal money, and the extent to which a reduction would impair the State's ability to identify schools under the ABCs Program.

(4) The high school courses for which State tests are given and whether there is an appropriate distribution of tests across grades nine through 12 and that test an appropriate array of the minimum courses required for admission to the constituent institutions of The University of North Carolina. In addition, the Committee shall examine whether students who take higher level courses and students in 12th grade are held accountable for their academic growth and performance.

(5) The advantages and disadvantages of using a composite of end-of-course tests or other tests such as the SAT, AP tests, or other nationally standardized tests in high school rather than developing a high school exit exam. If the Committee finds a high school exit exam is preferable, then it shall determine whether it must be administered to all students or limited to certain students, for example, those who don't take the SAT or a certain number of courses for which there are end-of-course tests.

(6) The extent to which additional testing, including field testing, practice testing, and locally mandated testing, is occurring and whether this should be limited or prohibited.

(7) Any other issue the Committee considers relevant.

The Committee shall report its findings and any recommendations, including recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

SECTION 28.17.(j) The State Board of Education shall develop and report to the Joint Legislative Education Oversight Committee on its objectives for the Statewide Testing Program and on the implementation of that Program. The report shall include:

(1) A statement of the relationship between these objectives and the tests currently administered under the Program;

(2) An analysis of whether the current tests appropriately achieve these objectives;

(3) A statement of any actions that may be needed to coordinate the objectives and the tests more effectively; and

(4) Strategies for communicating the objectives of the Program, the tests administered under the Program, and the relationship between these objectives and tests to principals, teachers, parents, and students throughout the State.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME MENTORS

SECTION 28.18.(a) The State Board of Education shall establish a pilot program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County School Administrative Unit, and the Wake County School Administrative Unit to use funds allocated for mentors for full-time mentors.

Funds allocated for mentors in these units shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

(1) Salary supplements to teachers and instructional support personnel who are serving as mentors. The amount of the salary supplement shall not be based on the number of teachers or instructional support personnel to whom the mentor is assigned; or

(2) Payments to teachers or instructional support personnel who are employed solely to serve as mentors. An individual employed solely to serve as a mentor shall receive a payment for each individual, up to 15 individuals, to whom the mentor is assigned. The amount of each such payment shall be the same as the amount of the salary supplement for a mentor.

SECTION 28.18.(b) The Charlotte-Mecklenburg Board of Education, the Forsyth County Board of Education, and the Wake County Board of Education shall report to the State Board of Education on an annual basis on the impact that the mentor program has had on retention of teachers. The State Board shall report on this information to the Joint Legislative Education Oversight Committee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONAL SUPPORT FOR INITIALLY CERTIFIED TEACHERS

SECTION 28.19. The State Board of Education shall modify the Performance-Based Licensure Program to provide additional support for initially certified teachers. Initially certified teachers shall receive up to three days of approved paid leave during their second year of employment to work on their performance-based products or to consult with their mentors. If teachers have not successfully completed the performance-based requirements by their third year of employment, the teachers shall receive up to three days of approved paid leave to complete all requirements. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PHASE IN ADM REDUCTIONS DUE TO CHARTER SCHOOLS

SECTION 28.20.(a) If a local school administrative unit experiences a loss in projected average daily membership of greater than five percent (5%) due to the opening of a new charter school within the unit, the State Board of Education may use funds from the Reserve for Average Daily Membership Adjustments to assure that the funding loss to the local school administrative unit does not exceed five percent (5%) in the first fiscal year of the charter school's operation.

The State Board of Education shall phase out this special allotment in subsequent fiscal years by decreasing the amount of the special allotment each year by the amount of the prior year's funding loss.

SECTION 28.20.(b) A local school administrative unit that received funds for the 2000-2001 fiscal year pursuant to Section 8.5 of S.L. 2000-67 to reduce the loss of funds due to shifts of enrollment to charter schools shall continue to receive funds for

the 2001-2002 fiscal year in the amount of one hundred percent (100%) of the 2000-2001 allotment and for the 2002-2003 fiscal year in the amount of fifty percent (50%) of the 2000-2001 allotment.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MEDICAID OUTREACH

SECTION 28.21. If a claim for Medicaid outreach reimbursement that was submitted by a local school administrative unit and paid by a federal agency is later found by that agency to be inappropriate, the Department of Public Instruction shall request that the federal agency offset the overpaid amount against the next quarterly reimbursement due to the local school administrative unit. If the federal agency does not allow the offset, the Department of Public Instruction shall request repayment from the local school administrative unit, as provided for in agreements between the Department of Public Instruction and the local school administrative unit or, in the case of a local interagency agreement, agreements among local school administrative units. If the local school administrative unit that received the overpayment fails to repay the overpaid moneys within the time permitted under such agreements, the Department of Public Instruction may withhold the overpaid amount from State funds allocated for the central office of the local school administrative unit.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR NONINSTRUCTIONAL SUPPORT PERSONNEL MAY BE USED FOR STAFF DEVELOPMENT

SECTION 28.22. G.S. 115C-105.25(b) reads as rewritten:

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

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

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

(2a) Up to three percent (3%) of State funds allocated for noninstructional support personnel may be transferred for staff development.

(3) No funds shall be transferred into the central office allotment category.

(4) Funds allocated for children with special needs, for students with limited English proficiency, and for driver's education shall not be transferred.

(5) Funds allocated for classroom teachers may be transferred only for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the textbooks allotment category and the classroom materials/instructional supplies/equipment allotment category.

(6) Funds allocated for vocational education may be transferred only in accordance with any rules that the State Board of Education considers appropriate to ensure compliance with federal regulations.

(7) Funds allocated for career development shall be used in accordance with Section 17.3 of Chapter 324 of the 1995 Session Laws.

(8) Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.

(9) Funds allocated in the Alternative Schools/At-Risk Student allotment shall be spent only for alternative learning programs, at-risk students, and school safety programs."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY TEXTBOOK DISTRIBUTION SYSTEM

SECTION 28.24. The State Board of Education shall contract for an analysis of the best and most efficient method to manage textbook distribution to the local schools. The Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis required and select a private consultant to perform the analysis. The analysis shall include such issues as timely delivery, total costs to the local school systems in providing textbooks to school buildings, use of currently available technology in the process, pricing practices among the textbook publishing industry, and other issues the Board considers relevant to a comprehensive review of the system.

Prior to award of a contract, the State Board shall present the Request for Proposals to the Joint Legislative Education Oversight Committee for comment. The State Board shall report to the Joint Legislative Education Oversight Committee on the results of the consultant's analysis, including the Board's recommendations for changes in the current system. The Board shall make its final report to the Committee by April 1, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ABOLISH THE NORTH CAROLINA STANDARDS BOARD FOR PUBLIC SCHOOL ADMINISTRATION

SECTION 28.25.(a) G.S. 115C-290.2 reads as rewritten:

"**§ 115C-290.2. Definitions.**

The following definitions apply in this Article:

(1) Repealed by Session Laws 1995, c. 116, s. 1.
(2) Exam. – The North Carolina Public School Administrator Exam.
(3) School administrator. – Public school superintendents, deputy superintendents, associate superintendents, assistant superintendents, principals, and assistant principals.
~~(4) Standards Board. – The North Carolina Standards Board for Public School Administration.~~"

SECTION 28.25.(b) G.S. 115C-290.3 is repealed.

SECTION 28.25.(c) G.S. 115C-290.4 is repealed.

SECTION 28.25.(d) G.S. 115C-290.5 reads as rewritten:

"**§ 115C-290.5. Powers and duties of the Board; development of the North Carolina Public School Administrator Exam.**

(a) The ~~Standards Board~~ State Board of Education shall administer this Article. In fulfilling this duty, the ~~Standards~~ Board shall:

(1) In accordance with subsection (c) of this section, develop and implement a North Carolina Public School Administrator ~~Exam, based on the professional standards established by the Standards Board.~~Exam.
(2) Establish and collect an application fee not to exceed fifty dollars ($50.00). Fees collected under this Article shall be credited to the General Fund as nontax revenue.
(3) Review the educational achievements of an applicant to take the exam to determine whether the achievements meet the requirements set by G.S. 115C-290.7.
~~(4) Notify the State Board of Education of the names and addresses of the persons who passed the exam and are thereby recommended to be certified as public school administrators by the State Board of Education.~~
(5) Maintain accounts and records in accordance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.
(6) Adopt rules in accordance with Chapter 150B of the General Statutes to implement this Article.
~~(7) Submit an annual report by December 1 of each year to the Joint Legislative Education Oversight Committee of its activities during the preceding year, together with any recommendations and findings regarding improvement of the profession of public school administration.~~

~~(b) The Board may adopt a seal and affix it to any documents issued by the Board.~~

~~(c) The Standards Board shall submit its proposed exam to the State Board. The State Board shall adopt or reject the proposal. The State Board shall not make any substantive changes to any exam that it adopts. If the State Board rejects the proposal, it shall state with specificity its reasons for rejection; the Standards Board then may prepare another proposed exam and submit it to the State Board. If the State Board rejects the proposed exam on its second submission, the State Board may develop and adopt an exam by December 1, 1997. The General Assembly urges the State Board to utilize the Standards Board's proposed exam to the maximum extent that it is consistent with the State Board's policies if the State Board develops and adopts an exam. After an exam has been adopted, the Standards Board may submit suggested changes to the State Board for its approval.~~"

SECTION 28.25.(e) G.S. 115C-290.6 reads as rewritten:

"**§ 115C-290.6. Application to the ~~Standards Board.~~State Board of Education.**

An individual who seeks to be recommended by the Standards Board for certification by the State Board of Education, shall file a written application ~~with the Standards Board. The application must be~~ on a form provided by the ~~Standards Board, must~~ State Board of Education. The application shall be accompanied by the required application and exam fees ~~established by the Standards Board, and must~~ and shall include any information required by the ~~Standards~~ Board."

SECTION 28.25.(f) G.S. 115C-290.7 reads as rewritten:

"**§ 115C-290.7. ~~Recommendation by the Standards Board.~~Qualifications for certification.**

~~(a) The Standards Board shall for certification by the State Board an individual who submits a complete application to the Standards Board and satisfies all of the following requirements:~~

~~(1) Pays the application fee established by the Standards Board.~~

~~(2) Repealed by Session Laws 1998-16, s. 1.~~

~~(3) Has~~

(b) To qualify for certification as a school administrator, an individual must:

(1) Submit a complete application to the State Board.

(2) Pay the applicable fee.

(3) Have a ~~bachelors~~ bachelors degree from an accredited college or accredited ~~university and (i) has~~ university.

(4) Either (i) have a graduate degree from a public school administration program that meets the public school administrator program approval standards set by the State Board of Education, or (ii) ~~has~~ have a masters degree from an accredited college or accredited university and ~~has~~ have completed by December 31, 1999, a public school administration program that meets the public school administration approval standards set by the State Board of ~~Education.~~Education, and

~~(4) Passes~~

(5) Pass the exam adopted by the State Board.

~~(b) The State Board of Education may not certify an individual as a public school administrator unless it has received notice from the Standards Board that the person is recommended by the Standards Board under this Article.~~ The State Board may designate initial certification as a ~~license; advanced~~license. Advanced training may be designated as a certified area of practice."

SECTION 28.25.(g) G.S. 115C-290.8 reads as rewritten:

"**§ 115C-290.8. Exemptions from requirements.**

(a) The requirements of this Article do not apply to a person who, at any time during the five years preceding January 1, 1998, obtained or renewed a State administrator/supervisor certificate.

(b) The State Board may adopt policies governing the requirements for the certification of individuals who hold a certificate issued in any other state that authorizes them to be employed as school administrators in that state. These policies may exempt some or all of these individuals from the requirements of this Article.

(c) A person who is exempt from the requirements of this Article but ~~applies to the Standards Board~~for certification under this Article shall be subject to the Article."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

GUIDELINES FOR CHARTER SCHOOL ENROLLMENT

SECTION 28.26. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed five years and may renew the charter upon the request of the chartering entity for subsequent periods not to exceed five years each. A material revision of the

provisions of a charter application shall be made only upon the approval of the State Board of Education. ~~Beginning with the charter school's second year of operation and annually thereafter, the State Board shall allow a charter school to increase its enrollment by ten percent (10%) of the school's previous year's enrollment or as is otherwise provided in the charter. This enrollment growth shall not be considered a material revision of the charter application and shall not require the prior approval of the State Board.~~

It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to ten percent (10%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than ten percent (10%) only if the State Board finds that:

(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;

(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;

(3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;

(4) The charter school is not currently identified as low-performing;

(5) The charter school meets generally accepted standards of fiscal management; and

(6) It is otherwise appropriate to approve the enrollment growth."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 28.27. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2001-2002 and 2002-2003 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ACADEMY

SECTION 28.28.(a) G.S. 116-30.01(a) reads as rewritten:

"(a) The North Carolina Teacher Academy Board of Trustees shall establish a statewide network of high quality, integrated, comprehensive, collaborative, and substantial professional development for teachers, which shall be provided through summer programs. This network shall include professional development programs that focus on teaching strategies for teachers assigned to at-risk schools."

SECTION 28.28.(b) The State Board of Education shall specify professional development programs for teachers assigned to smaller classes in kindergarten through fifth grade. The Teacher Academy shall use at least ten percent (10%) of its budget for the 2001-2002 fiscal year to deliver these programs to teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine

MODIFY LAW REGARDING CHILDREN WITH DISABILITIES

SECTION 28.29.(a) Part 5 of Article 9 of Chapter 115C of the General Statutes reads as rewritten:

"Part 5. Council on Educational Services for Exceptional Children.

"**§ 115C-121. Establishment; organization; powers and duties.**

(a) There is hereby established an Advisory Council to the State Board of Education to be called the Council on Educational Services for Exceptional Children.

(b) The Council shall consist of 23 members to be appointed as follows: ~~five~~ four ex officio members; ~~two members~~ one individual with a disability and one representative of a private school appointed by the Governor; ~~two members~~ one member of the Senate and one parent of a child with a disability appointed by the President Pro Tempore; ~~two members~~ one member of the House of Representatives and one parent of a child with a disability appointed by the Speaker of the House; and ~~12~~ 13 members appointed by the State Board of Education. ~~Of those members of the Council appointed by the State Board one member shall be selected from each congressional district within the State, and the members so selected shall be composed of at least one person representing each of the following: handicapped individuals, parents or guardians of children with special needs, teachers of children with special needs, and State and local education officials and administrators of programs for children with special needs.~~ The State Board shall appoint members who represent individuals with disabilities, teachers, local school administrative units, institutions of higher education that prepare special education and related services personnel, administrators of programs for children with disabilities, charter schools, parents of children with disabilities, and vocational, community, or business organizations concerned with the provision of transition services. The majority of members on the Council shall be individuals with disabilities or parents of children with disabilities. The Council shall designate a chairperson from among its members. The designation of the chairperson is subject to the approval of the State Board of Education. ~~The board shall promulgate rules or regulations~~ The Board shall adopt rules to carry out this subsection.

Ex officio members of the Council shall be the following:

(1) The Secretary of ~~the Department of~~ Health and Human Services or the Secretary's ~~designee;~~ designee.

~~(1a)~~(2) ~~A representative of the Department~~ The Secretary of Juvenile Justice and Delinquency ~~Prevention, appointed by the Governor;~~ Prevention or the Secretary's designee.

~~(2)~~(3) The Secretary ~~of the Department~~ of Correction or the Secretary's ~~designee;~~ designee.

~~(3) A representative from The University of North Carolina Planning Consortium for Children with Special Needs; and~~

(4) The Superintendent of Public Instruction or the Superintendent's designee.

The term of appointment for all members except those appointed by the State Board of Education ~~shall be for~~ is two years. The term for members appointed by the State Board of Education ~~shall be for~~ is four years. No person shall serve more than two consecutive four-year terms. ~~The initial term of office of the person appointed from the 12th Congressional District shall commence on January 3, 1993, and expire on June 30, 1996.~~

Each Council member shall serve without pay, but shall receive travel allowances and per diem in the same amount provided for members of the North Carolina General Assembly.

(c) The Council shall meet in offices provided by the Department of Public Instruction on a date to be agreed upon by the members of the Council from meeting to ~~meeting: Provided, however, that the~~ meeting. The Council shall meet no less than once every three months. The Department of Public Instruction shall provide the necessary secretarial and clerical staff and supplies to accomplish the objectives of the Council.

(d) The ~~duties of the Council shall be to:~~ Council shall:

(1) Advise the Board with respect to unmet needs within the State in the education of children with ~~special needs, as defined in this Chapter.~~ disabilities.

(2) Comment publicly on ~~rules and regulations~~ rules, policies, and procedures proposed ~~for issuance~~ by the Board regarding ~~special education and related services and the procedures for issuing State and federal funds for special education and related services.~~ the education of children with disabilities.

(3) Assist the Board in developing ~~and reporting such data and evaluations as may assist the Commissioner of Education in the performance of his duties under Part B, Education of the Handicapped Act, as amended by Public Law 94-142.~~ evaluations and reporting on data to the Secretary of Education under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(4) ~~Comment publicly on State special education plans developed pursuant to Public Law 94-142 and State law.~~ Advise the State Board in developing corrective action plans to address findings identified in federal monitoring reports required under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(5) Advise the State Board in developing and implementing policies relating to the coordination of services for children with disabilities.

(6) Carry out any other responsibility as designated by federal law or the State Board."

SECTION 28.29.(b) The Joint Legislative Education Oversight Committee, in consultation with the Department of Public Instruction, shall examine the State laws governing special education and related services for children with disabilities to identify and recommend statutory changes needed to bring State law in conformity with recent changes in the federal Individuals with Disabilities Education Act (IDEA). The Committee shall report to the 2002 Regular Session of the 2001 General Assembly on its recommended changes.

SECTION 28.29.(c) Chapter 115C of the General Statutes is amended by adding the following new Article to read:

"Article 9C.

"Pregnant Children.

"**§ 115C-150.13. Educational programs for pregnant children.**

Consistent with the mission of the public school community to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential, each local educational agency shall establish and implement educational programs for pregnant students that enable these students to successfully complete their public school education. The State Board of Education shall adopt rules specifically to address the preparation of these educational programs. These rules shall include specific standards for ensuring that the individual educational needs of each child are addressed, homebound educational services are provided when necessary and appropriate, and data regarding pregnant and parenting students' performance, school continuation, and dropout rates are collected and retained for use in developing programs for this population."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLOSING THE ACHIEVEMENT GAP

SECTION 28.30.(a) G.S. 115C-105.35 reads as rewritten:

"**§ 115C-105.35. Annual performance goals.**

The School-Based Management and Accountability Program shall (i) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, (ii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and (iii) hold schools accountable for the educational growth of their students. To those ends, the State Board shall design and implement an accountability system that sets annual performance standards for each school in the State in order to measure the growth in performance of the students in each individual school. For purposes of this Article, beginning school year 2002-2003, the Board shall include a 'closing the achievement gap' component in its measurement of educational growth in student performance for each school."

SECTION 28.30.(b) The State Board of Education shall report its plan to include measurement of "closing the achievement gap" in educational growth in student performance for each school to the Joint Legislative Education Oversight Committee by September 1, 2001.

SECTION 28.30.(c) G.S. 115C-12 is amended by adding a new subdivision to read:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(30) Duty to Adopt Model Guidelines and Policies for the Establishment of Local Task Forces on Closing the Academic Achievement Gap. – The State Board shall adopt a Model for local school administrative units to use as a guideline to establish local task forces on closing the academic achievement gap at the discretion of the local board. The purpose of each task force is to advise and work with its local board of education and administration on closing the gap in academic achievement and on developing a collaborative plan for achieving that goal. The State Board shall consider the recommendations of the Commission on Improving the Academic Achievement of Minority and At-Risk Students to the 2001 Session of the General Assembly in establishing its guidelines."

SECTION 28.30.(d) G.S. 115C-12(27) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(27) Reporting Dropout ~~Rates and Expelled Students.~~Rates, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report annually to the Joint Legislative Education Oversight Committee and the Commission on Improving the Academic Achievement of Minority

and At-Risk Students on the numbers of students who have dropped out of school, been suspended, been expelled, or been placed in an alternative program. The data shall be reported in a disaggregated manner and be readily available to the public. The State Board shall not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school."

SECTION 28.30.(e) Section 15.1(b) of S.L. 1999-395 reads as rewritten:

"(b) Initial appointments to the Commission shall be made before September 15, 1999. The first meeting of the Commission shall be held no later than October 15, 1999. Terms on the Commission are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Commission even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Commission."

SECTION 28.30.(f) Section 15.5 of S.L. 1999-395 reads as rewritten:

"Section 15.5. ~~The Commission shall make an interim report of its findings and recommendations to the General Assembly not later than the convening of the 2000 Regular Session of the 1999 General Assembly. The Commission shall submit to the General Assembly a final report of its findings and recommendations of this study not later than the convening of the 2001 General Assembly.~~ The Commission shall make an interim report to the Joint Legislative Education Oversight Committee and to the General Assembly by April 1, 2002. The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee and to the General Assembly by January 10, 2003. Upon filing its final report, the Commission shall terminate."

SECTION 28.30.(g) The Commission, as reauthorized under this section, shall, in addition to its other responsibilities, determine the extent to which additional fiscal resources are needed to close the academic achievement gap and keep it closed. The Commission shall report its findings under this subsection to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLARIFY LAW REGARDING MENTORS FOR SECOND-YEAR TEACHERS

SECTION 28.31. State funds appropriated to provide mentors for teachers during their second year of teaching may be used to provide mentors for teachers whose first year of teaching was in a public school in North Carolina, a public school in another state, a private school, or a charter school.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW STUDENT INFORMATION SYSTEM

SECTION 28.32. The State Board of Education may transfer up to one million dollars ($1,000,000) in funds appropriated for the Uniform Education Reporting System for the 2001-2002 fiscal year to the Department of Public Instruction to lease or purchase equipment necessary for the testing and implementation of NC WISE, the new student information system in the public schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 28.33.(a) Funds appropriated for the 2001-2002 fiscal year and the 2002-2003 fiscal year for Student Accountability Standards shall be used to assist students in performing at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to local school administrative units based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in this allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Continuation budget funds previously appropriated for NC Helps and for the middle school pilot project shall be transferred to this allocation category.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2001-2002 fiscal year within 30 days of the date this act becomes law.

SECTION 28.33.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY THE SALARIES OF SCHOOL FOOD SERVICE WORKERS AND CUSTODIANS

SECTION 28.34. The Joint Legislative Education Oversight Committee shall study the salaries of food service workers and custodians employed by the public schools. The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARACTER EDUCATION

SECTION 28.36. The State Board of Education shall use funds appropriated in this act for character education to develop a model character education curriculum for the public schools. The Board may contract with an outside consultant to implement the provisions of this act.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 28.37. The Joint Legislative Education Oversight Committee shall study salary differentials for instructional support personnel. In the course of the

study, the Committee shall consider salary differentials based on degrees and other educational credentials, licensure or certification by State agencies, licensure or certification by private entities, and other factors. The Committee shall report its findings and recommendations to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FLEXIBILITY TO IMPLEMENT BASE BUDGET REDUCTION

SECTION 28.38. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds in the Department's continuation budget to transfer and reclassify positions as necessary to implement the base budget reductions for the 2001-2003 fiscal biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NC WISEOWL WEB SITE

SECTION 28.40.(a) The Department of Public Instruction shall use funds appropriated to continue the subscriptions currently available on the Department's NC WISEOWL web site for the 2001-2002 fiscal year. The Department of Public Instruction shall work collaboratively with the Department of Cultural Resources' NC LIVE Program to most efficiently use the funds appropriated and to facilitate the process of accessing the subscriptions through the NC LIVE web site effective in fiscal year 2002-2003.

SECTION 28.40.(b) The Department of Public Instruction and the Department of Cultural Resources shall report the results of their collaboration and recommendations to the Joint Information Technology Appropriations Subcommittee by March 15, 2002. The Joint Information Technology Appropriations Subcommittee shall review all North Carolina State Government Internet sites that are designed for children and consider if the consolidation of resources or access is appropriate.

Requested by: Representative Russell, Easterling, Oldham, Redwine, Thompson

OVERTIME FOR SCHOOL EMPLOYEES

SECTION 28.42. If a person employed as both a teacher assistant and a school bus driver works for a combined total of more than 40 hours per week, the employee shall receive overtime compensation at a rate of one and a half times the normal rate of pay. The appropriate number of hours shall be paid for teacher assistant duties from the teacher assistant allotment, and the appropriate number of hours shall be paid for bus driver duties from the transportation allotment. If agreed upon by both the employer and the employee, up to 240 hours may be granted as compensatory time off instead of overtime pay. Hours of compensatory time shall accrue at a rate of time and a half. Overtime compensation, in the form of overtime pay or compensatory time, shall be provided after 40 hours of work and shall not be waived by agreement between the employer and employee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR TEACHER RECRUITMENT INITIATIVES

SECTION 28.43. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to enable teachers who have received NBPTS certification or who have otherwise received

special recognition to advise the State Board of Education on teacher recruitment and other strategic priorities of the State Board.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LIMITATION ON USE OF KINDERGARTEN FUNDS

SECTION 28.44. Local school administrative units shall use teacher positions allocated to reduce class size in kindergarten only to hire classroom teachers for kindergarten.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPLORNET AUDIT

SECTION 28.45. The State Auditor shall audit ExplorNet, Incorporated, for fiscal year 1999-2000 and fiscal year 2000-2001 under G.S. 143-6.1(f). No State funds appropriated for distribution to ExplorNet, Incorporated, shall be disbursed until the State Auditor and the Office of State Budget and Management certify that ExplorNet, Incorporated, is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. A copy of the State Auditor's report shall be sent to the Joint Legislative Education Oversight Committee and to the Joint Legislative Commission on Governmental Operations.

PART XXIX. HIGH PRIORITY SCHOOL ASSISTANCE AND ACCOUNTABILITY

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ASSISTANCE TO THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 29.1. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of ten million eight hundred seventy-six thousand four hundred thirty-eight dollars ($10,876,438) for the 2001-2002 fiscal year and the sum of twelve million two hundred thirty-seven thousand nine hundred thirteen dollars ($12,237,913) for the 2002-2003 fiscal year shall be used to provide the State's lowest-performing elementary schools with the tools needed to dramatically improve student achievement. These funds shall be used for the 37 elementary schools at which, for the 1999-2000 school year, over eighty percent (80%) of the students qualified for free or reduced-price lunches and no more than fifty-five percent (55%) of the students performed at or above grade level. Of these funds:

(1) The sum of $8,062,603 for the 2001-2002 fiscal year and the sum of $8,062,603 for the 2002-2003 fiscal year shall be used to reduce class size at each of these schools to ensure that no class in kindergarten through third grade has more than 15 students;

(2) The sum of $973,455 for the 2001-2002 fiscal year shall be used to extend teachers' contracts at these schools by five days for staff development, including staff development on methods to individualize instruction in smaller classes, and preparation for the 2001-2002 school year and the sum of $2,334,930 for the 2002-2003 fiscal year shall be used to extend teachers' contracts for a total of 10 days, including five additional days of instruction with related costs for other than teachers salaries, for the 2002-2003 school year; and

(3) The sum of $1,840,380 for the 2001-2002 fiscal year and the sum of $1,840,380 for the 2002-2003 fiscal year shall be used to provide one additional instructional support position at each priority school.

Any teacher assistants displaced from jobs in these highest priority elementary schools shall be given preferential consideration for vacant teacher assistant positions at other schools in the local school administrative unit, provided their job performance has been satisfactory.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ACTIONS TO ADDRESS TEACHER SHORTAGE

SECTION 29.2.(a) Of the funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of two million five hundred thousand dollars ($2,500,000) for the 2001-2002 fiscal year and the sum of two million five hundred thousand dollars ($2,500,000) for the 2002-2003 fiscal year shall be used to expand the pool of qualified teachers and to provide recruitment and retention incentives to attract and retain high-quality teachers to low-performing schools and schools with shortages of teachers in certain areas of certification. Of these funds:

(1) The sum of $1,000,000 for the 2001-2002 fiscal year and the sum of $1,000,000 for the 2002-2003 fiscal year shall be used to provide additional scholarship funds for teacher assistants taking courses that are prerequisites for teacher certification programs; and

(2) The sum of $1,500,000 for the 2001-2002 fiscal year and the sum of $1,500,000 for the 2002-2003 fiscal year shall be used to provide annual bonuses of $1,800 to teachers certified in and teaching in the fields of mathematics, science, or special education at middle and high schools with 80% or more of the students eligible for free or reduced lunch or with 50% or more of students performing below grade level in Algebra I and Biology. The bonus shall be paid monthly with matching benefits. Teachers shall remain eligible for the bonuses so long as they continue to teach in one of these disciplines at a school that was eligible for the bonus program when the teacher first received the bonus.

SECTION 29.2.(b) The Joint Legislative Education Oversight Committee shall study the effectiveness of providing benefits to part-time teachers as a means to recruit certified teachers back into the classroom. The Committee shall examine the effectiveness of different methods of providing these benefits. The Committee shall also examine the cost of the recruitment effort, including the cost of incorporating existing part-time teachers into the plan. The Committee shall make a report to the General Assembly by April 1, 2002.

SECTION 29.2.(c) The Joint Legislative Education Oversight Committee shall study the potential effectiveness of increasing the size of the Teaching Fellows Program to improve the supply of qualified teachers for the public schools. In its analysis the Committee shall consider the retention of Teaching Fellows in the teaching profession.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE ASSISTANCE TO CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.3. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.37A. Continually low-performing schools; definition; assistance and intervention; reassignment of students.**

(a) Definition of Continually Low-Performing Schools. – A continually low-performing school is a school that has received State-mandated assistance and has been

designated by the State Board as low performing for at least two of three consecutive years. If the State Board identifies a school as continually low performing, the school improvement team at that school shall review its school improvement plan to ensure consistency with the plan adopted pursuant to G.S. 115C- 105.38(3).

(b) Assistance to Schools That Are Low Performing for Two Years. – If a school that has received State-mandated assistance is designated by the State Board as low performing for two consecutive years or for two of three consecutive years, the State Board shall provide a series of progressive assistance and intervention strategies to that school. These strategies shall be designed to improve student achievement and to maintain student achievement at appropriate levels and may include, to the extent that funds are available for this purpose, assistance such as reductions in class size, extension of teacher and assistant principal contracts, extension of the instructional year, and grant-based assistance.

(c) Intervention in Schools That Are Low Performing for Three or More Years. – The State Board of Education shall develop and implement a series of actions for providing assistance and intervention to schools that have previously received State-mandated assistance and have been designated by the State Board as low performing for three or more consecutive years or for at least three out of four years. These actions shall be the least intrusive actions that are consistent with the need to improve student achievement at each such school and shall be adapted to the unique characteristics of each such school and the effectiveness of other actions developed or implemented to improve student achievement at each such school."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONS TO THE LOCAL SUPERINTENDENT'S PLAN TO IMPROVE A LOW-PERFORMING SCHOOL

SECTION 29.4. G.S. 115C-105.37(a1) reads as rewritten:

"(a1) By July 10 of each year, each local school administrative unit shall do a preliminary analysis of test results to determine which of its schools the State Board may identify as low-performing under this section. The superintendent then shall proceed under G.S. 115C-105.39. In addition, within 30 days of the initial identification of a school as low-performing by the local school administrative unit or the State Board, whichever occurs first, the superintendent shall submit to the local board a preliminary plan for addressing the needs of that ~~school.~~ school, including how the superintendent and other central office administrators will work with the school and monitor the school's progress. Within 30 days of its receipt of this plan, the local board shall vote to approve, modify, or reject this plan. Before the board makes this vote, it shall make the plan available to the public, including the personnel assigned to that school and the parents and guardians of the students who are assigned to the school, and shall allow for written comments. The board shall submit the plan to the State Board within five days of the board's vote. The State Board shall review the plan expeditiously and, if appropriate, may offer recommendations to modify the plan. The local board shall consider any recommendations made by the State Board."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.5. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars ($1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars ($1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's

chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

(1) The sum of $471,366 for the 2001-2002 fiscal year and the sum of $471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and

(2) The sum of $1,207,595 for the 2001-2002 fiscal year and the sum of $1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and

(3a) The sum of $128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of $10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and

(3b) The sum of $307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of $24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EVALUATION OF INITIATIVES TO ASSIST HIGH-PRIORITY SCHOOLS

SECTION 29.6.(a) In order for the high-priority schools identified in Section 29.1 of this act to remain eligible for the additional resources provided in this section, the schools must meet the expected growth for each year and must achieve high growth for at least two out of three years, based on the State Board of Education's annual performance standards set for each school. No adjustment in the allotment of resources based on performance shall be made until the 2004-2005 school year.

SECTION 29.6.(b) All teaching positions allotted for students in high-priority schools and continually low-performing schools in those grades targeted for smaller class sizes shall be assigned to and teach in those grades and in those schools. In grades K-3 in high-priority schools and in grades K-5 in continually low-performing schools, the maximum class size shall be no more than one student above the allotment ratio in that grade. The Department of Public Instruction shall monitor class sizes at these schools at the end of the first month of school and report to the State Board of Education on the actual class sizes in these schools. If the local school administrative unit notifies the State Board of Education that they do not have sufficient resources to adhere to the class size maximum requirements, the State Board shall verify the accuracy of the request. If additional resources are determined

necessary, the State Board of Education may allocate additional teaching positions to the unit from the Reserve for Average Daily Membership Adjustments.

SECTION 29.6.(c) Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of five hundred thousand dollars ($500,000) for fiscal year 2001-2002 and the sum of five hundred thousand dollars ($500,000) for fiscal year 2002-2003 shall be used by the State Board of Education to contract with an outside organization to evaluate the initiatives set forth in this act.

The evaluation shall include:

(1) An assessment of the overall impact these initiatives have had on student achievement;

(2) An assessment of the effectiveness of each individual initiative set forth in this act in improving student achievement;

(3) An identification of changes in staffing patterns, instructional methods, staff development, and parental involvement as a result of these initiatives;

(4) An accounting of how funds and personnel resources made available for these schools were utilized and the impact of varying patterns of utilization on changes in student achievement; and

(5) Recommendations for the continuance and improvement of these initiatives.

The State Board of Education shall make an initial report to the Joint Legislative Education Oversight Committee regarding the results of this evaluation by December 1, 2002, and annually thereafter. The State Board of Education shall submit its recommendations for changes to these initiatives to the Committee at any time.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ALLOCATION OF FEDERAL FUNDS FOR PRIORITY SCHOOLS

SECTION 29.7. The State Board of Education shall make every effort to coordinate the use of State and federal funds to avoid duplication or overlap of services, and to ensure that the benefits of smaller class sizes accrue to as many at-risk students as possible.

PART XXX. COMMUNITY COLLEGES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGE FUNDING FLEXIBILITY

SECTION 30.1. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs.

No more than two percent (2%) systemwide shall be transferred from faculty salaries without the approval of the State Board of Community Colleges. The State Board shall report on any such transfers above two percent (2%) systemwide to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PERMIT TRANSFERS OF FUNDS TO THE NEW AND EXPANDING INDUSTRY TRAINING PROGRAM

SECTION 30.2. Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other provision of law, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from any agency or program funded from the General Fund to the New and Expanding Industry Training Program to supplement the needs of this Program during the 2001-2003 biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF THE HUMAN RESOURCES DEVELOPMENT PROGRAM

SECTION 30.3.(a) The State Board of Community Colleges shall establish a committee to develop and recommend to the Board a core series of employability skills training classes that should be coded in the Continuing Education Master Course List as Human Resources Development.

SECTION 30.3.(b) The State Board of Community Colleges may waive tuition and fees for enrollment in classes coded in the Continuing Education Master Course List as Human Resources Development if the individual enrolling:

(1) Is unemployed;
(2) Has received notification of a pending layoff;
(3) Is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or
(4) Is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.

Individuals for whom tuition and fees are waived must sign a form adopted by the State Board of Community Colleges verifying that they meet one of these criteria.

SECTION 30.3.(c) The State Board of Community Colleges shall study the feasibility of integrating the delivery of human resources development services into the framework of the JobLink Career Centers. The Board shall report its recommendations to the Joint Legislative Education Oversight Committee by May 1, 2002.

SECTION 30.3.(d) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on its reorganization of the Human Resources Development Program by January 1, 2003.

SECTION 30.3.(e) The State Board of Community Colleges may adopt temporary rules to implement reorganization of the Human Resources Development Program.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MANAGEMENT INFORMATION SYSTEM FUNDS

SECTION 30.4. Funds appropriated for the Community Colleges System Office Management Information System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years but shall remain available until expended.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 30.5.(a) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Community Colleges System Office the sum of twenty-six million five hundred thirty thousand seven hundred twenty-five dollars ($26,530,725) for the 2001-2002 fiscal year. These funds shall be used as follows:

		2001-2002
1.	Equipment Funds	$17,630,725
2.	Regional and Cooperative Initiatives	400,000
3.	New and Expanding Industry Training Programs	7,000,000
4.	Focused Industrial Training Programs	1,500,000
	TOTAL	$26,530,725

Funds allocated for Equipment, New and Expanding Industry Training Programs, and Focused Industrial Training Programs shall be nonreverting.

Funds allocated for equipment shall be placed in the Equipment Reserve Fund and shall be allocated in accordance with the State Board's equipment allocation formula.

Funds allocated for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, public schools, universities, and private business and industry.

SECTION 30.5.(b) Of the funds appropriated by this act from the Employment Security Commission Training and Employment Account for Focused Industrial Training, the sum of two hundred fifty thousand dollars ($250,000) is allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the operation of the Hosiery Technology Center and the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical Community College for the operation of the Piedmont Triad Center for Advanced Manufacturing.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MODIFY TERM OF COMMUNITY COLLEGE FACULTY CONTRACTS

SECTION 30.6. The General Assembly finds that standardization of the term of contracts with community college faculty members will provide the General Assembly with the data necessary to make informed decisions regarding faculty salaries and funding for the summer term. Therefore, the State Board of Community Colleges shall require community colleges to convert all faculty contracts to nine-month contracts covering the fall and spring semesters. Faculty members currently employed for more than nine months shall be placed on supplemental contracts for the summer term. These modifications in faculty contracts shall not change the salary of any faculty member.

All faculty members employed after the date this act becomes law shall be placed on nine-month contracts with supplemental contracts for the summer term.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REALIGNMENT OF ACCOUNTS FOR INSTITUTIONAL AND ADMINISTRATIVE SUPPORT

SECTION 30.7. In prior fiscal years, funds for Institutional and Administrative Support in the following have been appropriated in four separate accounts. Since these funds are allotted to community colleges on a formula basis, this level of detail is unnecessary. Therefore, beginning with the 2001-2002 fiscal year, State aid accounts 536938 through 536941 shall be consolidated into a single State aid account for Institutional and Academic Support to match actual practice.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF DISCREPANCIES IN FACULTY SALARIES

SECTION 30.8. The Joint Legislative Education Oversight Committee shall study discrepancies in community college faculty salaries. In the course of the study, the Committee shall examine faculty salaries at various colleges to determine why salaries at some colleges are above the State average while others are well below it.

The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STATE BOARD RESERVE ALLOCATIONS

SECTION 30.9. The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars ($100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CASH BALANCES

SECTION 30.11. The remaining cash balance on June 30, 2001, and any interest credited to the account in the 2001-2002 fiscal year in the North Carolina Community Colleges System Budget Code 66800, Fund Code 6101 DCC Scholarships, shall be transferred to Budget Code 66800, Fund Code 6102 CCS Financial Assistance to support Need Based Financial Aid programs.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS DO NOT REVERT

SECTION 30.12.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 2000-2001 fiscal year, but shall remain available for expenditure in the 2001-2002 fiscal year. These funds may be used for the capital facilities and operating expenses of the Small Business Center.

SECTION 30.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MAINTENANCE OF PLANT OPERATIONS

SECTION 30.13. G.S. 115D-31.2 reads as rewritten:

"**§ 115D-31.2. Maintenance of plant.**

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of "operations of plant". ~~These funds shall not exceed eighty-five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose.~~ Each college that qualifies for these funds shall receive a pro rata amount of the funds that are appropriated for this purpose."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FOCUSED INDUSTRIAL TRAINING PROGRAM

SECTION 30.15. Of the funds appropriated to the North Carolina Community Colleges System for the 2001-2003 fiscal biennium, the State Board of Community Colleges may use up to one hundred thousand dollars ($100,000) each year to pay registration fees and material costs for Occupational Continuing Education or Focused Industrial Training safety courses provided to companies that (i) are eligible to participate in the Focused Industrial Training Program, (ii) have less than 150 employees, and (iii) are found by community college representatives and regional customized training directors to face challenges in paying these fees and costs.

These funds shall not be expended without the prior approval of the North Carolina Community Colleges System Office, Division of Economic and Workforce Development.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES SYSTEM OFFICE FLEXIBILITY

SECTION 30.16. G.S. 115D-3 is amended by designating the existing language as subsection (a) and by adding two new subsections to read as follows:

"(b) The State Board shall receive General Fund appropriations made by the General Assembly for the continuing operations of the North Carolina Community Colleges System Office that are administered by the President and the President's staff complement established pursuant to this section. The President, notwithstanding G.S. 143-23, and with respect to the foregoing appropriations, may move funds between budget purposes and may use up to ten percent (10%) from lapsed salary and fringe accounts for nonsalary purposes. The Community Colleges System Office (Budget Code 16800) may retain one hundred percent (100%) of its overhead receipts for nonrecurring expenditures that do not impose a continuing obligation upon the State. These retained overhead receipts shall not revert to the State's General Fund.

As used in this section, "indirect receipts" means indirect cost funds earned on federal contracts and grants.

(c) The President, in consultation with the State Auditor and the Director of the Office of State Personnel, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized herein. All actions taken by the President are subject to audit by the State Auditor."

Requested by: Representative Thompson, Easterling, Oldham, Redwine

HOME SCHOOLED HIGH SCHOOL STUDENTS MAY TAKE DEVELOPMENTAL COURSES AT COMMUNITY COLLEGES

SECTION 30.17. G.S. 115D-5 is amended by adding a new subsection to read:

"(n) Individual high school students who are sixteen years old or older and who attend a home school, as defined in G.S. 115C-563(a), may register as space is available in developmental courses offered by a community college to prepare them for college-level courses. Notwithstanding subsection (b) of this section and G.S. 115D-20(4), community colleges shall charge tuition to individual students who are enrolled in a developmental course under this subsection."

PART XXXI. UNIVERSITIES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE COLLEGES

SECTION 31.1.(a) Part 2 of Article 1 of Chapter 116 of the General Statutes is amended by adding the following new sections to read:

"**§ 116-21.1. Financial aid for North Carolina students attending private institutions of higher education in North Carolina.**

(a) Funds shall be appropriated each fiscal year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22.

(b) The funds appropriated in compliance with this section shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in the account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in G.S. 116-21.2.

"**§ 116-21.2. Legislative tuition grants to aid students attending private institutions of higher education.**

(a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the student as provided by this subsection.

(b) The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the State Education Assistance Authority shall remit at the times as it prescribes the grant to the approved institution on behalf, and to the credit, of the student.

(c) In the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on behalf of the students.

(d) In the event there are not sufficient funds to provide each eligible student with a full grant:

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

(2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

(e) Any remaining funds shall revert to the General Fund.

(f) Expenditures made pursuant to this section may be used only for secular educational purposes at institutions. Expenditures made pursuant to this section shall not be used for any student who:

(1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or

(2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years.

(g) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(h) The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program.

"**§ 116-21.3. Legislative tuition grant limitations.**

(a) No legislative tuition grant funds shall be expended for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1), established after May 15, 1987, unless (i) the private institution offering the program has previously notified and secured agreement from other private institutions operating degree programs in the county in which the off-campus program is located or operating in the counties adjacent to that county or (ii) the degree program is neither available nor planned in the county with the off-campus site or in the counties adjacent to that county.

(b) For purposes of this section, an 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(c) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition grant pursuant to this section if the member is enrolled as a full-time student. The member's legislative tuition grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer."

SECTION 31.1.(b) Funds are appropriated in this act to the Board of Governors of The University of North Carolina to be allocated and disbursed as provided by G.S. 116-19, 116-21, 116-21.1, and 116-22. These funds shall provide up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2001, for the 2001-2002 fiscal year and up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2002, for the 2002-2003 fiscal year.

SECTION 31.1.(c) Funds appropriated in this act to the Board of Governors of The University of North Carolina shall be allocated and disbursed for legislative tuition grants in compliance with G.S. 116-21.2. The funds shall be allocated as follows: to each full-time North Carolina undergraduate student a sum, not to exceed one thousand eight hundred dollars ($1,800) for the 2001-2002 academic year and one thousand eight hundred dollars ($1,800) for the 2002-2003 academic year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ACADEMIC COMMON MARKET PILOT PROGRAM

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians would be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may establish a pilot program for participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.

SECTION 31.2.(c) The pilot programs established under this section shall terminate July 1, 2005. However, once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall report the success of the Academic Common Market program to the Joint Legislative Education Oversight Committee by December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE MEDICAL SCHOOLS/FUNDING FORMULA

SECTION 31.3. Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-21.3. Private medical schools–assistance funding formula.**

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars ($8,000) for each medical student who is a North Carolina resident, one thousand dollars ($1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of five thousand dollars ($5,000) for each medical student who is a North Carolina resident, five hundred dollars ($500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student may be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars ($1,000) shall be made for each medical student who is a North Carolina resident in the first-year, second-year, third-year, and fourth-year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL PROFESSIONALS

SECTION 31.4.(a) G.S. 115C-12(26) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(26) Duty to Monitor and Make Recommendations Regarding Professional Development Programs. – The State Board of ~~Education, in collaboration with the Board of Governors of The University of North Carolina, shall identify and make recommendations regarding meaningful professional development programs for professional public school employees. The programs shall be aligned with State education goals and directed toward improving student academic achievement.~~ Education shall identify State and local needs for professional development for professional public school employees based upon the State's educational priorities for improving student achievement. The State Board also shall recommend strategies for addressing these needs. The strategies must be research-based, proven in practice, and designed for data-driven evaluation. The State Board shall report its findings

and recommendations to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Board of Governors of The University of North Carolina prior to January 15, 2002, and shall review, revise, and resubmit those findings and recommendations annually thereafter. The State Board shall ~~annually~~ evaluate ~~and, after consultation with the Board of Governors, make recommendations regarding professional development programs based upon~~ the reports submitted by the Board of Governors under ~~G.S. 116-11(12a).~~ G.S. 116-11(12a) to determine whether the programs for professional development provided by the Center for School Leadership Development address the State and local needs identified by the State Board and whether the programs are using the strategies recommended by the State Board. Prior to January 15th of each year, the State Board shall report the results of its analysis to the Board of Governors and to the Joint Legislative Education Oversight Committee.

...."

SECTION 31.4.(b) G.S. 116-11(12a) reads as rewritten:

"**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

...

(12a) ~~The~~ Notwithstanding any other law, the Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees ~~based upon~~ in accordance with the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement. ~~The Board of Governors shall submit to the State Board of Education an annual report evaluating the professional development programs administered by the Board of Governors.~~ The Board of Governors shall submit to the State Board of Education an annual written report that uses data to assess and evaluate the effectiveness of the programs for professional development offered by the Center for School Leadership Development. The report shall clearly document how the programs address the State needs identified by the State Board of Education and whether the programs are utilizing the strategies recommended by the State Board. The Board of Governors also shall submit this report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives prior to September 15th of each year."

SECTION 31.4.(c) The Joint Legislative Education Oversight Committee shall hire an independent consultant to study and make recommendations regarding professional development for public school professionals in North Carolina. The consultant shall study:

(1) The professional development programs administered under the UNC Center for School Leadership Development with regard to their mission, governance structure, efficiency, and objectively measurable effectiveness in increasing student achievement.

(2) The feasibility and merits of consolidating and reducing the number of professional development programs.

(3) The possibility of regionalizing professional development programs and using a cooperative arrangement between higher educational institutions and community colleges in a region to achieve the goal.
(4) The professional development support offered by the Department of Public Instruction.
(5) The use of professional development funds allocated to local school administrative units and individual schools.
(6) National research regarding effective methods for delivering professional development that is shown to improve student achievement.

The consultant shall report these findings to the Joint Legislative Education Oversight Committee and also shall make recommendations regarding how existing State funds should be utilized to provide effective and efficient professional development for public school professionals.

SECTION 31.4.(d) The Joint Legislative Education Oversight Committee shall review the consultant's findings and recommendations and shall submit to the 2002 Regular Session of the 2001 General Assembly recommendations to streamline, reorganize, and improve the delivery of professional development for public school professionals. The recommendations may address revisions to program governance and mission, reallocation of funds, methods of program delivery, and methods to institute ongoing program evaluation.

SECTION 31.4.(e) The Joint Legislative Education Oversight Committee shall review the reports that are required to be made to the Committee. The purpose of the review is to determine which reports must include information that is research-based, proven in practice, and designed for data-driven research. The Committee may make recommendations for changes in these reports based upon the Committee's findings.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ASSISTANT SCHOLARSHIP FUND

SECTION 31.5.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.35. Teacher Assistant Scholarship Fund.**

(a) There is established the Teacher Assistant Scholarship Fund. The purpose of the Fund is to provide scholarships to teacher assistants who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) Criteria for awarding the scholarships shall be developed by the Board of Governors of The University of North Carolina in consultation with the State Board of Education and the State Board of Community Colleges and shall include all of the following:

(1) An applicant shall be employed full time as a teacher assistant in North Carolina.
(2) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.
(3) An applicant shall be a resident of North Carolina. For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.
(4) Any additional criteria that the Board of Governors considers necessary to administer the Fund effectively, including all of the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.
b. Consideration of the academic qualifications of the individuals applying to receive funds.
c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The scholarships shall be available for part-time or full-time course work through all off-campus or distance education teacher education programs.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Teacher Assistant Scholarship Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) shall provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform teacher assistants about the scholarships and to encourage teacher assistants to apply for the scholarships.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarships awarded from the Fund."

SECTION 31.5.(b) Of the funds appropriated by this Act to the Board of Governors of The University of North Carolina the sum of one million dollars ($1,000,000) shall be allocated to the State Education Assistance Authority to implement this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNC BUDGET FLEXIBILITY/MUST HONOR BUDGET REDUCTIONS

SECTION 31.6. Notwithstanding G.S. 116-30.2 or G.S. 116-30.3, neither the Office of General Administration of The University of North Carolina or any special responsibility constituent institution shall expend or use any of the following funds to modify the budget reductions imposed by this act:

(1) General Fund moneys appropriated by this act.
(2) General Fund current operations appropriations credit balances remaining at the end of any fiscal year that are carried forward to the next fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

OFFER TEACHER EDUCATION PROGRAMS THROUGH DISTANCE EDUCATION

SECTION 31.7.(a) It is the intent of the General Assembly to make teacher education programs easily accessible statewide through distance education. The General Assembly finds that the "2 + 2" program is an excellent model for teacher credential programs and encourages its use as a model.

SECTION 31.7.(b) To achieve the goal of encouraging the "2 + 2" program as a model for teacher education programs and to make those model teacher education programs available and easily accessible statewide, any teacher education program that is offered by a constituent institution through distance education that does not require campus residency is eligible for funds appropriated by this act for that purpose. The Board of Governors shall determine the eligibility and amount of funds to be allocated to a constituent institution pursuant to this section. The Board of Governors of The

University of North Carolina shall report to the Joint Legislative Education Oversight Committee annually regarding the implementation of this section and the amount and use of the funds allocated pursuant to this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUBSTITUTION OF UNC-CH BOND PROJECTS

SECTION 31.9. Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to substitute an Information Technology Office Facility for the Comprehensive Renovation and Conversion for Information Technology and Data Processing, both at the University of North Carolina at Chapel Hill, as contained in Section 2(a) of S.L. 2000-3. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Chapel Hill, by adding "Information Technology Office Facility....$9,170,000" and deleting "Comprehensive Renovation and Conversion for Information Technology and Data Processing....$9,170,000".

Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement project.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MASTERS ED. ADMINISTRATION AT A&T STATE, NCCU, UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT ECSU AND POSSIBLE ENGINEERING SCHOOL AT ECU AND WESTERN CAROLINA

SECTION 31.10.(a) G.S. 116-74.21(b) reads as rewritten:

"(b) No more than ~~nine~~ 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites."

SECTION 31.10.(b) The Board of Governors of The University of North Carolina shall include the Master of School Administration program at North Carolina Agricultural and Technical State University in Greensboro, North Carolina Central University in Durham, and the University of North Carolina at Pembroke as three of the 12 school administrator programs established pursuant to G.S. 116-74.21. These three programs shall be comparable in quality to the nine existing Master of School Administration programs and shall be operated within existing funds.

SECTION 31.10.(c) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Pharmacy at Elizabeth City State University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002.

SECTION 31.10.(d) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Engineering at East Carolina University and at Western Carolina University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PROGRESS BOARD

SECTION 31.12.(a) G.S. 143B-372.1 reads as rewritten:

"**§ 143B-372.1. North Carolina Progress Board.**

(a) The North Carolina Progress Board is established. The Board shall be located administratively in the Board of Governors of The University of North Carolina and ~~is~~ may be located at ~~North Carolina State University,~~ any constituent institution within The University of North Carolina, or at any institution to which it is invited formally, but shall exercise all its prescribed statutory powers independently of the Board of ~~Governors.~~ Governors or the institution at which it resides.

(b) The North Carolina Progress Board shall consist of ~~21~~ 24 members of statewide prominence as follows:

(1) The Governor, ex officio;

(2) Eight persons appointed by the Governor, none of whom shall be State employees or officers;

(3) ~~Four~~ Five persons appointed by the Speaker of the House of Representatives, ~~one~~ two of whom shall be ~~a member~~ members of the House of Representatives;

(4) ~~Four~~ Five persons appointed by the President Pro Tempore of the Senate, ~~one~~ two of whom shall be ~~a member~~ members of the Senate; and

(5) ~~Four~~ Five persons appointed by the North Carolina Progress Board.

(c) The Governor shall be chair of the North Carolina Progress Board. The Governor shall appoint a vice-chair from among the membership of the North Carolina Progress Board to serve at the pleasure of the Governor. The North Carolina Progress Board may elect such other officers as it sees fit.

(d) The North Carolina Progress Board shall meet at least twice annually on the call of the chair or as additionally provided by the North Carolina Progress Board. A quorum is ~~11~~ 12 members of the Board. Members may not send designees to board meetings, nor may they vote by proxy.

(e) Board appointments shall be for terms to begin July 1, 1999, with subsequent appointments to be made as terms expire or resignations occur. Of the Governor's appointments, two shall be for one-year terms, two shall be for two-year terms, two shall be for three-year terms, and two shall be for four-year terms. Of the appointments made by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the North Carolina Progress Board, one member appointed by each shall be appointed for a one-year term, one member appointed by each shall be appointed for a two-year term, one member appointed by each shall be appointed for a three-year term, and ~~one~~ two ~~member~~ members appointed by each shall be appointed for a four-year term. As terms expire, successors shall be appointed for four-year terms.

(f) No member may be appointed to more than two consecutive terms. A member of the House of Representatives appointed by the Speaker of the House vacates membership on the North Carolina Progress Board when that person is no longer a member of the House of Representatives, except that if that person is in office at the expiration of the term of office in the House of Representatives but has not been elected to the next term, that person shall continue to serve until the convening of the regular session. A member of the Senate appointed by the President Pro Tempore of the Senate vacates membership on the North Carolina Progress Board when that person is no longer a member of the Senate, except that if that person is in office at the expiration of the term of office in the Senate but has not been elected to the next term, that person shall continue to serve until the convening of the regular session."

SECTION 31.12.(b) G.S. 143B-372.2 reads as rewritten:

"**§ 143B-372.2. Responsibilities.**

(a) The General Assembly notes that the Commission for a Competitive North Carolina developed goals in the following categories:

(1) Healthy Children and Families;
(2) Quality Education for All;
(3) A High Performance Workforce;
(4) A Prosperous Economy;
(5) A Sustainable Environment;
(6) Technology and Infrastructure Development;
(7) Safe and Vibrant Communities; and
(8) Active Citizenship/Accountable Government.

The Commission for a Competitive North Carolina adopted a report which established major goals and ways to measure progress toward these goals.

(a1) The General Assembly finds that the North Carolina Progress Board developed a report that focused on four of the Commission's recommended topics and issued 16 major targets for 2010. The objectives of the targets are to drive the State toward (i) a more expansive vision of education and environmental protection, (ii) strengthening families, and (iii) bringing more people into the economic mainstream.

(b) The General Assembly finds ~~that:~~ the following:

(1) The North Carolina economy of the future can provide unparalleled opportunity while maintaining North Carolina's traditional values, if the State pursues the future with clarity of purpose and ~~perseverance;~~ perseverance.

(2) The North Carolina economy is in the midst of a massive transition created by technological changes, global competition, and new production ~~practices; and~~ practices.

(3) In order to maintain employment opportunities, increase income levels, reduce poverty, and generate the public revenues necessary to provide public services, North Carolina must increasingly rely on an economy which adds value to its natural and human resources and provides a diverse mix of products.

(4) Regional Progress Boards, modeled after the North Carolina Progress Board, should be encouraged, and to the extent practicable, funded from local sources, public and private, to ensure that the several regions of North Carolina describe a clear regional vision, with measures, targets, and methods for keeping track of progress toward that regional vision, and each forming a strategic alliance with the North Carolina Progress Board.

(c) The North Carolina Progress Board shall:

(1) Encourage ~~the~~ a discussion ~~and~~ toward understanding ~~of~~ the critical ~~global~~ global, national, statewide, regional, and local demographic, social, economic, and environmental ~~and~~ trends and conditions that exist or are emerging in North Carolina today, and how those issues will impact living in North Carolina in 10 to 20 years. ~~national social and economic trends that will affect North Carolina in the coming decades;~~

(2) Examine the report of the Commission for a Competitive North Carolina and the 1997 and February 2000 reports of the North Carolina Progress Board to the General Assembly. ~~the 1997 report of the North Carolina Progress Board to the General Assembly;~~

(3) Track the eight issue areas set out in subsection (a) of this section and the objectives set out in subsection (a1) of this section and other issues identified by the Progress Board. The Progress Board may, upon vote

of the Board, add to those issues identified by its predecessor Commission and ~~Board;~~ Board.

(4) Hold public hearings and other methods of public participation, including educational and outreach programs, to secure the views of citizens on priority goals for North Carolina and to disseminate findings and recommendations to ~~policymakers;~~ policymakers.

(5) Formulate and submit to North Carolinians a report every five years, beginning 2001, that updates the ~~20~~ 10- to ~~30~~ 20- year vision for North Carolina and that describes and explains a vision for North Carolina's progress over the next ~~20~~10 to ~~30~~20 ~~years;~~years.

(6) Submit a report to the General Assembly prior to its convening the regular session every odd-numbered year, which reports on demographic, ~~social and~~ social, ~~economic~~ economic, or environmental trends and ~~issues~~ recommends specific targets and milestones to accomplish its ~~mission;~~ mission.

(7) ~~Recommend~~ Recommend, by reporting special legislative provisions, in draft form only, how ~~the~~ targets and milestones can be applied to increase ~~the~~ accountability of government to the people of this ~~State;~~ State.

(8) Report periodically to the people of North Carolina on progress toward meeting goals, targets, and ~~milestones;~~ milestones, together with an assessment of the failure to meet the same and, where possible, an estimate of the potential costs associated with failure to act.

(9) Undertake new and ongoing policy research and benchmarking ~~studies;~~ studies.

(10) Publish and distribute periodic reports on policies, performance improvement, and best practices for ~~meeting~~ achieving the ~~long-term~~ long-term, strategic goals for the ~~State; and~~ State.

(11) May apply for and accept gifts or ~~grants.~~ grants or engage in consulting activities, or other contractual assignments, consistent with its mission, for which applicable staff or Board members may expect to receive reasonable fees and expenses in exchange for specific work products.

(d) ~~The~~ Any Regular Session of the General Assembly shall further define the mission of the North Carolina Progress Board in continuing its ~~work.~~ work and may from time to time, and to the extent practicable, request staff assistance from the Board to standing, select, or independent legislative study committees or commissions.

(e) The General Assembly, after adopting the initial set of goals and measures as proposed or amended, may alter the goals and measures."

SECTION 31.12.(c) G.S. 143B-372.3 reads as rewritten:

"**§ 143B-372.3. Staff.**

(a) ~~The Chancellor of North Carolina State University~~ Upon the recommendation of the Board, the Governor shall appoint an Executive Director who shall serve at the pleasure of the ~~Chancellor.~~ Board and the Governor but, for administrative purposes, shall report to the Board of Governors of The University of North Carolina. The Executive Director shall report to the North Carolina Progress Board and the ~~Chancellor.~~ Governor. The Executive Director shall hire or contract with support staff, who shall work at the pleasure of the Executive Director.

(b) The Office of State Budget, Planning, and Management shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested.

(c) Repealed by Session Laws 1999-237, s. 10.12(a), effective June 30, 1999."

PART XXXII. SALARIES AND EMPLOYEE BENEFITS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

SECTION 32.1.(a) For the 2001-2002 and 2002-2003 fiscal years, the salary of the Governor shall remain the amount set by G.S. 147-11(a).

SECTION 32.1.(b) Effective July 1, 2001, the annual salaries for the members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003 fiscal years are:

Council of State	**Annual Salary**
Lieutenant Governor	$104,523
Attorney General	104,523
Secretary of State	104,523
State Treasurer	104,523
State Auditor	104,523
Superintendent of Public Instruction	104,523
Agriculture Commissioner	104,523
Insurance Commissioner	104,523
Labor Commissioner	104,523

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES

SECTION 32.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2001-2002 and 2002-2003 fiscal years are:

Nonelected Department Heads	**Annual Salary**
Secretary of Administration	$102,119
Secretary of Correction	102,119
Secretary of Crime Control and Public Safety	102,119
Secretary of Cultural Resources	102,119
Secretary of Commerce	102,119
Secretary of Environment, Health, and Natural Resources	102,119
Secretary of Health and Human Services	102,119
Secretary of Juvenile Justice and Delinquency Prevention	102,119
Secretary of Revenue	102,119
Secretary of Transportation	102,119

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.3. The annual salaries, payable monthly, for the 2001-2002 and 2002-2003 fiscal years for the following executive branch officials are:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$92,946
State Controller	130,078
Commissioner of Motor Vehicles	92,946
Commissioner of Banks	104,523
Chairman, Employment Security Commission	129,913
State Personnel Director	102,119
Chairman, Parole Commission	84,871
Members of the Parole Commission	78,356
Chairman, Utilities Commission	116,405
Members of the Utilities Commission	104,523
Executive Director, Agency for Public Telecommunications	78,356

General Manager, Ports Railway Commission	70,755
Director, Museum of Art	95,240
Executive Director, North Carolina Housing Finance Agency	115,031
Executive Director, North Carolina Agricultural Finance Authority	90,470
State Chief Information Officer	130,000

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.4.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 2001-2002 and 2002-2003 fiscal years are:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$118,430
Associate Justice, Supreme Court	115,336
Chief Judge, Court of Appeals	112,452
Judge, Court of Appeals	110,530
Judge, Senior Regular Resident Superior Court	107,527
Judge, Superior Court	104,523
Chief Judge, District Court	94,912
Judge, District Court	91,909
Administrative Officer of the Courts	107,527
Assistant Administrative Officer of the Courts	98,216

SECTION 32.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed sixty thousand one hundred ninety-one dollars ($60,191), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-one thousand thirty-five dollars ($31,035), effective July 1, 2001.

SECTION 32.4.(c) The salaries in effect for the 2001-2002 and 2002-2003 fiscal years for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by six hundred twenty-five dollars ($625.00), effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLERK OF SUPERIOR COURT SALARY INCREASES

SECTION 32.5. Effective July 1, 2001, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	~~$69,286~~$69,911
100,000 to 149,999	~~77,827~~78,452
150,000 to 249,999	~~86,369~~86,994
250,000 and above	~~94,912~~95,537

The salary schedule in this subsection is intended to represent the following approximate percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

SECTION 32.6. Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	~~$25,890~~$26,515
Maximum	~~45,839~~ 46,464

Deputy Clerks	Annual Salary
Minimum	~~$21,940~~$22,565
Maximum	~~35,309.~~35,934."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MAGISTRATES' SALARY INCREASES

SECTION 32.7. Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$26,264~~$26,889
Step 1	~~28,900~~29,525
Step 2	~~31,764~~32,393
Step 3	~~34,898~~35,523
Step 4	~~38,327~~38,952
Step 5	~~42,096~~42,721
Step 6	~~46,239~~46,864

(2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10)

and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	~~$20,700~~$21,325
1 or more but less than 3 years of service	~~21,764~~22,389
3 or more but less than 5 years of service	~~23,905.~~24,530.

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1

9 or more but less than 11 years of service Step 2
11 or more years of service Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 32.8. Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~eighty-seven thousand six hundred eighty-one dollars ($87,681)~~ eighty-eight thousand three hundred six dollars ($88,306) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 32.9. Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred eighty-six dollars ($286.00)~~ two hundred ninety-two dollars ($292.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LEGISLATIVE EMPLOYEES

SECTION 32.10. The Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 2000-2001 by six hundred twenty-five dollars ($625.00). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

SECTION 32.11. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, funds to the North Carolina Community Colleges System Office necessary to provide an average annual salary increase of six hundred twenty-five dollars ($625.00) including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary increase of six hundred twenty-five dollars ($625.00) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

SECTION 32.12.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual average salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 32.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual average salary increase of two and eighty-six hundredths percent (2.86%), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST STATE EMPLOYEES

SECTION 32.13.(a) The salaries in effect June 30, 2001, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 2001, unless otherwise provided by this act, by six hundred twenty-five dollars ($625.00) per year.

SECTION 32.13.(b) Except as otherwise provided in this act, the fiscal year 2001-2002 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by six hundred twenty-five dollars ($625.00) per year, commencing July 1, 2001.

SECTION 32.13.(c) The salaries in effect for fiscal year 2001-2002 for all permanent part-time State employees shall be increased on and after July 1, 2001, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered under subsection (a) of this section.

SECTION 32.13.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase, on and after July 1, 2001, in accordance with subsection (a), (b), or (c) of this section including funds for the employer's retirement and social security contributions, for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

SECTION 32.13.(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ALL STATE SUPPORTED PERSONNEL

SECTION 32.14.(a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

SECTION 32.14.(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

SECTION 32.14.(c) The salary increases provided in this act are to be effective July 1, 2001, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2001.

Payroll checks issued to employees after July 1, 2001, which represent payment of services provided prior to July 1, 2001, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

SECTION 32.14.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increases in this act for fiscal year 2001-2002 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

SECTION 32.14.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION SALARIES

SECTION 32.15. For the 2001-2002 and 2002-2003 fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources

Fund to fund the cost of any legislative salary increase for employees of the Wildlife Resources Commission.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLEAN WATER MANAGEMENT TRUST FUND PERSONNEL

SECTION 32.16.(a) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(21) Employees of the Clean Water Management Trust Fund."

SECTION 32.16.(b) G.S. 113-145.7 reads as rewritten:

"**§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

The Clean Water Management Trust Fund Board of Trustees, as soon as practicable after its organization, shall select and appoint a competent person in accordance with this section as Executive Director of the Clean Water Management Trust Fund Board of Trustees. The Executive Director shall be charged with the supervision of all activities under the jurisdiction of the Trustees and shall serve as the chief administrative officer of the Trustees. Subject to the approval of the Trustees and the Director of the Budget, the Executive Director may employ such clerical and other assistants as may be deemed necessary.

The person selected as Executive Director shall have had training and experience in conservation, protection, and management of surface water resources. The salary of the Executive Director shall be fixed by the Trustees, and the Executive Director shall be allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive Director's salary and expenses shall be paid from the Fund. The term of office of the Executive Director shall be at the pleasure of the Trustees.

These employees shall be exempt from the State Personnel Act, as provided in G.S. 126-5(c1)."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERANCE PAY/SALARY ADJUSTMENT FUND

SECTION 32.19.(a) Funds from the Salary Adjustment Fund shall first be used for severance wages for eligible separated employees.

SECTION 32.19.(b) The sum of up to five million dollars ($5,000,000) of any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds may be used for reclassifications of positions already approved by the Office of State Personnel. Any funds in excess of five million dollars ($5,000,000) shall revert. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of salary adjustment funds for any State agency.

Requested by: Representatives Wright, Redwine, Easterling, Oldham, Thompson

STATE EMPLOYEE HEALTH PLAN CHANGES

SECTION 32.20.(a) G.S. 135-40.1(2) reads as rewritten:

"(2) Deductible. – Deductible shall mean an amount of covered expenses during a fiscal year which must be incurred after which benefits (subject to the deductible) becomes payable. The deductible for an employee, retired employee and/or his or her dependents shall be ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) for each fiscal year.

The deductible applies separately to each covered individual in each fiscal year, subject to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~

~~(employee or retiree and his or her covered dependents)~~employee and child(ren) or employee and family coverage contract in any fiscal year.

If two or more family members are injured in the same accident only one deductible is required for charges related to that accident during the benefit period."

SECTION 32.20.(b) G.S. 135-40.4(a) reads as rewritten:

"(a) In the event a covered person, as a result of accidental bodily injury, disease or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts described in G.S. 135-40.5 through G.S. 135-40.9.

The Plan is divided into two parts. The first part includes certain benefits which are not subject to a deductible or coinsurance. The second part is a comprehensive plan and includes those benefits which are subject to both a ~~two hundred fifty dollars ($250.00)~~three hundred fifty dollar ($350.00) deductible for each covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under the second part.

Notwithstanding the provisions of this Article, the Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan may contract with providers of institutional and professional medical care and services to established preferred provider networks. The Plan shall, however, honor a Plan member's assignment of benefits under the Plan to a provider of health care services that does not contract with the Plan. The design, adoption, and implementation of such preferred provider contracts and networks are not subject to the requirements of Chapter 143 of the General Statutes, provided that for any hospital preferred provider network all hospitals will have an opportunity to contract with the Plan if they meet the contract requirements. Any contract entered into between a hospital and the Plan shall become effective as soon as practicable after the execution of the contract and, in any event, not later than 10 calendar days after the hospital's delivery of the executed contract to the Plan. The Executive Administrator and Board of Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred provider contracts on a timely basis and shall make reports as requested to the President of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Committee on Employee Hospital and Medical Benefits on its progress in negotiating such preferred provider contracts. The Executive Administrator and Board of Trustees shall implement a refined diagnostic-related grouping or diagnostic-related grouping-based reimbursement system for hospitals as soon as practicable, but no later than January 1, 1995."

SECTION 32.20.(c) G.S. 135-40.5(d) is repealed.

SECTION 32.20.(d) G.S. 135-40.5(g) reads as rewritten:

"(g) Prescription Drugs. – The Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are to be determined by the Plan's Executive Administrator and Board of Trustees. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the following amounts: pharmacy charges up to ten dollars ($10.00) for each generic prescription, ~~fifteen dollars ($15.00)~~ twenty-five dollars ($25.00) for each branded prescription, and ~~twenty dollars ($20.00)~~thirty-five dollars ($35.00) for each branded prescription with a generic equivalent drug, and ~~twenty-five dollars ($25.00)~~ forty dollars ($40.00) for each branded or generic prescription not on a formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's usual and customary charge to the general public for a particular prescription. Prescriptions shall be for no more than a 34-day supply for the purposes of the copayments paid by each covered individual. By accepting the copayments and any

remaining allowable charges provided by this subsection, pharmacies shall not balance bill an individual covered by the Plan. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though a prescription is not required. The Plan may use a pharmacy benefit manager to help manage the Plan's outpatient prescription drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit manager shall not provide coverage for erectile dysfunction, growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically necessary to the health of the member. The Plan and its pharmacy benefit manager shall not provide coverage for growth hormone and weight loss drugs and antifungal drugs for the treatment of nail fungus and botulinium toxin without approval in advance by the pharmacy benefit manager. Any formulary used by the Plan's Executive Administrator and pharmacy benefit manager shall be an open formulary. Plan members shall not be assessed more than two thousand five hundred dollars ($2,500) per person per fiscal year in copayments required by this subsection."

SECTION 32.20.(e) The first paragraph of G.S. 135-40.6 reads as rewritten:

"The ~~following~~ benefits provided in this section are subject to a deductible of ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) per covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract per fiscal year and are payable on the basis of eighty percent (80%) by the Plan and twenty percent (20%) by the covered individual up to a maximum of one thousand ~~dollars ($1,000)~~ five hundred dollars ($1,500) out-of-pocket per fiscal ~~year:~~year. The aggregate maximum out-of-pocket required of individuals covered by this section shall not be more than four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year."

SECTION 32.20.(f) G.S. 135-40.6(1)f. reads as rewritten:

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

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

...

f. ~~Physical~~ Physical, speech, and occupational therapy."

SECTION 32.20.(g) G.S. 135-40.6(3) reads as rewritten:

"(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a skilled nursing facility licensed under applicable State laws for not more than 100 days per fiscal year for the same reason, as follows:

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

exceed the daily semiprivate hospital room rate as determined by the Plan.

Credit will be allowed toward private room charges in an amount equal to the facility's most prevalent charge for semiprivate accommodations. Charges will also be paid for general nursing care and other services which would ordinarily be covered in a general hospital. In order to be eligible for these benefits, admission must occur within 14 days of discharge from the hospital.

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

a. The services are medically required to be given on an inpatient basis because of the covered individual's need for medically necessary skilled nursing care on a continuing daily basis for any of the conditions for which he or she was receiving inpatient hospital services prior to transfer from a hospital to the skilled nursing facility or for a condition requiring such services which arose after such transfer and while he or she was still in the facility for treatment of the condition or conditions for which he or she was receiving inpatient hospital services,

b. Only on prior referral by and so long as, the patient remains under the active care of an attending doctor and the patient requires continual hospital confinement without the care and treatment of the skilled nursing facility, and

c. Approved in advance by the Claims Processor.

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

SECTION 32.20.(h) G.S. 135-40.6(8)e. reads as rewritten:

"e. Prosthetic and Orthopedic Appliances and Durable Medical Equipment: Appliances and equipment including corrective and supportive devices such as artificial limbs and eyes, wheelchairs, traction equipment, inhalation therapy and suction machines, hospital beds, braces, orthopedic corsets and trusses, <u>not more than three hundred fifty dollars ($350.00) for therapeutic shoes for diabetes and other high-risk conditions,</u> and other prosthetic appliances or ambulatory apparatus which are provided solely for the use of the participant. Eligible charges include repair and replacement when medically necessary. Benefits will be provided on a rental or purchase basis at the sole discretion of the Claims Processor and agreements to rent or purchase shall be between the Claims Processor and the supplier of the appliance.

For the purposes of this subdivision, the term "durable medical equipment" means standard equipment normally used in an institutional setting which can withstand repeated use, is primarily and customarily used to serve a medical purpose, is generally not useful to a person in the absence of an illness or injury and is appropriate for use in the home. Decisions of the Claims Processor, the Executive Administrator and Board of Trustees as to compliance with this definition and coverage under the Plan shall be final."

SECTION 32.20.(i) G.S. 135-40.6(8)m. reads as rewritten:

"m. Cardiac Rehabilitation: Charges not to exceed ~~six hundred fifty dollars ($650.00)~~ the lesser of one thousand eight hundred dollars ($1,800) or 90 days per fiscal ~~year for cardiac testing and exercise therapy, when determined medically necessary by an attending physician and approved by the Claims Processor for patients with a medical history of myocardial infarction, angina pectoris, arrhythmias, cardiovascular surgery, hyperlipidemia, or hypertension,~~year. Coverage is limited to patients with Coronary Artery Bypass Graft (CABG), status/post myocardial infarction, Percutaneous Transliminal Coronary Angioplasty (PTCA) or stent, valve replacement, heart transplant, or chronic and disabling angina provided such ~~charges are incurred~~services are provided within six months of the qualifying event and in a medically supervised facility fully certified by the North Carolina Department of Health and Human Services."

SECTION 32.20.(j) G.S. 135-40.6(9)f. reads as rewritten:

"(9) Limitations and Exclusions to Other Covered Charges. – No benefits are available under this section of the Plan until full utilization is made of similar benefits available under other sections of this Plan.

No benefits will be payable for:

...

f. Eyeglasses or other corrective lenses (except for cataract lenses certified as medically necessary for aphakia persons), hearing aids, braces for teeth, dental plates or bridges or other dental prostheses, air-conditioners, vaporizers, humidifiers, mattresses (other than as supplied with a hospital bed) and specially built shoes (other than attached to artificial limbs or orthopedic ~~braces);~~braces, and other than therapeutic shoes for diabetes or other high-risk conditions);"

SECTION 32.20.(k) G.S. 135-40.6A(b) reads as rewritten:

"(b) The Executive Administrator and Board of Trustees may establish procedures to require prior medical approvals for the following services:

(1) Skilled Nursing Facility ~~Care (after the initial 30 days);~~Care.
(2) Private Duty ~~Nursing;~~Nursing.
(3) Speech Therapy (unless rendered in an inpatient ~~hospital);~~hospital).
(4) Physical Therapy (in the ~~home);~~home).
(7) Surgical Procedures:
a. Blepharoplasties
b. Surgery for Hermaphroditism
c. Excision of Keloids
d. Reduction Mammoplasty
e. Morbid Obesity Surgery
f. Penile Prosthesis
g. Excision of Gynecomastia
h. Cochlear Implants
i. Revision of the Nasal Structure
j. Abdominoplasty
k. Fimbrioplasty
l. Tubotubal ~~Anastomasis.~~Anastomasis
m. Varicose Vein Surgery.
(8) Subcutaneous injection of "filling" material (Example: zyderm, ~~silicone); and~~ silicone).

(8a) Botulinium toxin.
(9) Suction Lipectomy.
(10) Outpatient prescription drugs requiring prospective review under the Plan's pharmacy benefit management program.
(11) Outpatient prescription drugs for growth hormone, weight loss, and antifungal drugs for the treatment of nail fungus."

SECTION 32.20.(l) G.S. 135-40.8 reads as rewritten:

"**§ 135-40.8. Out-of-pocket expenditures.**

(a) For the balance of any fiscal year after each eligible employee, retired employee, or dependent satisfies the cash deductible, the Plan pays eighty percent (80%) of the eligible expenses outlined in G.S. 135-40.6. ~~The covered individual is then responsible for the remaining twenty percent (20%) until one thousand dollars ($1,000), in excess of the deductible, has been paid out-of-pocket.~~ The remaining twenty percent (20%) is paid by the covered individual until one thousand five hundred dollars ($1,500) per covered individual up to an aggregate of four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year in excess of the deductible has been paid out of pocket. The Plan then pays one hundred percent (100%) of the remaining covered expenses.

~~(b) Where a covered individual fails to obtain a second surgical opinion as required under the Plan, or where a covered individual elects to have a surgery performed that conflicts with a majority opinion of the rendered consultations that the surgery requiring a second or third surgical opinion is not necessary, the covered individual shall be responsible for fifty percent (50%) of the eligible expenses, provided, however, that no covered individual shall be required to pay, in addition to the expenses in subsection (a) above out-of-pocket in excess of five hundred dollars ($500.00) per fiscal year.~~

(c) Notwithstanding any other provision of this Article, on the first day of each confinement the Plan does not pay the first ~~seventy-five dollars ($75.00)~~ one hundred dollars ($100.00) of the room accommodation charge allowable under G.S. 135-40.6(1). Any readmission within 60 days after discharge for the same reason shall be considered the same confinement for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c1) Notwithstanding any other provision of this Article, the Plan does not pay the first fifty dollars ($50.00) of the facility fees and ancillary charges for allowable charges exceeding five hundred dollars ($500.00) per episode of care for hospital outpatient departments and ambulatory surgical facilities under G.S. 135-40.6(4). Readmission within 30 days after discharge for the same reason shall be considered the same episode of care for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c2) Notwithstanding any other provision of this Article, the Plan does not pay the first one hundred dollars ($100.00) of allowable emergency room charges when admission to a hospital pursuant to the emergency room use does not immediately follow. This subsection shall apply only when less costly alternative means of emergency medical care are reasonably available as determined by the Executive Administrator and Board of Trustees. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c3) Notwithstanding any other provision of this Article, the Plan does not pay for the first fifteen dollars ($15.00) of allowable charges for each home, office, or skilled nursing facility visit under the provisions of G.S. 134-40.6(7)a. and b., G.S. 135-40.6(4), G.S. 135-40.6(8)e.(IV therapy), i., j., k., n., r., and s., and G.S. 135-40.5(e). The

copayment assessed by this subsection shall be assessed only once per person per provider per day and shall not apply to laboratory, pathology, and radiology services. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(d) Where a network of qualified preferred providers of inpatient and outpatient hospital care is reasonably available for use by those individuals covered by the Plan, use of providers outside of the preferred network shall be subject to a twenty percent (20%) coinsurance rate up to five thousand dollars ($5,000) per fiscal year per covered individual up to an aggregate of fifteen thousand dollars ($15,000) per employee and child(ren) or employee and family coverage contract per fiscal year in addition to the general coinsurance percentage and maximum fiscal year amount specified by G.S. 135-40.4 and G.S. 135-40.6."

SECTION 32.20.(m) G.S. 135-40.9 reads as rewritten:

"**§ 135-40.9. Maximum benefits.**

The maximum lifetime benefit for each covered individual ~~will be two million dollars ($2,000,000).~~is unlimited."

SECTION 32.20.(n) G.S. 135-40.6(2)g. is repealed.

SECTION 32.20.(o) G.S. 135-40.6(7)a. reads as rewritten:

"(7) Medical Benefits. –

a. Services of Doctors. – The Plan pays the usual, reasonable and customary charges for covered inpatient medical (nonsurgical) services. Services are covered if the individual is hospital-confined and is eligible for hospitalization benefits as described in this section. Benefits are provided for exactly the same number of days as the individual is entitled to under this section, except that medical benefits are provided on both the day of admission and the day of discharge.

In the event a covered individual is treated by two or more co-attending doctors during the same hospital confinement for a medical (nonsurgical) condition, benefits are limited to payment for services provided by the primary attending doctor, except where need is established for supplementary skills for treatment of separate and distinct diagnoses or conditions.

Home, office, and skilled nursing facility visits including (i) charges for injected medications, (ii) inpatient care by attending medical doctors, radiologists, pathologists, and consultants during such time as hospital benefits are paid under any section of this Plan, (iii) care in the outpatient department of a hospital, and (iv) administration of shock therapy (drug or electric) including the services of anesthesiologists provided on an office or hospital outpatient basis for treatment of acute psychotic reaction or severe depression. ~~The Plan does not cover the first ten dollars ($10.00) of allowable charges for each home, office, or skilled nursing facility visit.~~"

SECTION 32.20.(p) Effective January 1, 2002, G.S. 135-39.5(12) reads as rewritten:

"**§ 135-39.5. Powers and duties of the Executive Administrator and Board of Trustees.**

The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall have the following powers and duties:

...

"(12) Determining basis of payments to health care providers, including payments in accordance with G.S. 58-50-56. The Plan shall comply with G.S. 58-3-225."

SECTION 32.20.(q) G.S. 135-39.8 reads as rewritten:

"**§ 135-39.8. Rules and regulations.**

The Executive Administrator and Board of Trustees may issue rules and regulations to implement Parts 2, 3, 4, and 5 of this Article. The Executive Administrator and Board of Trustees shall provide to interested persons written notice and an opportunity to comment not later than 30 days prior to adopting, amending, or rescinding a rule or regulation, unless immediate adoption of the rule or regulation without notice is necessary in order to fully effectuate the purpose of the rule or regulation. Rules and regulations of the Board of Trustees shall remain in effect until amended or repealed by the Executive Administrator and Board of Trustees. The Executive Administrator and Board of Trustees shall provide a written description of the rules and regulations issued under this section to all employing units, all health benefit representatives, the oversight team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or regulation, and to any other ~~parties~~ persons requesting a written description and approved by the Executive Administrator and Board of Trustees to receive a description on a timely basis."

SECTION 32.20.(r) Not later than January 1, 2003, the Plan shall have developed a prospective payment system for the payment of hospital outpatient services and the services of ambulatory surgical facilities. In developing this prospective payment system, the Plan shall make use of the expertise of the North Carolina Hospital Association, including any advisory committees of member hospitals that the Association may name, and ambulatory surgical facilities in this State. In addition, not later than January 1, 2003, the Plan shall have developed a medical fee schedule for the payment of professional health care services. The fee schedule shall be developed with the participation of the North Carolina Medical Society, the North Carolina Academy of Family Physicians, and any other groups of professional medical service providers that the Society may wish to include. Any prospective payment system for hospital outpatient services and the services of ambulatory surgical facilities and a medical fee schedule for the providers of professional medical services shall not be implemented by the Plan before July 1, 2003.

SECTION 32.20.(s) Except as otherwise provided, this section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

SECTION 32.21.(a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salaries. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 32.21.(b) The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2001-2002

fiscal year and the 2002-2003 fiscal year are (i) five and two hundredths percent (5.02%) - Teachers and State Employees; (ii) ten and two hundredths percent (10.02%) - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University Employees' Optional Retirement System; (iv) sixteen and forty hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (v) twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

SECTION 32.21.(c) Notwithstanding any other provision of law, the Board of Trustees of the Teachers' and State Employees' Retirement System shall adopt such assumptions as necessary to remove the asset cap of seventy-seven percent (77%) of market value and to allow for a five-year smooth market method of asset value.

SECTION 32.21.(d) The General Assembly directs the State Treasurer to adopt a fixed amortization period of nine years for the purposes of the unfunded accrued liability for the North Carolina National Guard Pension Fund.

SECTION 32.21.(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2001-2002 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - two thousand one hundred four dollars ($2,104), and (ii) non-Medicare-eligible employees and retirees - two thousand seven hundred sixty-four dollars ($2,764).

SECTION 32.21.(f) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2002-2003 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees – two thousand two hundred thirty-three dollars ($2,233); and (ii) non-Medicare-eligible employees and retirees - two thousand nine hundred thirty-three dollars ($2,933).

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 32.22.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(iii) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(v) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased

by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(p) In accordance with subsection (a) of this section, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2001, shall be increased by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2001, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2001, and June 30, 2001."

SECTION 32.22.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(e) This section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Tucker

INCREASE LOCAL RETIREMENT BENEFITS

SECTION 32.23.(a) G.S. 128-27(b18) reads as rewritten:

"(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000.~~ 2000, but Before July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;
2. The service retirement allowance as computed under G.S. 128-27(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
2. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b18)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b19)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(c) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.,~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.

(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the

date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.23.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. – From and after July 1, 2001, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2001, shall be increased by one and seven-tenths percent (1.7%) of the allowance payable on June 1, 2001. This allowance shall be calculated on the allowance payable and in effect on June 30, 2001, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2001 General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

OPTIONAL RETIREMENT PROGRAM STUDY COMMISSION

SECTION 32.24.(a) The Optional Retirement Program Study Commission is created. The Commission shall consist of 15 voting members as follows:

(1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;
(2) Four members of the Senate to be appointed by the President Pro Tempore of the Senate;
(3) The State Treasurer or the State Treasurer's designee;
(4) A member of the faculty of a constituent institution of The University of North Carolina, to be appointed by the Speaker of the House of Representatives;
(5) An administrator at a constituent institution of The University of North Carolina, to be appointed by the President Pro Tempore of the Senate;
(6) A member of the faculty of a constituent institution of the North Carolina Community Colleges System, to be appointed by the President Pro Tempore of the Senate;
(7) An administrator at a constituent institution of the North Carolina Community Colleges System, to be appointed by the Speaker of the House of Representatives; and
(8) Two members, one of whom is a practicing actuary and one of whom is the administrator of a private retirement system, to be appointed by the Governor.

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

SECTION 32.24.(b) The Commission shall:

(1) Examine the feasibility and desirability of expanding eligibility under the Optional Retirement System of The University of North Carolina to include all university employees that are exempt from the State Personnel Act; and
(2) Examine the feasibility and desirability of establishing an optional retirement program for employees of the North Carolina Community Colleges System.

In conducting these studies, the Commission shall work cooperatively with the Retirement System Division of the Department of State Treasurer to obtain information addressing issues such as the attraction and retention of faculty and staff at the affected institutions and the actuarial impact of the potential changes in retirement options.

SECTION 32.24.(c) The Commission may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and Senate Supervisors of Clerks. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. The Commission, while in the discharge of official duties, may exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses. Members of the Commission shall receive per diem, subsistence, and travel allowances as follows:

(1) Commission members who are members of the General Assembly at the rate established in G.S. 120-3.1;

(2) Commission members who are officials or employees of the State or of local government agencies at the rate established in G.S. 138-6; and

(3) All other Commission members at the rate established in G.S. 138-5.

SECTION 32.24.(d) The Commission shall report the results of its study and its recommendations to the 2002 Regular Session of the 2001 General Assembly. The Commission shall terminate upon filing its report.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TO SHORTEN THE AMOUNT OF TIME RETIRED TEACHERS MUST BE RETIRED BEFORE THEY RETURN TO WORK

SECTION 32.25.(a) G.S. 135-3(8)c., as enacted by Section 28.24(a) of S.L. 1998-212, and rewritten by Section 67 of S.L. 1998-217 and by Section 8.24(a) of S.L. 2000-67, reads as rewritten:

"c. **(Effective until June 30, 2003)** Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least ~~12~~four months and has not been employed in any capacity, except as a substitute teacher, with a public school for at least ~~12~~four months immediately preceding the effective date

of reemployment, shall not include earnings while the beneficiary is employed to teach on a substitute, interim, or permanent basis in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a). Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 32.25.(b) G.S. 115C-325(a)(5a), as enacted by Section 28.24(b) of S.L. 1998-212 and rewritten by Section 67.1(a) of S.L. 1998-217, reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least ~~12~~four months, has not been employed in any capacity, other than as a substitute teacher, with a local board of education for at least ~~12~~four months, immediately preceding the effective date of reemployment, is determined by a local board of education to have had satisfactory performance during the last year of employment by a local board of education, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher shall be treated the same as a probationary teacher except that a retired teacher is not eligible for career status."

SECTION 32.25.(c) This section becomes effective July 1, 2001, and expires June 30, 2003.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Gibson, Pope, Russell

REMOVE THE CAP ON SICK LEAVE CREDITABLE TO RETIREMENT FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.28.(a) G.S. 135-4(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by him since he last became a member, and also if he has a prior service certificate which is in full force and effect, the amount of service certified on his prior service certificate; and if he has sick leave standing to his credit upon retirement on or after July 1, 1971, one month of credit for each 20 days or portion ~~thereof not to exceed 12 days of credit for each year of membership service or fraction~~ thereof, but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance.

On and after July 1, 1971, a member whose account was closed on account of absence from service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service by the amount of creditable service lost when his account was closed.

On and after July 1, 1973, a member whose account in the North Carolina Local Governmental Employees' Retirement System was closed on account of absence from

service under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of this System with credit for five years of service, may thereafter repay in a lump sum the amount withdrawn from the North Carolina Local Governmental Employees' Retirement System plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service in this System by the amount of creditable service lost when his account was closed.

On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five years of membership service, as an employee of the North Carolina General Assembly, except legislators, participants in the Legislative Intern Program and pages, may make a lump sum payment together with interest, and an administrative fee for such service, to the Teachers' and State Employees' Retirement System of an amount equal to what he would have contributed had he been a member on his first day of employment.

On and after January 1, 1985, the creditable service of a member who was a member of the Law-Enforcement Officers' Retirement System at the time of the transfer of law-enforcement officers employed by the State from that System to this Retirement System and whose accumulated contributions are transferred from that System to this Retirement System, shall include service that was creditable in the Law-Enforcement Officers' Retirement System; and membership service with that System shall be membership service with this Retirement System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or accrued rights of such a member to purchase creditable service for military service, withdrawn service and prior service under the rules and regulations of the Law-Enforcement Officers' Retirement System shall not be diminished and may be purchased as creditable service with this Retirement System under the same conditions which would have otherwise applied."

SECTION 32.28.(b) This section becomes effective July 1, 2001, and applies to persons retiring on or after that date.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SICK LEAVE/JUDICIAL RETIREMENT

SECTION 32.29.(a) G.S. 135-58(a2) reads as rewritten:

"(a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 1999, but before July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

SECTION 32.29.(b) G.S. 135-58 is amended by adding a new subsection to read:

"(a3) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service, including any sick leave standing to the credit of the member, equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AMEND MEMBERSHIP REQUIREMENTS

SECTION 32.30.(a) G.S. 120-4.11 reads as rewritten:

"**§ 120-4.11. Membership.**

The following members of the General Assembly and former members of the General Assembly are eligible for membership in the Retirement ~~System, provided they are not contributing to nor are qualified to contribute to the North Carolina Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System or the Consolidated Judicial Retirement System of North Carolina:~~ System:

(1) Members of the General Assembly who serve on and after June 15, 1983; and

(2) Former members of the General Assembly who served prior to June 15, 1983; and

a. Who elect to transfer current and future entitlements, or contributions, from the Legislative Retirement Fund established by Chapter 1269 of the 1969 Session Laws; or

b. Who have five or more years of service as a member of the General Assembly."

SECTION 32.30.(b) G.S. 120-4.21(c) reads as rewritten:

"(c) Limitations. – In no event shall any member receive a service retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any service retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, or the Consolidated Judicial Retirement System. If he should become a member of any of these systems, payment of his service retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(c) G.S. 120-4.22(d) reads as rewritten:

"(d) Limitations. – In no event shall any member receive a disability retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any disability retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System, the Uniform Judicial Retirement System of North Carolina, the Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of Court Retirement System of North Carolina. If he should become a member of any of these systems payment of his disability retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(d) This section is effective when it becomes law.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DUES DEDUCTION FOR RETIREES

SECTION 32.31. Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"**§ 128-38.3. Deduction for payment to certain employees' associations allowed.**

Any member who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of employers as defined in G.S. 128-21(11), may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum to be paid to the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Nesbitt

ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.32.(a) G.S. 135-4(k) reads as rewritten:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of ~~10~~ five years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service prior to July 1, 1974.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. ~~Any person who leaves service after June 30, 1974, and who withdraws his contributions in accordance with G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of 10 years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover the full cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s).~~ These provisions shall apply equally to retired members who had attained ~~10~~ five years of membership service prior to retirement. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase. ~~Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made.~~

Notwithstanding any provision to the contrary, a law enforcement officer who was transferred from the Law Enforcement Officers' Retirement System to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has ~~10~~ five years or more of membership service standing to his credit may repay in a total lump sum the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one-half the cost of providing such additional credits plus a fee to cover the~~

~~expense of handling which shall be determined by the Board of Trustees and receive credit for the creditable service forfeited at the time of withdrawal.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase."

SECTION 32.32.(b) G.S. 135-4(m) reads as rewritten:

"(m) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (k) of this section."

SECTION 32.32.(c) G.S. 135-4(x) is repealed.

SECTION 32.32.(d) This section becomes effective July 1, 2001.

PART XXXIII. CAPITAL APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	**2001-2002**

Department of Environment and Natural Resources	$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project		**2001-2002**
(1)	Wilmington Harbor Deepening	$22,000,000
(2)	Morehead City Harbor Maintenance	500,000
(3)	Wilmington Harbor Maintenance	200,000
(4)	Manteo (Shallowbag) Bay Channel Maintenance	2,500,000
(5)	B. Everett Jordan Lake Water Supply	100,000
(6)	John H. Kerr Reservoir Operations Evaluation	400,000
(7)	Brunswick County Beaches Nourishment Supplement	927,000
(8)	Wrightsville Beach Nourishment	518,000
(9)	Dare County Beaches design	338,000
(10)	Indian Beach – Salter Path Nourishment	900,000
(11)	Bogue Banks Beach Protection Study	350,000
(12)	Surf City/North Topsail Beach Protection Study	150,000
(13)	West Onslow Beach Protection Re-analysis (Topsail Beach)	116,000
(14)	Currituck Sound Water Management Study	200,000
(15)	Deep Creek Yadkin County	500,000
(16)	State Local Projects	2,000,000
	a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000
	b. Pungo River Snagging, Hyde County	22,000
	c. Muddy Creek Stream Restoration, McDowell County	50,000
	d. Town of Chadbourn Water Management, Columbus County	38,000
	e. Perquimans River and Mill Creek Drainage, Perquimans County	38,000
	f. Mitchell River Restoration, Surry County	111,875
	g. Town of Candor Park Drainage, Montgomery County	18,000

	h.	Chowan River Restoration and Pembroke and Rocky Hock Creeks Drainage, Chowan County	67,000	
	i.	Town of Pine Knoll Shores Westport Marina Maintenance Dredging, Carteret County	25,000	
	j.	Town of Kenly Flood Control, Wilson and Johnston Counties	268,100	
	k.	Southern Pines Drainage Improvements, Moore County	118,575	
	l.	Other Projects	1,240,450	
(17)	Aquatic Weed Control Lake Gaston and Statewide			200,000
(18)	Adkin Branch Flood Control			120,000
(19)	Neuse River Basin Flood Control Feasibility Study			100,000
(20)	Little Sugar Creek Restoration Projects			360,000
(21)	Emergency Flood Control Projects			187,000
(22)	Projected Feasibility Studies			120,000
(23)	Planning Assistance to Communities			150,000
Total				$32,936,000

SECTION 33.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2001-2002.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2002-2003 fiscal year.

SECTION 33.3.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 33.4. The appropriations made by the 2001 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2001 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2001 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS

SECTION 33.5. When each capital improvement project appropriated by the 2001 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as

approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

(1) That the project was designed and bid within the scope as authorized by the General Assembly;

(2) That the funds to supplement the project are from the same source as authorized for the original project;

(3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and

(4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of

a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

PART XXXIV. NOT APPLICABLE

PART XXXV. NOT APPLICABLE

PART XXXVI. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was

distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

The General Assembly revised the recurring baseline budget for the 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the Budget, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The recurring baseline budget was revised in accordance with reductions and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

SECTION 36.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM

SECTION 36.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2001-2003 fiscal biennium.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 36.4. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 36.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 36.6. Except as otherwise provided, this act becomes effective July 1, 2001.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R. Paul Williams	NCMBA
Jack Tunstell	NC STH Legis.
Marie Stewart McBride	NCSTHL
John O'Hale	Gov. Office intern
Alexis Wicker	Speaker Senior Tar Heel Legislature
Vernon Bell	Deputy Speaker NC THL
Steve Lusk	AOC
Bob Hobgood	AOC
Lee Jacobs	PEP
Brad Richin	NCAA. VAB
David Brown	OSBPM
Sam Lee	OSBPM
Jennifer Mahan	MHA/NC
Jack McGee	NCACC & DMCT
Jennifer Bennett	NCDPI
Ellen Phelps	SBE
Ann Bulam	Bulam Associates
Clara Day	NCDA&CS

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sherry Melton	SEANC
Carri Derrick	SEANC
DAN HUDGINS	Durham Co. DSS
Rhem Beal	DHHS/DSS
Ashley Tuttle	WCSR
Karen Ponden	NCPC
Peggy Ball	DCD-DHHS
Sue Russell	CCSA
Michele Revis	Orange Co. Partnership.
J.d. Edwards	DMV ENF.
David Richards	DMV ENF.
Diane Johnson	DMV. VR
Michael E. Bryant	DL/DMV
Shana Matthews	DMV/DOT
Tom McLaughlin	Wake+VWGF/DRC's
Terry Hatcher	DHHS
Meg Imgwart	Covenant w/ NC's children
Lee Adams	OSBM

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dan Brown	NC minority support Ctr
Catherine Liao	Governor's Office
Katie Simmons	Gov's Office
Mary Bunch	Child Speech Center
Stan Clark	DHHS
Meredith Benton	DOT
Lauren Watt	DHHS
John Dorman	OSBPM
Mary Shaw	OPEB Inst
Jay Matt	Justice Ctr.
JB Buxton	Office of Gov
Bill Toomey	NC Commerce
Mike Alford	OSBM
Joe McClees	McClees Consulting Inc
Sally Hunter	OSBPM
Frank Lewis	OSBPM
Matt Wiser	Daily Tar Heel
Mark Rabon	DMH/DD/SAS

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jimmie Pey	NJCDC
Maurice Ivey	OSBPM
Larry Dick	DJIDP
Marilyn Scott	DMHDDSAS
Nels Rockwell	OSBPM
Stephanie Bass	NC Progress Board
Art Robarge	DMH/DD/SAS
TARA LARSON	
Elizabeth Drewenter	OSBPM
Gwen Jones	OSBPM
Jim Newell	OSBM
Johnny Gray	
Katherine Copening	senate intern
Flo Stein	DMH/DD/SAS
MICHELLE COTTON	DMH/DD/SAS
Patricia Porter	DMH.DD.SAS
Alfred A Hoyt	UNC-CA
Meghan Swafford	NCJCDC

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Don Willis	DMHDDSAS
Kristen Guillory	Governor's office
Howard Lyle III	Governor's Office
[illegible]	OSBM
Mary Greene	"
Greg [illegible]	"
Thomas Check	"
Wayne Williamie	"
Jim Holman	CWMTF
Jack Poteat	NCAE
Tom Stern	NCAE
John McMillan	MF&S P.A.
Michelle Frazier	NC Bar Assoc.
Anne Winnie	NCCADV
Martha Glass	DOA
P. Perrin	DMA
Pam Bradley	NC PHCA
Deborah Rowe	NC PNA / NCALHD

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Rayburn	Harnett Co. Health Dept.
Debra Bryan	Treasurer-Retirement -
Joseph Sansom	↓
Josie W. Douglas	N.C. Assoc. of the Deaf
Joan Norris	Public School Forum
Liz Swaitt	NC Child Care Coalition
Marjorie Donaldson	NCDVRS
Don Freeman	Cape Fear River Assembly
Joe Lubera	AHHC
Katie Mills	Intern
John Goodman	Linwood Mercer & Assoc
Beth Melcher	NAMI NC
Greg McLeod	CCPS
John Phelps	NCLM
Rob Hillman	OSA
Bob [illegible]	DHHS - DVRS
Tony Adams	NC Outdoor Advertising Assoc.
[illegible]	N.C. Food Bank / NC Pork Co.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Mark Fleming	NC State University
VLMcBride	NRCS
H. H. Webb	NCADA
PE Busick	NCCPA
Angie McMillan	The Nature Conservancy
Lin McDowell	NCCU
Peggy Manning	SPA
Roger Bone	Bone & Assoc
Gene Causby	NCSFSA
Lon Wilson	NCALTCF
Jack Neal	NCSPC
Ron Aycock	Co. Commissioners Assn.
FRAN NOLAN	GRASSROOTS SCIENCE
[illegible]	NCCCS
[illegible]	NCCCS
[illegible]	NCCCS
Margaret Westbrook	Kennedy Covington
Austin Bunch	ECA

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Harrison	WCPSS
Crissy Porter	Boneand Associates
Amy Jo Bair	NC Medical Society
Cam Ayer	BPMHL
Jennifer Julianna	NASW-NC
Brian Francis	Mecklenburg Cnty
Dorothy Clewis	DHHS-DPH
Clifton B. Sherrod	UNC
Janice Freedman	NC Healthy Start Foundation
Hope Williams	NCICU
Nicole Quisenberry	NC EQUITY
Mary Jones	OSA
Robert Wilson	Sec. of State office
Rachel Taylor	ESC
Jean Ramseur	NCHFA
Andy Ellen	NCRMA
Mike Carpenter	NCCBSA
Tim Minton	NCHBA

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
ANN LORE	DOHS
Steve Mitchell	Novartis
Bedie Stuart	PPAB
Chris Rolfes	"
Chris Hoke	DHHS
Glenn Wylie	"
[illegible]	[illegible]
Evelyn Newsome	UNC-CH
Mark Lanier	UNCW
HASKELL RIGGS	NC STATE PORTS AUTHORITY
Sharon Hogan	AOC-DES
SARA KEEN	STATE CAPITOL POLICE
JEFF WEAVER	"
Jan Crotts	NCASA
[illegible]	NCASA
APARNA V.	DHHS - DFS
Monica Alexander	NCCDI
Linda Gunn	NCIMED

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sharon Lipscomb	REDC
Gary Hanrahan	EG&S
Carol Lauler	EGHS
Kitty Byrd	DCR
Drew Penfield	DCR
Barbara Walls	NC Community College Faculty Association
Jan Mays	NC Community College Faculty Association
Ruth Cook	CAM
Pam Smith	DRC - Randolph Co.
Larry Watts	Ed.
John McHugh	GOV OFFICE
Jan Hill	Director Randolph Co. Day Reporting
Willie Riddick	DOR
Alex Keown	Wilson Daily Times
Denice Harbor	Lt. Gov's Office
Satana Deberry	DHHS
Paul Hughes	IPDC, Rutherfordton NC
Jay Smith	UNC

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ken Grogan	UNC-GA
Jeff Davis	UNC
Phil Barber	CAPA
Stacy Flannery	NCHFA
Curtis Boss	Autism Services / ICF/MR Providers Assn.
Deborah Spencer	NC Community Action
[illegible]	[illegible]
BRANDON THOMAS	SEANC
RICHARD HOLDEN	NC SHP
Lorie Schmidt	NC Justice Center
Audrey Galloway	NCAE
McKinley Wooten	DOT
Mark Johnson	The Charlotte Observer
Meg Robertson	AP
Frank Wood	Governor's office
Ken D. Howell	Gov's office
Darlene Garrett	DOC
Kevin Leonard	NCDOL

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 25, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Carmen Hooker Buzzell	DHHS
Lanier Cansler	DHHS
Lekita Esso	Alley Assoc.
Rudolph S. Ch	Rudolph S. Ch + Assoc

HOUSE APPROPRIATIONS COMMITTEE

2001 SESSION, Book 2 of 3

Co-Chairs
Representative Ruth Easterling
Representative David Redwine
Representative Warren P. Oldham
Representative Gregg Thompson

Rita Harris
Committee Assistant

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

June 26, 2001
643 LOB
8:30 AM

SB. 1005, The Appropriations Act of 2001
Continue consideration of amendments

Minutes
House Appropriations Committee Meeting
Tuesday, June 26, 2001
643 LOB
8:30 AM

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order at 8:30 AM for the purposes of considering-amendments to SB. 1005, The Appropriations Act of 2001. He recognized the House Pages in attendance.

House Appropriations Co-Chair Representative Redwine urged the members to get their amendments and copies to the Chairs for review.

15.	**Rep. Michaux**	**Adopted by Voice Vote**
16.	**Rep. Michaux**	**Adopted by Voice Vote**
17.	Rep. Nesbitt	Failed by Voice Vote
18.	Rep. Michaux	Failed by Division 37/23
19.	Rep. Carpenter	Failed by Division 30/29
19a.	**Rep. Carperter**	**Adopted by Voice Vote**
20.	**Rep. Nesbitt**	**Adopted by Voice Vote**
21.	**Rep. Michaux**	**Adopted by Voice Vote**
22.	**Rep. Shubert**	**Adopted by Voice Vote**
23.	**Rep. Blue**	**Adopted by Voice Vote**
24,	Rep. Baddour	Failed by Voice Vote
25.	**Rep. Nesbitt**	**Adopted by Voice Vote**
26.	**Rep. Insko**	**Adopted by Division**
27.	**Rep. Crawford**	**Adopted by Voice Vote**
28.	Rep. Wright	Failed by Voice Vote
29.	**Rep. Nesbitt**	**Adopted by Voice Vote**
30.	**Rep. Wright**	**Adopted by Voice Vote**
31.	**Rep. Nesbitt**	**Adopted by Voice Vote**
32.	**Rep. Wright**	**Adopted by Voice Vote**
33.	**Rep. Nye**	**Adopted by Voice Vote**
34.	**Rep. Nye**	**Adopted by Voice Vote**
35.	**Rep. Wright**	**Adopted by Voice Vote**
36.	**Rep. Insko**	**Adopted by Voice Vote**
37.	**Rep. Wright**	**Adopted by Voice Vote**
38.	**Rep. Underhill**	**Adopted by Voice Vote**
39.	**Rep. Holmes**	**Adopted by Voice Vote**
40.	**Rep. Warner**	**Adopted by Voice Vote**
41.	Rep. Daughtry	Failed by Voice Vote
42.	**Rep. Culpepper**	**Adopted by Voice Vote**
43.	Rep. Tucker	Withdrawn
44.	Rep. Hensley	Withdrawn
45.	Rep. Ellis	Withdrawn

46.	Rep. Michaux	Withdrawn
47	Rep. Sutton	Out of order
48.	**Rep. Culpepper**	**Adopted by Voice Vote**
49.	**Rep. Hensley**	**Adopted by Voice Vote**
50.	**Rep. Sherrill**	**Adopted by Voice Vote**
51.	**Rep. Adams**	**Adopted by Voice Vote**
.52.	**Rep. Nesbitt**	**Adopted by Voice Vote**
53.	**Rep. Blue**	**Adopted by Voice Vote**
54.	**Rep. Nesbitt**	**Adopted by Voice Vote**
.55.	**Rep. Saunders**	**Adopted by Division 54/42**
56.	**Rep. Saunders**	**Adopted by Voice Vote**
57.	**Rep. Justus**	**Adopted by Voice Vote**
58.	**Rep. Insko**	**Adopted by Voice Vote**
58 a.	Rep. Warner	Failed by Roll Call
59.	Rep. Shubert	Chair ruled amdt. Out of order
60.	**Rep. Shubert**	**Adopted by Voice Vote**
61.	**Rep. Redwine**	**Adopted by Voice Vote**
62.	**Rep. Grady**	**Adopted by Voice Vote**
63.	**Rep. Miner- Note:**	**this amdt was adopted in Capital Subcommittee.**
64.	**Rep. Creech**	**Adopted by Voice Vote**
65.	**Rep. Fox**	**Adopted by Voice Vote**
66.	**Rep. Baker**	**Adopted by Voice Vote**
67.	**Rep. Tolson**	**Adopted by Voice Vote**
68.	Rep. Miller	Displaced
69.	Rep. Russell	Failed by Division Vote
70.	Rep. Haire	Failed by Voice Vote
71.	**Rep. Russell**	**Adopted by Voice Vote**
72.	**Rep. Michaux**	**Adopted by Voice Vote**
73.	Rep. Arnold	Out of Order
74.	**Rep. Miller**	**Adopted by Voice Vote**
75.	**Chairs**	**Adopted by Voice Vote**
76.	**Reps. Earle, Nye**	**Adopted by Voice Vote**
77.	Rep. Shubert	Failed by Voice Vote

A brief description of amendments are attached.

On a motion offered by Co-Chair Representative Easterling, the Committee passed by voice vote to give a favorable report to the house committee substitute, unfavorable report to the senate committee substitute. The Appropriations Committee adjourned.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris Committee Asst.

Rita Harris (House Appropriations Assistant)

From: Denise Weeks (House Principal Clerk)
Sent: Tuesday, June 26, 2001 9:48 PM
To: Rita Harris (House Appropriations Assistant)
Subject: COMMITTEE REPORT 6.25.01 s1005 bUDGET

2000 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

Committee Substitute #2 for
1005 TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

With a favorable report.

With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations Finance .

With a favorable report, as amended.

With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations Finance .

With a favorable report as to House committee substitute bill, unfavorable as to Senate Committee Substitute Bill # 2.

With a favorable report as to House committee substitute bill (#), which changes the title, unfavorable as to Senate committee substitute bill.

With an unfavorable report.

With recommendation that the House concur.

With recommendation that the House do not concur.

With recommendation that the House do not concur; request conferees.

With recommendation that the House concur; committee believes bill to be material.

With an unfavorable report, with a Minority Report attached.

Without prejudice.

With an indefinite postponement report.

With an indefinite postponement report, with a Minority Report attached.

With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)
2/24/99

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

S 4

SENATE BILL 1005
Appropriations/Base Budget Committee Substitute Adopted 5/28/01
Appropriations/Base Budget Committee Substitute No. 2 Adopted 5/29/01
Third Edition Engrossed 5/31/01
House Committee Substitute Favorable 6/26/01

Short Title: The Appropriations Act of 2001. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2001."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - General Fund	**2001-2002**	**2002-2003**
EDUCATION		
Community Colleges System Office	$650,511,683	$650,511,683
Department of Public Instruction	5,877,926,964	5,927,594,010

University of North Carolina - Board of Governors		
Appalachian State University	85,569,473	85,832,474
East Carolina University		
Academic Affairs	121,199,265	122,462,333
Health Affairs	46,244,924	46,244,925
Elizabeth City State University	21,735,417	21,735,417
Fayetteville State University	30,918,568	30,918,568
North Carolina Agricultural and		
Technical University	59,749,183	59,749,183
North Carolina Central University	44,557,545	44,557,546
North Carolina School of the Arts	16,474,087	16,747,706
North Carolina State University		
Academic Affairs	266,318,643	266,803,594
Agricultural Extension Service	37,584,776	37,584,776
Agricultural Research Service	46,891,919	46,865,806
University of North Carolina at Asheville	25,580,238	25,736,337
University of North Carolina at Chapel Hill		
Academic Affairs	199,933,615	200,443,117
Health Affairs	154,802,003	156,782,219
Area Health Education Centers	46,072,336	46,072,336
University of North Carolina at Charlotte	96,039,882	96,511,110
University of North Carolina at Greensboro	93,617,445	93,694,770
University of North Carolina at Pembroke	24,689,033	24,630,348
University of North Carolina at Wilmington	59,821,472	60,172,855
Western Carolina University	52,094,143	52,362,403
Winston-Salem State University	28,207,075	28,630,664
General Administration	43,052,753	44,048,177
University Institutional Programs	42,204,602	42,214,602
Related Educational Programs	103,637,912	103,637,912
North Carolina School of Science		
and Mathematics	11,487,156	11,839,342
UNC Hospitals at Chapel Hill	38,587,322	38,587,322
Total	$1,797,080,787	$1,804,865,842

HEALTH AND HUMAN SERVICES

Department of Health and Human Services		
Office of the Secretary	47,011,912	46,911,912
Division of Aging	29,519,886	29,519,886
Division of Child Development	289,558,396	289,558,396
Division of Education Services	69,940,433	69,940,433
Division of Public Health	109,613,077	107,312,801
Division of Social Services	192,262,288	198,335,582
Division of Medical Assistance	1,989,421,813	2,261,450,549
NC Health Choice	32,987,142	37,487,142
Division of Blind Services/Deaf	10,184,019	10,184,019
Division of Mental Health	581,548,722	581,548,722
Division of Facility Services	15,281,564	15,476,831
Division of Vocational Rehabilitation	42,468,956	41,768,956
Total	$3,409,798,208	$3,689,495,229

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	55,545,270	55,194,468
Department of Commerce		
Commerce	45,395,692	44,315,050
Commerce State-Aid	7,700,000	5,200,000
NC Biotechnology Center	5,270,468	6,270,468
Rural Economic Development Center	4,470,777	5,470,471
Department of Environment and Natural Resources		
Environment and Natural Resources	158,306,149	157,833,822
Clean Water Management Trust Fund	20,000,000	20,000,000
Office of the Governor - Housing Finance Agency	5,300,000	5,300,000
Department of Labor	16,023,147	15,992,906
JUSTICE AND PUBLIC SAFETY		
Department of Correction	932,115,439	939,576,495
Department of Crime Control and Public Safety	31,999,903	28,726,357
Judicial Department	305,410,586	305,358,520
Judicial Department - Indigent Defense	71,635,967	71,635,967
Department of Justice	72,955,782	73,528,600
Department of Juvenile Justice and Delinquency Prevention	141,276,263	143,030,250
GENERAL GOVERNMENT		
Department of Administration	60,765,033	59,740,890
Office of Administrative Hearings	2,795,155	2,795,155
Department of State Auditor	11,864,673	11,864,673
Office of State Controller	11,523,868	11,523,868
Department of Cultural Resources		
Cultural Resources	60,638,520	59,763,520
Roanoke Island Commission	1,859,463	1,859,463
State Board of Elections	3,186,269	3,186,269
General Assembly	39,081,724	39,553,848
Office of the Governor		
Office of the Governor	5,452,905	5,452,905
Office of State Budget and Management	5,283,596	4,933,066
Mapping and Surveying	1,187,845	1,187,845

Reserve for Special Appropriations	3,435,000	3,080,000
Department of Insurance		
Insurance	23,579,288	23,129,288
Insurance – Volunteer Safety Workers' Compensation	2,000,000	2,500,000
Office of Lieutenant Governor	669,545	669,545
Department of Revenue	77,563,436	77,955,704
Rules Review Commission	325,795	325,795
Department of Secretary of State	8,649,507	8,554,507
Department of State Treasurer		
State Treasurer	2,830,600	2,830,600
State Treasurer – Retirement for Fire and Rescue Squad Workers	10,301,897	12,379,780
TRANSPORTATION		
Department of Transportation	10,030,000	13,393,341
RESERVES AND DEBT SERVICE		
Contingency and Emergency Fund	5,000,000	5,000,000
Reserve for Compensation Increases	193,842,000	193,842,000
Reserve for Salary Adjustments	500,000	500,000
Reserve for State Health Plan	150,000,000	200,000,000
Teachers' and State Employees' Retirement Rate Adjustment	(239,568,180)	(239,568,180)
Judicial Retirement Rate Adjustment	(2,265,000)	(2,265,000)
Hurricane Floyd Reserve Fund		150,629,172
Reserve to Implement HIPPA	10,000,000	
Mental Health System Reform Reserve	7,525,675	
Information Technology Rate Adjustment	(4,000,000)	(4,000,000)
Payroll Turnover Adjustment	(52,000,000)	(52,000,000)
Debt Service		
General Debt Service	250,822,092	352,266,860
Federal Reimbursement	1,155,948	1,155,948
GRAND TOTAL CURRENT OPERATIONS –		

GENERAL FUND	**$14,272,759,739**	**$14,902,141,000**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in developing the 2001-2003 biennial budget is shown below:

General Fund Budget Reform Statement	**2001-2002 ($ Millions)**	**2002-2003 ($ Millions)**
1. Composition of the 2001-2002 beginning availability:		
a. Unappropriated balance	0.0	--
b. Revenue collections in fiscal year 2000-2001 in excess of authorized estimates	0.0	--
c. Unexpended appropriations during fiscal year 2000-2001 (Reversions)	0.0	--
Beginning Unreserved Credit Balance	0.0	--
2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
3. Non-Tax Revenues:		
Investment Income	152.0	167.0
Judicial Fees	109.5	111.7
Disproportionate Share	107.0	107.0
Insurance	43.9	45.8
Other Non-Tax Revenues	105.0	106.2
Highway Trust Fund Transfer	170.0	170.0
Highway Fund Transfer	14.5	15.3
Subtotal	14,175.7	15,174.2
4. Other Adjustments		
North Carolina Railroad General Fund Repayment	19.0	--
Senate Bill 353 Enhance Department of Revenue Collections	50.0	50.0
House Bill 232 Implementation	116.5	2.7
Scrap Tire/White Goods Transfer	3.4	
Transfer of Cash from Special, Trust, Internal Service, and Reserve Funds	167.5	0.5
Transfer to the Savings Reserve Account	(125.0)	--
Subtotal	231.4	53.2
TOTAL GENERAL FUND AVAILABILITY	**$14,407.1**	**$15,227.4**

SECTION 2.2.(b) Notwithstanding the provisions of Section 7.2.(a) of S.L. 2000-67, nineteen million dollars ($19,000,000) of the North Carolina Railroad Company dividends received by the State during the 2000-2001 fiscal year and the 2001-2002 fiscal year shall: (i) be applied to increase the capital of the North Carolina Railroad Company, (ii) reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237, and (iii) be deposited in the General Fund.

SECTION 2.2.(c) Of the balance of Budget Code 19930, the Hurricane Floyd Reserve Fund established pursuant to S.L. 1999-463 (Extra Session), the sum of one hundred fifty million six hundred twenty-nine thousand one hundred seventy-two dollars ($150,629,172) shall be transferred to the General Fund on July 1, 2001. Funds are appropriated in this act for the 2002-2003 fiscal year to the Office of State Budget and Management, Hurricane Floyd Reserve Fund, in an amount equal to the amount transferred under this section. These funds shall be expended only for Hurricane Floyd

recovery according to the purposes, procedures, and requirements provided in S.L. 1999-463 (Extra Session).

SECTION 2.2.(d) Effective July 1, 2001, cash balances remaining in special funds on June 30, 2001, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2001-2002 fiscal year.

Fund	**Amount Transferred**
Department of Agriculture and Consumer Services	
Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	$500,000
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	46,437
Budget Code 24300, Fund Code 2331 (DAQ - Air Permits)	77,889
Budget Code 24300, Fund Code 2735 (DLR - Sedimentation Fees)	148,562
Budget Code 24300, Fund Code 2620 (DLR - Land Env Controls)	111,261
Budget Code 24300, Fund Code 2740 (DLR - Dam Safety Account)	18,522
Budget Code 64305, Fund Code 6372 (DWM - Inactive Hazardous Sites Cleanup)	499,263
Budget Code 64305, Fund Code 6373 (DWM - Emergency Response Fund)	49,771
Budget Code 24300, Fund Code 2341 (DWQ - Water Permits)	371,682
Budget Code 64306, Fund Code 6341 (DWQ - WW Treatment Maintenance & Repair)	43,256
Budget Code 24300, Fund Code 2335 (DWQ - Lab Certification Fees)	16,371
Budget Code 24300, Fund Code 2130 (DWQ - Well Construction Fund)	18,134
Budget Code 24300, Fund Code 2310 (DWQ - Oil Pollution Control)	8,170
Budget Code 24303, Fund Code 2980 (DWQ - Wetlands Restoration)	3,400,000
Department of Commerce	
Budget Code 24610, Fund Code 2431 (International Trade Show Fund)	75,000
Department of Correction	
Budget Code 24502 (Inmate Canteen/Welfare Fund)	380,000

SECTION 2.2.(e) Effective October 1, 2001, the sum of one million two hundred thousand dollars ($1,200,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective April 1, 2002, the sum of two million dollars ($2,000,000) shall be transferred from the Department of Administration, Budget Code 74100, Fund Code 7211 (Motor Fleet Management) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(f) The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by one million dollars ($1,000,000), effective July 1, 2001, for the 2001-2002 fiscal year.

The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by five hundred thousand dollars ($500,000), effective July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years.

SECTION 2.2.(g) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2000-2001 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2001. For the 2001-2002 fiscal year, the State Controller shall credit the sum of one hundred twenty-five million dollars ($125,000,000) to the Savings Reserve Account. This is not an "appropriation made by law", as that phrase is used in Article V, Section 7(2) of the North Carolina Constitution.

This subsection becomes effective June 30, 2001.

SECTION 2.2.(h) Notwithstanding G.S. 143-15.3B(a) for the 2001-2003 fiscal biennium only, the appropriation to the Clean Water Management Trust Fund for the 2001-2002 fiscal year is only twenty million dollars ($20,000,000) as provided by this act and is only twenty million dollars ($20,000,000) for the 2002-2003 fiscal year as provided by this act. The funds appropriated by this act to the Clean Water Management Trust Fund shall be used as provided by G.S. 143-15.3B(b).

SECTION 2.2.(i) Effective November 1, 2001, the sum of three million dollars ($3,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

Effective February 1, 2002, the sum of four million dollars ($4,000,000) shall be transferred from the Office of Information Technology Services, Budget Code 74660, Fund Code 7100 to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2001-2002 fiscal year.

SECTION 2.2.(j) Notwithstanding the provisions of G.S. 105-187.19(b), effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.19(b) directs the Secretary to credit to the Scrap Tire Disposal Account.

Notwithstanding the provisions of G.S. 105-187.24 effective for taxes levied during the 2001-2002 fiscal year, the Secretary of Revenue shall credit to the General Fund the net tax proceeds that G.S. 105-187.24 directs the Secretary to credit to the White Goods Management Account.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Fund	**2001-2002**	**2002-2003**
(1) Transportation admin. (84210)	$69,195,895	$69,195,895
(2) Transportation operations (84220)	28,801,650	28,801,650
(3) Transportation programs (84230)		
State construction		

	Primary	-	-
	Secondary	87,462,000	89,387,000
	Urban	14,000,000	14,000,000
	Public access	2,000,000	2,000,000
	Spot safety	9,100,000	9,100,000
	Contingency	12,000,000	10,000,000
	Federal aid match	5,212,266	5,212,266
	Maintenance	585,841,175	575,818,204
	Asphalt plant/OSHA	425,000	425,000
	Capital	1,634,000	
	Ferry operations	19,747,132	19,747,132
	Aid to municipalities	87,462,000	89,387,000
	Rail	31,095,000	10,575,000
	Public transit	62,178,682	61,794,456
	Airports	3,000,000	
(4)	Governor's highway safety (84240)	266,693	266,693
(5)	Transportation regulation (84260)	98,654,012	98,649,802
(6)	Reserves and transfers (84270)	200,584,495	205,158,048
	GRAND TOTAL CURRENT OPERATIONS AND EXPANSION	**$1,318,660,000**	**$1,289,518,146**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund availability used in developing the 2001-2003 biennial budget is shown below:

Highway Fund Budget Reform Statement	**2001-2002**	**2002-2003**
Beginning Credit Balance	$ 14,860,000	-
Estimated Revenue	1,303,280,000	$1,311,720,000
Additional Reversions	520,000	-
Total Highway Fund Availability	**$1,318,660,000**	**$1,311,720,000**

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

Current Operations - Highway Trust Fund	**2001-2002**	**2002-2003**
Intrastate System	$464,295,516	$489,403,290
Urban Loops	187,741,771	197,894,308
Aid to Municipalities	48,715,429	51,349,821
Total for Secondary Roads	83,827,858	87,445,392
Program Administration	34,142,426	36,181,189
Transfer to General Fund	170,000,000	170,000,000
GRAND TOTAL CURRENT OPERATIONS		

AND EXPANSION	$988,723,000	$1,032,274,000

PART V. BLOCK GRANTS

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT		
01.	Community Action Agencies	$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 15,639,392
SOCIAL SERVICES BLOCK GRANT		
01.	County departments of social services (Transfer from TANF - $4,500,000)	$ 27,395,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301

12.	Comprehensive Treatment Services Program	606,364
13.	Transfer to Preventive Health Services Block Grant for emergency medical services	213,128
14.	Transfer to Preventive Health Services Block Grant for HIV/AIDS Prevention Activities	606,364
15.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
16.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
17.	UNC-CH CARES Program for training and consultation services	247,920
18.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
19.	Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
20.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
21.	Transfer to Maternal and Child Health Block Grant for Newborn Screenings	90,611
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 53,888,298
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934
04.	Weatherization Program	2,684,116
05.	Department of Administration - N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588

TOTAL LOW-INCOME ENERGY BLOCK GRANT	$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT	
01. Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	$ 5,192,826
02. Provision of community-based services to children	2,378,540
03. Establish Child Residential Treatment Services Program	1,500,000
04. Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	$ 9,855,277
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
01. Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 14,501,711
02. Continuation of services for pregnant women and women with dependent children	6,007,303
03. Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04. Provision of services to children and adolescents	6,839,190
05. Juvenile Services - Family Focus	774,414
06. Child Residential Treatment Services Program	700,000
07. Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
01. Child care subsidies	$148,343,839

02.	Quality and availability initiatives	17,259,661
03.	Administrative expenses	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	76,675,000
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$248,828,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$114,181,958
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	76,675,000
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	3,500,000
05.	Cash Assistance Reserve	9,347,631
06.	Allocation to the Division of Social Services for staff development	500,000
07.	Reduction of out-of-wedlock births	1,600,000
08.	Substance Abuse Services for Juveniles	1,182,280
09.	Special Children Adoption Fund	2,811,687
10.	Business Process Reengineering Project Reserve	3,000,000
11.	Work First Job Retention – NC Rural Center ($300,000) Work Central Career Advancement Center ($500,000)	800,000
12.	Allocation to the Division of Public Health for teen pregnancy prevention	2,239,261
13.	Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000

14.	Child Care Subsidies for TANF Recipients	26,621,241
15.	Work First Housing Initiative	3,000,000
16.	Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
17.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
18.	Intensive Family Preservation Program	2,000,000
19.	Work First/Boys and Girls Clubs	1,000,000
20.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
21.	Support Our Students – Department of Juvenile Justice and Delinquency Prevention	2,750,674
22.	Residential Substance Abuse Services for Women With Children	5,000,000
23.	Domestic Violence Services for Work First Families	2,000,000
24.	After-School Services for At-Risk Children	3,000,000
25.	Division of Social Services - Administration	500,000
26.	Child Welfare workers and services for local departments of social services	7,654,841
27.	Child Welfare Training	2,000,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$373,110,978

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education,	

	Technical Assistance to Local Health Departments, and Duke University Medical Center Contract for Universal Newborn Screening Services	2,102,713
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 17,019,434
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	$3,061,182
02.	Dental Services/Fluoridation	100,800
03.	Rape Crisis/Victims' Services Program - Council for Women	190,134
04.	Rape Prevention and Education Program - Division of Public Health and Council for Women	1,139,869
05.	Transfer from Social Services Block Grant - HIV/AIDS Prevention Activities	606,364
06.	Transfer from Social Services Block Grant - Emergency Medical Services	213,128
07.	Office of Minority Health	159,459
08.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$5,579,482

SECTION 5.1.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health

and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.1.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

SECTION 5.1.(d) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(e) The Department of Health and Human Services may allow no-cost contract extensions for up to six months for nongovernmental grant recipients under the TANF Block Grant.

SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2001-2002 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 5.1.(g) The Department of Health and Human Services, Division of Social Services, shall do the following:

(1) Continue the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.

(2) Continue the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.

(3) Continue the current evaluation to profile clients and families exempted from federal and State work participation requirements. The

evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2001, and shall make a final report no later than September 30, 2002.

SECTION 5.1.(h) The sum of two million eight hundred eleven thousand six hundred eighty-seven dollars ($2,811,687) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2001-2002 fiscal year shall be used to implement this subsection. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 5.1.(i) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this act in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2001-2002 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

SECTION 5.1.(j) The sum of three hundred thousand dollars ($300,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used to develop and implement a Medical Child Care Pilot open to children throughout the State.

SECTION 5.1.(k) The sum of one million dollars ($1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

SECTION 5.1.(l) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 5.1.(m) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the Work First Housing Initiative shall be used to provide direct housing support to Work First clients. Direct housing support includes using funds for rental assistance, loans, moving expenses, and other financial assistance. No more than ten percent (10%) of these funds may be used for

administration. These funds may be used for counseling or similar services only if it is demonstrated that those services are not otherwise available in the community.

SECTION 5.1.(n) The sum of five hundred thousand dollars ($500,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(o) The sum of five million dollars ($5,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to provide regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion of regionally based substance abuse services for women with children. These services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2001, and March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

(1) The number and location of additional beds created.
(2) The types of facilities established.
(3) The delineation of roles and responsibilities at the State and local levels.
(4) Demographics of the women served, the number of women served, and the cost per client.
(5) Demographics of the children served, the number of children served, and the services provided.
(6) Job placement services provided to women.
(7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
(8) Barriers identified to the successful implementation of the expansion.
(9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
(10) Other information as requested.

SECTION 5.1.(p) The sum of two million seven hundred fifty thousand six hundred seventy-four dollars ($2,750,674) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.1.(q) The sum of two million dollars ($2,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year shall be used to

provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters, for State-level administration, or to facilitate lobbying efforts.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by October 1, 2001. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of ten thousand dollars ($10,000) and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2001, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2001. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(r) The sum of two million two hundred thirty-nine thousand two hundred sixty-one dollars ($2,239,261) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Public Health, for the 2001-2002 fiscal year for adolescent pregnancy prevention shall be used in accordance with this subsection.

The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this subsection.

The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

The Commission for Health Services may adopt rules necessary to implement the programs.

State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the

contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs. In doing so, the Department shall address how to properly evaluate all programs and may issue a request for proposals to select an organization that has expertise in this area to assist with this evaluation.

The Department shall report on activities conducted pursuant to this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

SECTION 5.1.(s) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2002, on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(t) The sum of seven million six hundred fifty-four thousand eight hundred forty-one dollars ($7,654,841) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(u) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year and the sum of seven hundred thousand dollars ($700,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2001-2002 fiscal year shall be used to continue a

Comprehensive Treatment Services Program in accordance with Section 21.60 of this act.

SECTION 5.1.(v) The sum of two million dollars ($2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2001-2002 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(w) The sum of nine million three hundred forty-seven thousand six hundred thirty-one dollars ($9,347,631) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Cash Assistance Reserve may only be used for cash assistance payment if the funds appropriated in this act for cash assistance payments are not sufficient to pay Work First cash assistance in the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(x) The sum of three million dollars ($3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services for a Business Process Reengineering Project Reserve may only be used for the project if funds appropriated in this act for Business Process Reengineering are not sufficient to continue the project through the 2001-2002 fiscal year. Prior to the use of these funds, the Office of State Budget and Management shall review all proposals for expenditure of these funds in order to ensure compliance with this subsection.

SECTION 5.1.(y) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 5.1.(z) The sum of one million dollars ($1,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2001-2002 fiscal year for Domestic Violence Prevention and Awareness shall be used for grants to support initiatives by local domestic violence programs to prevent domestic violence. Prevention activities shall include efforts to reach under-served populations and shall be culturally sensitive and multilingual. The Department shall award grants to community-based organizations that demonstrate the ability to collaborate and coordinate services with other local human services agencies and organizations in order to serve children and families where domestic violence has occurred or is occurring. The Department shall report on the use of these funds no later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(aa) The sum of six hundred six thousand three hundred sixty-four dollars ($606,364) appropriated in this section in the Social Services Block Grant and transferred to the Preventive Health Service Block Grant to the Department of Health and Human Services for the 2001-2002 fiscal year for HIV/AIDS Prevention Activities shall be used to create a position in the Office of the Secretary and to enhance activities for HIV/AIDS awareness and education. The position shall be responsible for all planning, programming, and budgeting for compliance with HIV/AIDS Prevention

Initiative, Section 21.18D of this act. These prevention activities shall be targeted to the general public and programs identified in HIV/AIDS Prevention Initiative, Section 21.18D of this act, and shall not be used to augment the current grant programs that target high-risk populations through the community-based organizations.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2002, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,200,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,000,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million two hundred thousand dollars ($13,200,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million dollars ($2,000,000) may be used for Housing Development; up to

five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

SECTION 5.2.(f) Study. – The Department of Commerce shall study the development of a training program designed to provide a minimum level of knowledge and skills for Community Development Block Grant administrators. In conducting the study, the Department shall consult the North Carolina League of Municipalities, the North Carolina Association of County Commissioners, the North Carolina Community Development Association, and the Institute of Government at the University of North Carolina at Chapel Hill. The Department may use unencumbered and unspent State Technical Assistance funds from previous program years to conduct the study. The Department shall report its findings to the House and Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by February 1, 2002.

PART VI. GENERAL PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND CASH BALANCES/AUTHORIZATION FOR EXPENDITURES

SECTION 6.1.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

(1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

(2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at

least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

SECTION 6.1.(b) There is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

SECTION 6.1.(c) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act are not spent in a manner that would cause a deficit in expenditures.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INSURANCE AND FIDELITY BONDS

SECTION 6.2. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Department of Insurance, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Commissioner of Insurance.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 6.3.(a) Funds in the amount of five million dollars ($5,000,000) for the 2001-2002 fiscal year and five million dollars ($5,000,000) for the 2002-2003 fiscal year are appropriated in this act to the Contingency and Emergency Fund. Of the funds:

(1) The sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2001-2002 fiscal year and the sum of three million eight hundred seventy-five thousand dollars ($3,875,000) for the 2002-2003 fiscal year shall be used only to respond to an unanticipated disaster such as a fire, hurricane, or tornado;

(2) The sum of nine hundred thousand dollars ($900,000) for the 2001-2002 fiscal year and the sum of nine hundred thousand dollars (900,000) for the 2002-2003 fiscal year shall be used only (i) for the purposes set out in subdivision (1) of this subsection, (ii) as required by a court, Industrial Commission, or administrative hearing officer's order or award, or (iii) to match unanticipated federal funds; and

(3) The sum of two hundred twenty-five thousand dollars ($225,000) for the 2001-2002 fiscal year and the sum of two hundred twenty-five thousand dollars ($225,000) for the 2002-2003 fiscal year shall be used for the purposes set out in subdivisions (1) and (2) of this subsection or for other allocations from the Contingency and Emergency Fund.

SECTION 6.3.(b) Funds appropriated to the Contingency and Emergency Fund shall not be used to lease office space unless the expenditure is for a purpose set out in subdivisions (1) or (2) of subsection (a) of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AUTHORIZED TRANSFERS FROM SALARY ADJUSTMENT RESERVES

SECTION 6.4. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

The Director of the Budget shall report to the Fiscal Research Division prior to approving salary adjustments and transferring funds pursuant to this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 6.5. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY

SECTION 6.6. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DISBURSEMENTS TO NONPROFITS

SECTION 6.7. G.S. 143-26 reads as rewritten:

"**§ 143-26. Director to have discretion as to manner of paying annual appropriations.**

(a) ~~Unless otherwise provided,~~ Except as provided in subsection (b) of this section or as otherwise provided by law, it shall be discretionary with the Director of the Budget whether any annual appropriation shall be paid in monthly, quarterly or semiannual installments or in a single payment.

(b) Except as otherwise provided by law, an annual appropriation of one hundred thousand dollars ($100,000) or less to or for the use of a nonprofit corporation shall be paid in a single annual payment. An annual appropriation of more than one hundred thousand dollars ($100,000) to or for the use of a nonprofit corporation shall be paid in quarterly or monthly installments, in the discretion of the Director of the Budget."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

BUDGETING OF PILOT PROGRAMS

SECTION 6.8.(a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it.

Any new program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

SECTION 6.8.(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS EFFICIENCY REVIEW

SECTION 6.9. The Appropriations Committees of the Senate and House of Representatives shall convene at least once a month during the interim period between the 2001 General Assembly and the 2002 Regular Session of the 2001 General Assembly to study the structure, duties, and functions of the various agencies and programs of State government. The review by the Appropriations Committees shall focus on ways to ensure that State government functions efficiently and to generate cost savings to the citizens of the State. The Appropriations Committees shall apply zero-base budgeting principles in evaluating the fiscal functions and funding needs of State agencies. The Appropriations Committees shall consider the recommendations of the Governor's Efficiency Commission and shall evaluate the feasibility of consolidating, eliminating, transferring, or privatizing certain State programs, operations, or entities where there is duplication of services or functions or where the functions being performed are not cost-effective.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LIMITATIONS ON AGENCY LEGISLATIVE LIAISON

SECTION 6.10. Article 9A of Chapter 120 of the General Statutes is amended by adding the following new section to read:

"**§ 120-47.12. Limitations on agency legislative liaisons.**

No principal State department may use State funds to contract with persons who are not employed by the State to serve as legislative liaisons or otherwise lobby the General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RESERVE TO IMPLEMENT THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

SECTION 6.11.(a) Funds in the amount of ten million dollars ($10,000,000) are appropriated in this act to the Reserve to Implement HIPAA. This reserve shall be located in the Office of State Budget and Management.

SECTION 6.11.(b) The federal Health Insurance Portability and Accountability Act (HIPAA) was enacted in 1996 and set many goals for the health care industry. The act's primary purpose is to protect health insurance coverage for workers and their families when workers change or lose jobs. This new protection requires major administrative changes for health care programs. The most comprehensive changes include: (i) moving from paper-based transactions to electronic transactions, (ii) establishing national identifiers for providers, payers, and employers, and (iii) upgrading security and privacy of health care information. Failure to implement HIPAA requirements may result in denied or delayed reimbursements and severe civil and criminal penalties.

SECTION 6.11.(c) The Office of State Budget and Management, in consultation with the State Chief Information Officer and the Secretary of Health and Human Services, shall develop a strategic plan to implement the requirements outlined in HIPAA. Specifically, the plan shall:

(1) Identify and document all requirements outlined in the federal HIPAA legislation as they relate to State agencies;

(2) Include an assessment of the State's existing administrative systems, policies, and information technology systems, as they relate to the requirements of HIPAA;

(3) Include a timeline for implementing all necessary administrative, policy, and technology changes to ensure compliance; and

(4) Provide a detailed cost and cash flow analysis for each State agency subject to compliance. The analysis shall include personnel requirements, information technology equipment needs, and other operating and start-up expenses needed to implement HIPAA requirements.

SECTION 6.11.(d) The Office of State Budget and Management shall report on the strategic plan developed pursuant to this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by October 1, 2001.

SECTION 6.11.(e) Funds spent to implement this section shall not exceed one million five hundred thousand dollars ($1,500,000) until the Office of State Budget and Management reports to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on actual and proposed expenditures and actual and projected monthly cash requirements for the 2001-2002 fiscal year and beyond. After making this report, the Office of State Budget and Management shall report quarterly on its progress in implementing this section to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ATTORNEY GENERAL REPORTING OF PENDING LAWSUITS

SECTION 6.13.(a) Article 1 of Chapter 114 is amended by adding a new section to read:

"**§ 114-2.6. Attorney General to report on pending lawsuits in which State is a party.**

By April 1 and October 1 of each year, the Attorney General shall submit a written report to the Chairs of the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office on all pending lawsuits against the State and the status of those lawsuits. In addition, the Attorney General shall submit a written report to the Joint Legislative Commission on Governmental Operations, the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Finance Committees of the Senate and House of Representatives, and the Fiscal Research Division of the Legislative Services Office within 30 days of a final judgment that orders the State to pay the sum of one million dollars ($1,000,000) or more."

SECTION 6.13.(b) This section becomes effective April 1, 2002.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PRIVATE LICENSE PLATES ON PUBLICLY OWNED MOTOR VEHICLES

SECTION 6.14.(a) Pursuant to the provisions of G.S. 14-250, for the 2001-2003 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

Department	Exemption Category	Number

Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance Officers (intensive probation)	25
Crime Control and Public Safety	ALE Officers	92
Revenue		24
Capitol Area Police		2
Wildlife Resources Commission	Wildlife Enforcement Officers	12.

SECTION 6.14.(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

(1) 54 among Agent I officers;
(2) 20 among Agent II officers;
(3) 1 to the Deputy Director;
(4) 12 to the District Offices/Extra Vehicles; and
(5) 5 to the Director, to be distributed at the Director's discretion.

SECTION 6.14.(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

SECTION 6.14.(d) G.S. 14-250 reads as rewritten:

"**§ 14-250. Publicly owned vehicle to be marked.**

It shall be the duty of the executive head of every department of the State government, and of any county, or of any institution or agency of the State, to have painted on every motor vehicle owned by the State, or by any county, or by any institution or agency of the State, a statement that such car belongs to the State or to some county, or institution or agency of the State. Provided, however, that no automobile used by any municipal or county officer or municipal or county official for the purpose of transporting, apprehending or arresting persons charged with violations of the laws of the State of North Carolina, shall be required to be lettered. Provided, further, that in lieu of the above method of marking motor vehicles owned by any agency or department of the State government, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof, above the license number, the words "State Owned" and that such vehicles have affixed to the front thereof a plate with the statement "State Owned". Provided, further, that in lieu of the above method of marking vehicles owned by any county, it shall be deemed a compliance with the law if such vehicles have painted or affixed on the side thereof a circle not less than eight inches in diameter showing a replica of the seal of such county. Provided, further, that no county-owned motor vehicle used for transporting day or residential facility clients of area mental health, developmental disabilities, and substance abuse authorities established under Article 4 of Chapter 122C of the General Statutes shall be required to be lettered; provided, further, notwithstanding this sentence, each vehicle shall bear the distinctive permanent registration plate pursuant to G.S. 20-84. Provided, further, that in lieu of the above method of marking vehicles owned by the State and permanently assigned to members of the Council of State, it shall be deemed a compliance with the law if such vehicles have imprinted on the license tags thereof the license number assigned to the appropriate member of the Council of State pursuant to ~~G.S. 20-81(4);~~G.S. 20-79.5, a member of the Council of State shall not be assessed any registration fee if he elects to have a State-owned motor vehicle assigned to him designated by his official plate number.

The General Assembly recognizes the need to allow the limited use of private license plates on publicly owned vehicles, and may authorize exemptions from the provisions of this section for each fiscal year. Each agency shall submit requests for private tags to the Division of Motor Fleet Management of the Department of Administration. The Division shall report the requests to the Appropriations Committees of the General Assembly by June 1. The total number of private license plates authorized by the General Assembly for each agency is inclusive of all confidential license plates issued to the agency pursuant to G.S. 20-56 and all fictitious license plates issued to the agency pursuant to G.S. 20-39(g) and G.S. 20-39(h).

For purposes of this section, the term "private license plate" refers to a license plate that would normally be issued to a private party and therefore lacks any markings indicating that it has been assigned to a publicly owned vehicle. "Confidential" license plates are a specialized form of private license plate for which a confidential registration has been authorized under G.S. 20-56. "Fictitious" license plates are a specialized form of private license plate for which a fictitious registration has been issued under G.S. 20-39(g) or G.S. 20-39(h)."

SECTION 6.14.(e) G.S. 20-39 reads as rewritten:

"**§ 20-39. Administering and enforcing laws; rules and regulations; agents, etc.; seal; fees; licenses and plates for undercover officers.**

(a) The Commissioner is hereby vested with the power and is charged with the duty of administering and enforcing the provisions of this Article and of all laws regulating the operation of vehicles or the use of the highways, the enforcement or administration of which is now or hereafter vested in the Division.

(b) The Commissioner is hereby authorized to adopt and enforce such rules and regulations as may be necessary to carry out the provisions of this Article and any other laws the enforcement and administration of which are vested in the Division.

(c) The Commissioner is authorized to designate and appoint such agents, field deputies, and clerks as may be necessary to carry out the provisions of this Article.

(d) The Commissioner shall adopt an official seal for the use of the Division.

(e) The Commissioner is authorized to cooperate with and provide assistance to the Environmental Management Commission, or appropriate local government officials, and to develop, adopt, and ensure enforcement of necessary rules and regulations, regarding programs of motor vehicle emissions inspection/maintenance required for areas in which ambient air pollutant concentrations exceed National Ambient Air Quality Standards.

(f) The Commissioner is authorized to charge and collect the following fees for the verification of equipment to be used on motor vehicles or to be sold in North Carolina, when that approval is required pursuant to this Chapter:

(1) When a federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable federal standard; or

(2) When no federal standard has been established, the fee shall be equal to the cost of verifying compliance with the applicable State standard. Any motor vehicle manufacturer or distributor who is required to certify his products under the National Traffic and Motor Vehicle Safety Act of 1966, as from time to time amended, may satisfy the provisions of this section by submitting an annual written certification to the Commissioner attesting to the compliance of his vehicles with applicable federal requirements. Failure to comply with the certification requirement or failure to meet the federal standards will subject the manufacturer or distributor to the fee requirements of this subsection.

(g) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully to the extent necessary provide law-enforcement officers of the Division on special undercover assignments with motor vehicle operator's licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. The Commissioner shall be responsible for the request for issuance and use thereof. The Commissioner may direct the immediate return of any operator's license or registration plate issued pursuant to this section.

(h) The Commissioner, notwithstanding any other provision of this Chapter, but subject to the limitations on private license plates established by the General Assembly under G.S. 14-250, may lawfully and to the extent necessary, provide local, State or federal law-enforcement officers on special undercover assignments with motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. Such registration plates shall only be used on publicly owned or leased ~~vehicles.~~ vehicles and shall not be used on privately owned vehicles under any circumstances. Requests for these licenses and registration plates shall be made to the Commissioner by the head of the local, State or federal law-enforcement agency and be accompanied by approval in writing from the Director of the State Bureau of Investigation upon a specific finding by the Director that the request is justified and necessary. The Director shall keep a record of all such licenses, registration plates, assumed names, false or fictitious addresses, and law-enforcement officers using the licenses or registration plates, and shall request the immediate return of any license or registration plate that is no longer necessary. Licenses and registration plates provided under this subsection shall expire six months after initial issuance or subsequent validation after the request for extension has been approved in writing by the Director of the State Bureau of Investigation. The head of the local, State or federal law-enforcement agency shall be responsible for the use of the licenses and registration plates and shall return them immediately to the Commissioner for cancellation upon either (i) their expiration, (ii) request of the Director of the State Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license or registration plates issued pursuant to this subsection shall be punished as a Class 2 misdemeanor. At no time shall the number of valid licenses and registration plates issued under this act exceed one hundred twenty-five, and those issued shall be strictly monitored by the Director. All of the private registration plates issued to special agents of the State Bureau of Investigation under the Department of Justice and to alcohol law enforcement agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-250, may be fictitious plates and shall not be counted in the total number of fictitious plates authorized by this subsection.

(i) Notwithstanding the requirements of G.S. 20-7.1 and G.S. 20-67(a), the Commissioner may correct the address records of drivers license and registration plate holders as shown in the files of the Division to that shown on notices and renewal cards returned to the Division with new addresses provided by the United States Postal Service.

(j) The Commissioner shall administer the issuance of private plates to State-owned vehicles under the provisions of G.S. 14-250, G.S. 20-56, and subsections (g) and (h) of this section to ensure that the limitations placed on the issuance of private license plates by the General Assembly are complied with, that confidential and fictitious license plates are not used on private vehicles, that confidential plates are issued only to those persons whose personal safety is demonstrably at risk, and that all other laws governing the issuance of private license plates are strictly complied with."

SECTION 6.14.(f) G.S. 20-56 reads as rewritten:

"**§ 20-56. Registration indexes.**

(a) The Division shall file each application received, and when satisfied as to the genuineness and regularity thereof, and that the applicant is entitled to register such vehicle and to the issuance of a certificate of title, shall register the vehicle therein described and keep a record thereof as follows:

(1) Under a distinctive registration number assigned to the vehicle;
(2) Alphabetically, under the name of the owner;
(3) Under the motor number or any other identifying number of the vehicle; and
(4) In the discretion of the Division, in any other manner it may deem advisable.

(b) The Division ~~shall~~ may maintain a separate registration file for vehicles bearing private tags which are owned or leased for use by individuals who comply with the provisions of this subsection and who are in the following categories:

(1) Members of federal, State, and local law enforcement agencies if the vehicles are used for the purpose of transporting, apprehending, or arresting persons charged with violations of the laws of the United States or the State of North Carolina;
(2) Agents for the Internal Revenue Service;
(3) Public officials.

Individuals in the aforementioned categories ~~must provide satisfactory evidence~~ shall demonstrate to the ~~Commissioner~~ Director of the State Bureau of Investigation that their personal safety is at ~~risk.~~ risk and provide details supporting that claim. The fact that a person is a law enforcement officer is not sufficient by itself to establish that the person's safety is at risk. The Commissioner shall adopt strict verification procedures to ensure the integrity of the registration system. This file shall be confidential for the use of the Division.

Upon the annual renewal of the registration of a vehicle for which a confidential file has been established under this section, the information placed in that file shall lose its confidential status unless the Commissioner is supplied with information demonstrating that the person's safety remains at risk at the time of renewal.

Private tags issued pursuant to this section are subject to the limitations on private license plates established by the General Assembly under G.S. 14-250 and shall not be placed on privately owned vehicles under any circumstances. The number of confidential license plates issued under this section shall not exceed 500 at any time unless the Commissioner finds that exceptional circumstances exist that justify exceeding that number."

SECTION 6.14.(g) The Division of Motor Vehicles shall report to the Joint Legislative Commission on Governmental Operations by January 1 and July 1 of each year on the number of private plates issued to State-owned vehicles. The report shall show the total number of private plates issued to each agency, the total number of confidential plates issued to each agency, the total number of fictitious plates issued to each agency, and any additional information necessary for an assessment of the agency's compliance with G.S. 14-250.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

FUND SALARIES AND RELATED EMPLOYER CONTRIBUTIONS AT LESS THAN 100% OF BUDGETED REQUIREMENTS

SECTION 6.15.(a) The purpose of the Payroll Turnover Adjustment reduction set out in Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund for State-paid salaries and wages to more accurately reflect actual salary and wage requirements for full-time and part-time State-paid personnel. The Office of State Budget and Management shall allocate to State departments and agencies funds necessary to support salaries and wages and related employer

contributions for social security and retirement at an average rate of ninety-eight and one-half percent (98.5%) of budgeted requirements for salaries and related employer contributions. The provisions of this subsection do not apply to salary and related employer contributions funded by the State for the Public School System and the North Carolina Community Colleges System.

SECTION 6.15.(b) The provisions of G.S. 143-23 shall not apply to overexpenditures of funds other than salary funds that are necessary to implement this section. Funds other than salary funds shall not be used to offset expenditures of salary funds for new personnel positions or to reclassify or otherwise increase the salary of existing employees.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXTEND THE COMMISSION TO ADDRESS SMART GROWTH, GROWTH MANAGEMENT, AND DEVELOPMENT ISSUES

SECTION 6.16. Section 16.7(g) of S.L.1999-237 reads as rewritten:

"Section 16.7.(g) Report. – The Commission shall submit an interim report to the 2000 Regular Session of the 1999 General Assembly and shall submit a final report of its findings and recommendations by ~~January 15, 2001,~~September 1, 2001, to the General Assembly, the Governor, and the citizens of the State. The report may include recommendations to (i) enact and implement a program of comprehensive planning, supportive infrastructure development, and growth management and (ii) address the issue of continued oversight of growth and development in the State, including whether a permanent commission should be established. The Commission shall terminate upon filing its final report."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MASTERS LEVEL INTERNSHIPS IN STATE AGENCIES

SECTION 6.17. Each State department, agency, and institution may establish paid internships for recent graduates of in-State Masters of Public Administration and Masters of Public Policy programs in an effort to attract and retain qualified State employees.

Requested by: Representative Easterling, Oldham, Redwine, Thompson

APPLICATION OF TORT CLAIMS ACT TO BUS DRIVERS

SECTION 6.18.(a) G.S. 143-300.1(d) reads as rewritten:

"(d) Except as otherwise provided in this subsection, the ~~The~~ Attorney General ~~may~~ may, upon the request of an employee or former employee, defend any civil action brought against the driver, transportation safety assistant, or monitor of a public school bus or school transportation service vehicle or school bus maintenance mechanic when the driver or mechanic is employed and paid by the local school administrative unit, when the monitor is acting in accordance with G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the supervision of an authorized employee of the Department of Transportation, Division of Motor Vehicles, or an authorized employee of a county or city board of education or administrative unit. The Attorney General may afford this defense through the use of a member of his staff or, in his discretion, employ private counsel. The Attorney General is authorized to pay any judgment rendered in the civil action not to exceed the limit provided under the Tort Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars ($150,000) of liability per claim shall be made available from funds appropriated to the State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. The Attorney General may compromise and settle any claim covered by this section to the extent that he finds the same to be valid, up to the limit

provided in the Tort Claims Act, provided that the authority granted in this subsection shall be limited to only those claims that would be within the jurisdiction of the Industrial Commission under the Tort Claims Act.

The Attorney General shall refuse to provide for the defense of a civil action or proceeding brought against an employee or former employee on the grounds set out in G.S. 143-300.4."

SECTION 6.18.(b) Of the funds appropriated to the State Board of Education in Section 2 of this act, the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year shall be used to implement subsection (a) of this section.

PART VII. DEPARTMENT OF ADMINISTRATION

Requested by: Representatives Jeffus, Sherrill, Walend, Easterling, Oldham, Redwine, Thompson

VETERANS' SCHOLARSHIP PROGRAM

SECTION 7.1.(a) G.S. 165-20(3) reads as rewritten:

"**§ 165-20. Definitions.**

As used in this Article the terms defined in this section shall have the following meaning:

...

(3) "Child" means a ~~person~~ person: (i) who is a domiciliary of North Carolina and is a resident of North Carolina when applying for a scholarship, (ii) who is a senior in high school or its equivalent and who will graduate at the end of the academic year or a person who has completed high school or its ~~equivalent prior to receipt of a scholarship as may be awarded under this Article,~~ equivalent, (iii) who has complied with the requirements of the Selective Service System, if applicable, and (iv) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the armed forces during which eligibility is established under G.S. 165-22.

b. A veteran's child who was born in North Carolina and has lived in North Carolina continuously since birth. Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of Administration if it is shown to the satisfaction of the Department that the child's mother was a native-born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.

c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

SECTION 7.1.(b) G.S. 165-21 reads as rewritten:

"**§ 165-21. Scholarship.**

(a) A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

(1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
a. Tuition,
b. A reasonable board allowance,
c. A reasonable room allowance,
d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.

(2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).

(3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.

(4) No educational assistance shall be afforded a child under this Article after the end of a 10-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, 1999. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

(b) If a child is awarded a scholarship under this Article and the child is a senior in high school or its equivalent, then the scholarship shall be awarded pending the graduation of the child."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Gibson

MODIFICATIONS TO THE STATE EMPLOYEE INCENTIVE BONUS PROGRAM

SECTION 7.2.(a) G.S. 143-340(1) reads as rewritten:

"(1) To establish the State Employee Incentive Bonus Program pursuant to Article 36A of this Chapter, with the authority to adopt all rules necessary to implement the program. The Secretary shall serve ex officio on all program committees and shall designate an executive secretary to administer the program."

SECTION 7.2.(b) G.S. 143-345.20 reads as rewritten:

"**§ 143-345.20. Definitions.**

The following definitions apply in this Article:

(1) Baseline reversion. – The two-year historical average of reversions by a State department, agency, or institution.

~~(2) Employing unit. – Any of the following:~~

~~a. The principal Council of State office or department enumerated in G.S. 143A-11 for which a State employee works.~~

~~b. The principal State department enumerated in G.S. 143B-6 for which a State employee works.~~

~~c. The constituent institution of The University of North Carolina or the General Administration of The University of North Carolina for which a State employee works.~~

~~d. The local school administrative unit for which a State employee works.~~

~~e. The board, commission, or agency and its staff for which a State employee works, if that agency is not organizationally housed in any of the other offices, departments, or institutions listed in this subdivision.~~

(2a) Participating agency. – Any State department, agency, or institution, or any local school administrative unit that employs State employees eligible to participate in the State Employee Incentive Bonus Program. The term includes the North Carolina Community Colleges System, The University of North Carolina and its constituent institutions, and charter schools. The term does not include federal or local government agencies.

(2b) SEIBP. – Acronym for the State Employee Incentive Bonus Program.

(3) State employee. – Any of the following:

a. A person who is a contributing member of the Teachers' and State Employees' Retirement System of North Carolina, the Consolidated Judicial Retirement System of North Carolina, or the Optional Program.

b. A person who receives wages from the State as a part-time or temporary worker, but is not otherwise a contributing member of one of the retirement programs listed in sub-subdivision a. of this subdivision."

SECTION 7.2.(c) G.S. 143-345.21 reads as rewritten:

"**§ 143-345.21. State employee incentive bonus.**

(a) A State employee or team of State employees may receive an incentive bonus or bonuses in reward for suggestions or innovations resulting in monetary savings to the State, increased revenues to the State, or improved quality of services delivered to the public.

~~(b) In addition to any bonuses paid directly to individual State employees, a portion of the cost-savings associated with any savings realized from permanent efficiencies implemented pursuant to this Article may be contributed to a reserve fund for State employee performance bonuses. Funds for State employee incentive bonuses shall only come from savings including reversions above the baseline reversion of the employing State department, agency, or institution.~~

(b1) The amount of savings generated by suggestions and innovations shall be determined after a 12-month period of implementation. No incentive bonus shall be paid prior to the expiration of 12 months, and payment may be delayed further as reasonably required to ensure that a complete cost implementation cycle is evaluated fully.

(c) ~~Savings generated by suggestions and innovations shall be determined at the end of the fiscal year in which the suggestion or innovation is implemented or the determination may be carried over for one full fiscal year after implementation before making an award if the actual savings cannot be verified before the end of the fiscal year.~~ Any savings are to be calculated using the actual expenditures for a program, activity, or service compared to the budgeted amount for the same, if an amount has been budgeted for the program, activity, or service. The savings calculation shall include the amount of any reversions in excess of the baseline reversion. ~~The savings or revenue increases realized from any suggestion or innovation implemented for less than one full fiscal year shall be annualized.~~ Any savings realized through the State Employee Incentive Bonus Program shall be weighed against continued service to the ~~public.~~public and the assurance that there is not a negative impact on State programs.

(d) If a suggestion or innovation affects a program, activity, or service for which no separate budgeted amount has been made, the State Coordinator, in conjunction with the agency evaluator or agency fiscal officer, or both for that suggestion or innovation, shall determine the budgetary impact of the suggestion or innovation.

(e) Federal and local government funds and corporate and foundation grant funds are excluded from the SEIBP.

(f) The Department of Administration shall establish the SEIBP reserve fund in which all savings for all suggestions shall be deposited as earned. Each participating agency shall be responsible for transferring savings to the SEIBP reserve fund. The funds may be encumbered as needed to ensure payment to the General Fund, to the suggester, and for distribution as required by G.S. 143-345.22. The Department of Administration shall provide the SEIBP reserve fund summary at the close of each fiscal year to the Office of State Budget and Management and to the participating agencies. The Office of State Budget and Management shall have oversight responsibility for ensuring that the required reversions and transfers are made to the General Fund, and that all encumbered funds are accounted for and paid as required by law.

(g) No distribution of suggester awards shall occur until reversion requirements to the General Fund are met and distributions as required by G.S. 143-345.22 are satisfied and verified by the Office of State Budget and Management. When all of the requirements of G.S. 143-345.22 are fulfilled, the Department of Administration shall transfer to the suggester's agency funds required to award the suggester. The suggester's agency shall make the suggestion award and ensure that all taxes and withholding requirements are met.

(h) Implementation costs may be prorated over a maximum of three years for suggestions or innovations that are capital intensive, involve leading-edge technology, or involve unconventional processes that require longer than 12 months for implementation. The amount of the average annual savings minus the average annual implementation cost shall be used as the basis for the agency to recommend a suggester award. The State Review Committee shall consult the Office of State Budget and Management to make the final award determination in these cases.

(i) There is established in the Department of Administration a nonreverting fund to be administered by the Office of State Personnel for the training and education of permanent State employees to address specific mission critical needs and objectives. Funds shall be credited from the SEIBP to the fund as provided by this Article."

SECTION 7.2.(d) G.S. 143-345.22 reads as rewritten:

"**§ 143-345.22. Allocation of incentive bonus funds; nonmonetary recognition.**

(a) If a State employee's suggestion or innovation results in a monetary savings or increased revenue to the State, the funds saved or increased shall be distributed according to the following scale or subject to guidelines as set forth by the funding source:

(1) Twenty percent (20%) of the annualized savings or increased revenues, up to a maximum of twenty thousand dollars ($20,000) for any one State employee, to constitute gainsharing. If a team of State employees is the suggester, the bonus provided in this subdivision shall be divided equally among the team members, except that no team member ~~may~~ shall receive in excess of twenty thousand dollars ($20,000), nor ~~may~~ shall the team receive an aggregate amount in excess of one hundred thousand dollars ($100,000). These funds shall not revert.

(2) Thirty percent (30%) ~~for all current employees in the work unit, as designated by the agency head, of the employing unit of the suggester.~~ allocated as follows:

a. Ten percent (10%) to the implementing agency for nonrecurring budget items to be used (i) by the implementing agency to provide equipment, supplies, training, and limited but appropriate recognition for the division, section, or group

responsible for the implementation of the cost-saving measure and (ii) to meet other similar needs within the agency.

b. Ten percent (10%) to the Department of Administration for augmenting funding for the management and administration of the SEIBP. These funds shall not revert.

c. Ten percent (10%) to the State employee education and training fund administered by the Office of State Personnel under G.S. 143-342.21(i). These funds shall not revert.

(3) The remainder to the General Fund for nonrecurring budget items.

(a1) Of the pool of funds identified in subsection (a) of this section, only the General Fund appropriations shall be subject to reversion, except during declared budget emergencies. Under nonemergency budget conditions, SEIBP funds arising from savings at The University of North Carolina, the North Carolina Community Colleges System, the Highway Trust Fund, enterprise funds, and receipt-supported organizations shall be exempt from the General Fund reversion requirements.

(b) The budget of a State agency shall not be reduced in the following fiscal year by an amount similar to the monetary savings or increased revenues realized by the State Employee Incentive Bonus Program. The agency budget shall be reduced in subsequent years only if structural or organizational changes are made that warrant the reductions, including the transfer of responsibility for an activity or service to another agency or the elimination of some function of State government.

(c) If a suggestion or innovation results in improved quality of services to the public or to other State agencies, departments, and institutions, but not in monetary savings to the State, the suggester shall receive a nonmonetary award in the form of a certificate, leave with pay, or other similar recognition."

SECTION 7.2.(e) G.S. 143-345.23 reads as rewritten:

"**§ 143-345.23. Suggestion and review process; role of agency coordinator and agency evaluator.**

(a) The process for a State employee or team of State employees to submit a cost-saving or revenue-increasing proposal shall begin ~~by~~ with the employee or team of employees submitting the suggestion or innovation to an agency ~~coordinator designated by the State department, agency, or institution impacted by the suggestion or innovation.~~coordinator. The agency coordinator, in conjunction with an agency evaluator, shall review the suggestion or innovation for submission to the State Review Committee established in ~~G.S. 143-345.14.~~G.S. 143-345.24.

(b) An agency coordinator shall be appointed by the head of each participating agency to serve as liaison between the agency, the suggester, the agency evaluator, and the SEIBP office. The duties of the agency coordinator shall include:

(1) Serving as an information source and maintaining sufficient forms necessary to submit suggestions.

(2) ~~Responsibility for presenting,~~ Presenting, in conjunction with the agency evaluator, the ~~plan of implementation for a suggestion or innovation~~ recommendation for an award to the State Review Committee.

(3) Working in conjunction with the agency evaluator ~~designated by the Agency Coordinator for~~ to process a particular suggestion or ~~innovation.~~innovation within 180 days, except when there are extenuating circumstances.

An agency may have more than one coordinator if required to provide sufficient services to State employees.

(c) An agency evaluator shall be designated by the management of the implementing agency to evaluate one or more suggestions. The duties of an agency evaluator shall include:

(1) ~~Reviewing~~ Receiving from the agency coordinator and reviewing within 90 days, when possible, the feasibility and effectiveness of cost-saving or revenue-increasing measures suggested by State employees.
(2) Being knowledgeable of the subject program, activity, or service.
(3) Determining, in conjunction with the agency fiscal officer, the budgetary impact of a suggestion or innovation.
(4) Judging impartially both the positive and negative effects of a suggestion or innovation on the current functions of the subject program, activity, or service.

~~The specific assignments of the agency evaluator shall be determined by the agency coordinator.~~

(d) The ~~State Coordinator~~ executive secretary shall be responsible for general oversight and coordination of the State Employee Incentive Bonus Program. The State ~~Coordinator~~ coordinator shall be ~~a State~~ an employee ~~working in~~of the Department of Administration. The State coordinator shall be responsible for day-to-day SEIBP program management and administration of the technical aspects of the program. The State coordinator shall be an ex officio voting member of the State Review Committee."

SECTION 7.2.(f) G.S. 143-345.24 reads as rewritten:

"**§ 143-345.24. Incentive Bonus Review Committee.**

(a) The Incentive Bonus Review Committee, hereinafter "State Review Committee", shall consist of nine members, as follows:
(1) The State Coordinator.
(2) A representative of the Office of State Budget and Management.
(3) A representative of the Office of State Personnel.
(4) A representative of The University of North Carolina.
(5) A representative of the Department of Justice.
(6) A representative of the Department of Labor.
(7) One State employee appointed by the Speaker of the House of Representatives.
(8) One State employee appointed by the President Pro Tempore of the Senate.
(9) One State employee appointed by the Governor upon the recommendation of the State Employees Association of North Carolina, Inc.

(b) The duties of the State Review Committee shall include:
(1) ~~Responsibility for receiving~~ Receiving from the various agency coordinators recommendations on ~~suggestion and innovation implementation plans.~~suggestions and innovations.
(2) Determining the impact of a suggestion or innovation on State government services by judging the monetary savings, increased revenues, or improved quality of services generated by a suggestion or innovation.
(3) Ensuring that the State employee incentive bonus process does not result in a negative impact on services provided to taxpayers by State government.

(c) All administrative, management, clerical, and other functions and services required by the State Review Committee shall be supplied by the Department of Administration. The Department of Administration and the State Review Committee shall report annually to the Joint Legislative Commission on Governmental Operations on the administration of the State Employee Incentive Bonus Program."

SECTION 7.2.(g) G.S. 143-345.25 reads as rewritten:

"§ 143-345.25. ~~Effect~~ Innovations deemed property of the State; effect of decisions regarding bonuses.

(a) All suggestions or innovations submitted by State employees pursuant to this Article are the property of the ~~State.~~State, and all related intellectual property rights shall be assigned to the State. By January 1, 2002, the Office of State Personnel shall establish a policy regarding intellectual property rights that arise from the SEIBP.

(b) Decisions regarding the award of bonuses by the agency coordinator and the State Review Committee are final and are not subject to review under the contested case procedures of Chapter 150B of the General Statutes."

SECTION 7.2.(h) This section becomes effective July 1, 2001, and applies to State employee suggestions and innovations approved or awarded on or after that date.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY OF MOTOR FLEET MANAGEMENT

SECTION 7.3. The Office of State Budget and Management shall study the operations of the State motor fleet management system and shall consider the feasibility of privatizing the function. The Office of State Budget and Management shall report the results of this study to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

MOTOR POOL OPERATIONS AND ASSIGNMENT OF VEHICLES

SECTION 7.4. G.S. 143-341(8)(i) reads as rewritten:

"**§ 143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

...

(8) General Services:

...

i. To establish and operate a central motor pool and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

...

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department. The Department shall ensure that state-owned vehicles are not normally replaced until they have been driven for ~~90,000~~ 110,000 miles or more.

5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid drivers' licenses, to assign economically suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid driver's license. Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, "economically suitable transportation" means the most cost-effective standard vehicle in the State motor fleet, unless special towing provisions are required by the ~~employee or~~ agency. The Department may not assign any employee or agency a motor vehicle that is not economically suitable. The Department shall not approve requests for vehicle assignment or reassignment when the purpose of that assignment or reassignment is to provide any employee with a newer or lower mileage vehicle because of his or her rank, management authority, or length of service or because of any non-job-related reason. The Department shall not assign "special use" vehicles, such as four-wheel drive vehicles or law enforcement vehicles, to any agency or individual except upon written justification, verified by historical data, and accepted by the Secretary. The Department may provide law enforcement vehicles only to those agencies which have statutory pursuit authority."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

STUDY STATE CAPITOL SECURITY SERVICES

SECTION 7.5. The Legislative Research Commission shall study the provision of security services in the State Capitol area. The Commission shall report its recommendations to the 2001 General Assembly no later than its reconvening in 2002.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

TRANSFER BOARD OF SCIENCE AND TECHNOLOGY

SECTION 7.6. The statutory authority, power, duties, functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the North Carolina Board of Science and Technology, as established in G.S. 143B-426.30, are transferred to the Department of Commerce. Part 27 of Article 9 of Chapter 143B of the General Statutes is recodified as Part 18 of Article 10 of Chapter 143B of the General Statutes and the Revisor of Statutes shall substitute the term "Commerce" for the term "Administration" everywhere that term appears in Part 18 of Article 10 of Chapter 143B of the General Statues.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOMESTIC VIOLENCE COMMISSION STAFFING

SECTION 7.7. G.S. 143B-394.15 is amended by adding a new subsection to read:

"(l) Staffing. – The Secretary of the Department of Administration shall be responsible for staffing the Commission. To that end, the Secretary shall, at a minimum, assign an employee to serve as a Deputy Director within the North Carolina Council for Women whose primary duties shall be to staff the Commission. The person assigned as Deputy Director shall have the education, experience, and any other qualifications necessary for the position."

PART VIII. OFFICE OF ADMINISTRATIVE HEARINGS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OFFICE OF ADMINISTRATIVE HEARINGS RECLASSIFICATION OF POSITIONS

SECTION 8.1. The Office of Administrative Hearings shall reclassify positions in the Rules Division, Civil Rights Division, Hearings Division, and Administration Division of the Office of Administrative Hearings in accordance with the findings and recommendations of the Office of State Personnel submitted to the General Assembly on January 30, 2001.

PART IX. OFFICE OF THE STATE AUDITOR

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELECTRONIC DISTRIBUTION OF AUDITOR'S REPORTS

SECTION 9.1.(a) G.S. 147-64.6(c) reads as rewritten:

"(c) The Auditor shall be responsible for the following acts and activities:

...

(12) The Auditor shall provide ~~in a written statement~~ a report to the Governor and Attorney General, and other appropriate officials, of such facts as are in his possession which pertain to the apparent violation of penal statutes or apparent instances of malfeasance, misfeasance, or nonfeasance by an officer or employee.

...

(14) The Auditor shall ~~provide copies of each audit report to~~ notify the General Assembly, the Governor, the Chief Executive Officer of each agency audited, and other persons as the Auditor deems ~~appropriate.~~ appropriate that an audit report has been published, its subject and title, and the locations, including State libraries, at which the report is available. The Auditor shall then distribute copies of the report only to those who request a report. The copies shall be in written or electronic form, as requested. He shall also file a copy of the audit report in the Auditor's office, which will be a permanent public record; Provided, nothing in this subsection shall be construed as authorizing or permitting the publication of information whose disclosure is otherwise prohibited by law.

...."

SECTION 9.1.(b) G.S. 147-64.5(a) reads as rewritten:

"(a) Joint Legislative Commission on Governmental Operations. – The Auditor shall furnish copies of any and all audits only when requested by the Joint Legislative Commission on Governmental Operations. The copies shall be in written or electronic form, as requested. Accordingly, the Auditor shall, upon request by the chairmen, appear before the Commission to present findings and answer questions concerning the results of these audits. The Commission is hereby authorized to use these audit findings in its inquiries concerning the operations of State agencies and is empowered to require agency heads to advise the Commission of actions taken or to be taken on any recommendations made in the report or explain the reasons for not taking action."

PART X. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OVERPAYMENTS AUDIT

SECTION 10.1.(a) During the 2001-2002 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 10.1.(b) For the 2001-2002 fiscal year, two hundred thousand dollars ($200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 10.1.(c) All funds available in the Special Reserve Account 24172 on July 1, 2001, are transferred to the General Fund on that date.

SECTION 10.1.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2002 Regular Session of the 2001 General Assembly.

SECTION 10.1.(e) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XI. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

COMPLETION OF THE INFORMATION TECHNOLOGY EXPANSION PROJECT AND THE INFORMATION RESOURCE MANAGEMENT COMMISSION PROJECT CERTIFICATION

SECTION 11.1. Of the funds appropriated to the Department of Cultural Resources, the sum of fifty thousand dollars ($50,000) shall be used to complete the planning for the Information Technology Expansion Project and the Information Resource Management Commission (IRMC) Project Certification. The Department shall not expend any additional funds for information technology expansion prior to review of the IRMC Project Certification by the Joint Select Committee on Information Technology. The results of the IRMC Project Certification shall be presented to the Joint Select Committee on Information Technology no later than December 31, 2001.

PART XII. OFFICE OF THE GOVERNOR

Requested by: Representatives Jeffus, Sherrill, Baddour, Easterling, Oldham, Redwine, Thompson

ADVISORY COMMISSION ON MILITARY AFFAIRS

SECTION 12.1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 127C.

"Advisory Commission on Military Affairs.

"**§ 127C-1. Creation of the North Carolina Advisory Commission on Military Affairs.**

There is created in the Office of the Governor the North Carolina Advisory Commission on Military Affairs to advise the Governor and the Secretary of Commerce on protecting the existing military infrastructure in this State and to promote new military missions and economic opportunities for the State and its citizens.

"**§ 127C-2. Membership.**

(a) The North Carolina Advisory Commission on Military Affairs shall consist of 21 voting members, who shall serve on the Executive Committee, and nine nonvoting, ex officio members who shall serve by reason of their positions.

(b) The Executive Committee shall be appointed as follows:

(1) Three members appointed by the Speaker of the House of Representatives, one of whom shall be a member of a recognized veterans' organization.

(2) Three members appointed by the President Pro Tempore of the Senate, one of whom shall be a member of a recognized veterans' organization.

(3) Fifteen members appointed by the Governor, consisting of:

a. Three representatives from the Jacksonville community.

b. Three representatives from the Havelock community.

c. Three representatives from the Goldsboro community.

d. Three representatives from the Fayetteville community.

e. Three public members from across the State.

(c) The following members shall serve ex officio:

(1) Secretary of Crime Control and Public Safety, or a designee.

(2) Secretary of Commerce, or a designee.

(3) Commanding General 18th Airborne Corps, Fort Bragg.

(4) Commanding General Marine Corps Base, Camp Lejeune.

(5) Commanding General Marine Corps Air Station, Cherry Point.

(6) Commander 4th FW, Seymour Johnson Air Force Base.

(7) Commander 43rd Airlift Wing, Pope Air Force Base.

(8) Commander of the U.S. Coast Guard Support Center, Elizabeth City.

(9) Adjutant General of the North Carolina National Guard.

(d) The Executive Committee appointed pursuant to subsection (b) of this section shall choose a Chairman and four Vice-Chairmen from amongst its membership.

"**§ 127C-3. Military Advisor.**

The Military Advisor within the Office of the Governor shall serve as the administrative head of the Commission and be responsible for the operations and normal business activities of the Commission, with oversight by the Executive Committee.

"**§ 127C-4. Purposes.**

The Commission shall have the following responsibilities and duties:

(1) Advise the Governor and Secretary of Commerce on how to strengthen the State's relationship with the military to protect the installations of this State from the results of any future defense budget cuts or military downsizing by providing a sound infrastructure, affordable housing, and affordable education for military members and their families, working to be viewed by national military leaders as the most military-friendly State in the nation.

(2) Develop a strategic plan to provide initiatives to support the long-term viability and prosperity of the military of this State that shall include, at least:

a. A comprehensive Economic Impact Study of Military Activities in North Carolina to be conducted by the North Carolina State University Department of Economics and the East Carolina University Office of Regional Development.

b. A Strengths/Weaknesses/Opportunities/Threats (SWOT) Analysis conducted by a professional strategic planning group on the current status of the military in North Carolina.

(3) Study ways to improve educational opportunities for military personnel in North Carolina.

(4) Assist in coordinating the State's interests in future activities of the Department of Defense.

(5) Promote initiatives to improve the quality of life for military personnel in this State."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ELIMINATE STATE PLANNING UNIT AND RENAME BUDGET OFFICE

SECTION 12.2.(a) G.S. 143-10.3, 143-10.4, 143-10.5, and 143-10.6 are repealed.

SECTION 12.2.(b) The phrase "Office of State Budget, Planning, and Management" is deleted and replaced by the phrase "Office of State Budget and Management" wherever it occurs in each of the following General Statutes:

G.S. 7A-101.	Compensation.
G.S. 7A-113.	Bookkeeping and accounting systems equipment.
G.S. 18B-1009.	In-stand sales.
G.S. 20-7.	Issuance and renewal of drivers licenses.
G.S. 47-30.	Plats and subdivisions; mapping requirements.
G.S. 58-6-25.	Insurance regulatory charge.
G.S. 58-85A-1.	Creation of Fund; allocation to local fire districts and political subdivisions of the State.
G.S. 62A-25.	Use of funds.
G.S. 96-4.	Administration.
G.S. 96-32.	Common follow-up information management system created.
G.S. 96-35.	Reports on common follow-up system activities.
G.S. 97-80.	Rules and regulations; subpoena of witnesses; examination of books and records; depositions; costs.
G.S. 105-130.5.	Adjustments to federal taxable income in determining State net income.
G.S. 105-134.6.	Adjustments to taxable income.
G.S. 105-262.	Rules.
G.S. 108A-27.8.	Standard Program Counties – Duties of Department.
G.S. 115C-457.1.	Creation of Fund; administration.
G.S. 115C-457.2.	Remittance of moneys to the Fund.
G.S. 115C-457.3.	Transfer of funds to the State School Technology Fund.
G.S. 115C-546.1.	Creation of Fund; administration.
G.S. 115D-31.	State financial support of institutions.
G.S. 116-220.	Establishment and administration of self-insurance trust funds; rules and regulations; defense of actions against covered persons; application of § 143-300.6.
G.S. 120-30.45.	Fiscal note on legislation.
G.S. 120-30.49.	Compiling federal mandates; annual report.
G.S. 120-36.8.	Certification of legislation required by federal law.
G.S. 120-131.1.	Requests from legislative employees for assistance in the preparation of fiscal notes.
G.S. 120-166.	Additional criteria; nearness to another municipality.
G.S. 122A-16.	Oversight by committees of General Assembly; annual reports.
G.S. 122C-112.	Powers and duties of the Secretary.
G.S. 122C-185.	Application of funds belonging to State facilities.

G.S. 131D-4.2.	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
G.S. 131E-13.	Lease or sale of hospital facilities to or from for-profit or nonprofit corporations or other business entities by municipalities and hospital authorities.
G.S. 135-39.3.	Oversight team.
G.S. 138-6.	Travel allowances of State officers and employees.
G.S. 138-8.	Moving expenses of State employees.
G.S. 143-1.	Scope and definitions.
G.S. 143-2.	Purposes.
G.S. 143-3.5.	Coordination of statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.
G.S. 143-4.	(For applicability see note) Advisory Budget Commission.
G.S. 143-6.	Information from departments and agencies asking State aid.
G.S. 143-6.1.	Report on use of State funds by non-State entities.
G.S. 143-10.1A.	Same – Continuation and expansion costs.
G.S. 143-10.2.	Limit on number of State employees.
G.S. 143-10.3.	Strategic planning process.
G.S. 143-10.4.	Departmental operations plans.
G.S. 143-10.5.	Development of performance measures for major programs.
G.S. 143-10.7.	Review of department forms and reports.
G.S. 143-12.1.	Vending facilities.
G.S. 143-15.4.	General Fund operating budget size limited.
G.S. 143-19.	Help for Director.
G.S. 143-20.1.	Annual financial statements.
G.S. 143-27.	Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.
G.S. 143-28.1.	Highway Fund appropriation.
G.S. 143-31.1.	Study and review of plans and specifications for building, improvement, etc., projects.
G.S. 143-34.2.	Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.
G.S. 143-34.41.	Legislative intent; purpose.
G.S. 143-34.43.	Capital improvement needs criteria.
G.S. 143-34.44.	Agency capital improvement needs estimates.
G.S. 143-138.	North Carolina State Building Code.
G.S. 143-215.94P.	Groundwater Protection Loan Fund.
G.S. 143-299.4.	Payment of State excess liability.
G.S. 143-345.24.	Incentive Bonus Review Committee.
G.S. 143B-133.1.	Powers of Commission.
G.S. 143B-336.1.	Special Zoo Fund.
G.S. 143B-372.3.	Staff.
G.S. 143B-426.39.	Powers and duties of the State Controller.
G.S. 146-30.	Application of net proceeds.
G.S. 147-33.78.	Information Resource Management Commission.

G.S. 147-33.87.	Financial reporting and accountability for information technology investments and expenditures.
G.S. 147-86.22.	Statewide accounts receivable program.
G.S. 150B-21.	Agency must designate rule-making coordinator; duties of coordinator.
G.S. 150B-21.4.	Fiscal notes on rules.
G.S. 150B-21.9.	Standards and timetable for review by Commission.
G.S. 150B-21.28.	Role of the Office of State Budget and Management.
G.S. 153A-230.1.	Definitions.
G.S. 153A-230.2.	Creation of Satellite Jail/Work Release Unit Fund.
G.S. 153A-230.5.	Satellite jails/work release units built with non-State funds.
G.S. 159I-25.	Disbursement.
G.S. 159I-28.	Rules.
G.S. 159I-29.	Annual reports to Joint Legislative Commission on Governmental Operations.
G.S. 160A-486.	Estimates of population.
G.S. 163-132.5.	Cooperation of State and local agencies.

SECTION 12.2.(c) G.S. 147-33.85(b) reads as rewritten:

"(b) The Office shall coordinate with the ~~Office of State Budget, Planning, and Management~~ Office of State Budget and Management to integrate agency strategic and business planning, technology planning and budgeting, and project expenditure processes into the Office's information technology portfolio-based management. The Office shall provide recommendations for agency annual budget requests for information technology investments, projects, and initiatives to the ~~Office of State Budget, Planning, and Management.~~Office of State Budget and Management."

PART XIII. OFFICE OF STATE PERSONNEL

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF STATE PERSONNEL PREPARE PROGRAM

SECTION 13.1. The General Assembly encourages the Department of State Treasurer to include the model of the PREPARE program in its current delivery of retirement services. The PREPARE program in the Office of State Personnel is abolished.

PART XIV. GENERAL GOVERNMENT

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

USE OF INTERNET FOR AGENCY PUBLICATIONS

SECTION 14.1.(a) Each of the State agencies listed in subsection (b) of this section shall review its printing and publication requirements and schedules and develop a plan to reduce the cost of printing, publishing, and distributing agency information and materials, including documents, reports, and other publications by using computer technology and the Internet, in particular, to distribute information and materials to the public. In developing the plan, each State agency shall review the statutory and regulatory requirements of the agency with regard to publishing and distributing information to the public and make recommendations on any statutory revisions needed to publish and distribute agency information over the Internet or by other computer-related means. Each agency shall submit a written report to the Fiscal

Research Division of the General Assembly by April 1, 2002, outlining the required information and the recurring adjustments in the agency budget.

SECTION 14.1.(b) This section applies to the Office of the Governor, the Office of the Lieutenant Governor, the Department of Administration, the Office of the State Auditor, the Office of State Budget and Management, the Board of Elections, the Department of Insurance, the Office of the Secretary of State, the Office of the State Treasurer, the Office of Administrative Hearings, the Office of the State Controller, the Department of Cultural Resources, the General Assembly, the Office of State Personnel, the Department of Revenue, and the Rules Review Commission.

PART XIV-A. GENERAL ASSEMBLY

Requested by: Representatives Jeffus, Sherrill, Tolson, Easterling, Oldham, Redwine, Thompson

REDUCE JOURNAL PRINTING/SESSION LAWS TECHNICAL CORRECTIONS

SECTION 14A.1. G.S. 147-45 reads as rewritten:

"**§ 147-45.Distribution of copies of State publications.**

The Secretary of State shall, at the State's expense, as soon as possible after publication, provide such number of copies of the Session Laws and Senate and House Journals to federal, State, and local governmental officials, departments and agencies, and to educational institutions of instruction and exchange use, as is set out in the table ~~below:~~ below. These publications shall be made available in hardbound and electronic format. Each agency or institution entitled to more than one copy in the table below shall receive only one of the copies in hardbound format with the remainder in electronic format, unless such agency or institution requests additional hardbound copies by August 1. The Principal Clerks of the House of Representatives and Senate, in consultation with the Secretary of State, shall determine the total number of volumes to be printed each year.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	~~3~~ 2	2
Office of State Budget and Management	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3
Auditor, Department of ~~the~~ State	~~3~~ 1	~~1~~ 0
Treasurer, Department of ~~the~~ State	3	1
~~Local Government Commission~~	~~2~~	~~0~~
State Board of Education	1	0
Department of Public Instruction	~~3~~ 2	1
~~Controller~~	~~1~~	~~0~~
~~Technical Assistance Centers~~	~~1 ea.~~	~~0~~
~~Department of Community Colleges~~		
Community Colleges System Office	~~3~~ 1	1
Justice, Department of		
Office of the Attorney General	~~25~~ 5	~~3~~ 2
Budget Bureau (Administration)	1	0
Property Control (Administration)	1	1
~~State Bureau of Investigation~~	~~1~~	~~0~~
Agriculture and Consumer Services, Department of	~~3~~ 1	1
Labor, Department of	~~5~~ 4	1

Insurance, Department of	~~5~~ 2	1
Administration, Department of	1	1
~~Budget Bureau~~	~~2~~	~~1~~
Controller	1	0
~~Property Control~~	~~1~~	~~0~~
~~Purchase and Contract~~	~~2~~	~~0~~
~~Policy and Development~~	~~1~~	~~0~~
Veterans Affairs Commission	1	0
Environment and Natural Resources, Department of	6	0
Wildlife Resources Commission	2	0
Revenue, Department of	5	1
Health and Human Services, Department of	~~6~~ 1	0
Mental Health, Developmental Disabilities, and Substance Abuse Services, Division of	1	0
Social Services, Division of	3	0
~~Facilities~~Facility Services, Division of	1	0
Hospitals and Institutions	1 ea.	0
Juvenile Justice and Delinquency Prevention, Department of	3	0
Transportation, Department of	1	0
Board of Transportation	3	0
Motor Vehicles, Division of	1	0
Commerce, Department of	~~1~~ 0	0
Economic Development, Division of	2	0
State Ports Authority	1	0
Alcoholic Beverage Control Commission, North Carolina	2	0
Banking Commission	~~2~~ 1	0
Utilities Commission	~~8~~ 3	1
Industrial Commission	~~7~~ 1	0
Labor Force Development Council	1	0
~~Milk Commission~~	~~5~~	~~0~~
~~Employment Security Commission~~	~~1~~	~~1~~
Correction, Department of	1	0
~~Department of Correction~~	~~2~~	~~0~~
Post-Release Supervision and Parole Commission	~~2~~ 1	0
~~State Prison~~	~~1~~	~~0~~
Correctional Institutions	1 ea.	0
Cultural Resources, Department of	~~1~~ 0	0
Archives and History, Division of	~~5~~ 3	1
State Library	5	5
Publications Division	1	1
Crime Control and Public Safety, Department of	~~2~~ 1	1
North Carolina Crime Commission	1	0
Adjutant General	2	0
Elections, State Board of	~~2~~ 1	0
Office of Administrative Hearings	~~2~~ 1	0
State Personnel Commission	1	0
~~Office of State Personnel~~	~~1~~	~~1~~
Legislative Branch		
State Senators	1 ea.	1 ea.

State Representatives	1 ea.	1 ea.
Principal Clerk – Senate	1	1
Principal Clerk – House	1	1
Reading Clerk – Senate	1	~~1~~ 0
Reading Clerk – House	1	~~1~~ 0
Sergeant at Arms – House	1	~~1~~ 0
Sergeant at Arms – Senate	1	~~1~~ 0
Enrolling Clerk	1	0
~~Engrossing Clerk~~	~~1~~	~~0~~
~~Indexer of the Laws~~	~~1~~	~~0~~
Legislative Building Library	35	~~15~~ 7
Judicial System		
~~Justices of the Supreme Court~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Court of Appeals~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~Emergency and Special Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~District Court Judges~~	~~1 ea.~~	~~0~~
~~District Attorneys~~	~~1 ea.~~	~~0~~
~~Clerk of the Supreme Court~~	~~1~~	~~1~~
~~Clerk of the Court of Appeals~~	~~1~~	~~1~~
Administrative Office of the Courts	~~4~~ 3	1
Supreme Court Library ~~AS MANY AS REQUESTED~~	16	3
Colleges and Universities		
The University of North Carolina System Administrative Offices	3	0
University of North Carolina, Chapel Hill	~~65~~ 33	~~25~~ 9
University of North Carolina, Charlotte	~~3~~ 2	1
University of North Carolina, Greensboro	~~3~~ 1	1
~~University of North Carolina, Asheville~~	~~2~~	~~1~~
University of North Carolina, Wilmington	~~2~~ 1	1
North Carolina State University, Raleigh	~~5~~ 1	~~3~~ 1
Appalachian State University	2	1
East Carolina University	~~3~~ 1	~~2~~ 1
Elizabeth City State University	2	1
Fayetteville State University	~~2~~ 1	1
North Carolina Agricultural and Technical University	2	1
North Carolina Central University	~~5~~ 1	~~5~~ 1
Western Carolina University	~~2~~ 1	1
University of North Carolina, Pembroke	2	1
Winston-Salem State University	2	1
North Carolina School of the Arts	1	1
Private Institutions		
Duke University	~~6~~ 4	~~6~~ 3
Davidson College	~~3~~ 1	~~2~~ 1

Wake Forest University	5	5
Lenoir Rhyne College	1	1
Elon ~~College~~ University	1	1
~~Guilford College~~	~~1~~	~~1~~
Campbell University	~~5~~ 2	~~5~~ 2
Wingate ~~College~~ University	1	1
~~Pfeiffer College~~	~~1~~	~~1~~
Barber Scotia College	1	1
Barton College	1	1
Shaw University	1	1
St. Augustine's College	1	1
Johnson C. Smith University	1	1
~~Belmont Abbey College~~	~~1~~	~~1~~
Bennett College	1	1
~~Catawba College~~	~~1~~	~~1~~
Gardner-Webb ~~College~~ University	1	1
Greensboro College	1	1
High Point University	1	1
Livingstone College	1	1
Mars Hill College	1	1
Meredith College	1	1
Methodist College	1	1
~~North Carolina Wesleyan College~~	~~1~~	~~1~~
Peace College	1	0
~~Queens College~~	~~1~~	~~1~~
~~Sacred Heart College~~	~~1~~	~~1~~
~~St. Andrews Presbyterian College~~	~~1~~	~~1~~
Salem College	1	1
Warren Wilson College	1	1
County and Local Officials		
Clerks of the Superior Court	1 ea.	1 ea.
Register of Deeds	1 ea.	~~1 ea.~~ 0
Federal, Out-of-State and Foreign		
Secretary to the President	1	0
Secretary of State	1	1
Secretary of Defense	1	0
Secretary of Agriculture	1	0
Secretary of the Interior	1	0
Secretary of Labor	1	~~1~~ 0
Secretary of Commerce	1	~~1~~ 0
Secretary of the Treasury	1	0
Secretary of ~~Health, Education and Welfare~~ Health and Human Services	1	0
Secretary of Housing and Urban Development	1	0
Secretary of Transportation	1	0
Attorney General	1	0
~~Postmaster General~~ United States Postal Service	1	0
Bureau of Census	1	0
~~Bureau of Public Roads~~	~~1~~	~~0~~
Department of Justice	1	0
~~Department of Internal Revenue~~ Internal Revenue Service	1	0

~~Veterans' Administration~~ Department of Veterans Affairs	1	0
Farm Credit Administration	1	0
Securities and Exchange Commission	1	0
~~Social Security Board~~	~~1~~	~~0~~
Environmental Protection Agency	1	0
Library of Congress	8	2
Federal Judges resident in North Carolina	1 ea.	0
Federal District Attorneys resident in North Carolina	1 ea.	0
Marshal of the United States Supreme Court	1	0
Federal Clerks of Court resident in North Carolina	1 ea.	0
Supreme Court Library exchange list	1 ea.	0

One copy of the Session Laws shall be furnished the head of any department of State government created in the future.

State agencies, institutions, etc., not found in or covered by this list may, upon written request from their respective department head to the Secretary of State, and upon the discretion of the Secretary of State as to need, be issued copies of the Session Laws on a permanent loan basis with the understanding that should said copies be needed they will be recalled.

State Senators and State Representatives are entitled to the Journal of a house only if requested in writing to the Principal Clerk of that house no later than August 1 of the year of the Journal."

PART XIV-B. STATE BOARD OF ELECTIONS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson, Baddour, Nesbitt

EARLY VOTING FUNDS/GRANTS

SECTION 14B.1.(a) The State Board of Elections shall make grants as specified in subsection (b) of this section to certain counties that provided additional one-stop absentee voting sites in the 2000 General Election at locations other than the county board of elections office or the county courthouse. The funds for such grants shall come from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting sites. Under no circumstances shall any new grants by the State Board, under this act, be funded by any new appropriations. No other grants from funds previously appropriated, but not granted, to the State Board of Elections by S.L. 2000-136, for grants to counties to provide additional one-stop absentee voting shall be made other than those specified in subsection (b) of this section. Any funds from the fiscal year 2000-2001 appropriation remaining on June 30, 2001, shall not revert to the General Fund until the grant awards are made.

SECTION 14B.1.(b) The State Board of Elections shall make grants to the following county boards of elections in the amounts specified:

(1) Buncombe in the amount of fifteen thousand dollars ($15,000).
(2) Chatham in the amount of five thousand dollars ($5,000).
(3) Durham in the amount of ten thousand dollars ($10,000).
(4) Edgecombe in the amount of five thousand dollars ($5,000).
(5) Lenoir in the amount of ten thousand dollars ($10,000).

(6) Orange in the amount of five thousand dollars ($5,000).
(7) Wake in the amount of ten thousand dollars ($10,000).

PART XIV-C. DEPARTMENT OF STATE TREASURER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

INVESTMENT AND BANKING DIVISION OF DEPARTMENT OF STATE TREASURER/RECEIPT SUPPORTED

SECTION 14C.1.(a) G.S. 147-68.1 reads as rewritten:

"**§ 147-68.1. Banking operations.**

The cost of administration, management, and operations of the banking operations of the Department of State Treasurer shall be apportioned equitably among the funds and programs using these services, and the costs so apportioned shall be deposited with the State Treasurer as a ~~general fund nontax revenue.~~ receipt to the budget of the Department of State Treasurer. ~~The cost of administration, management and operations of the banking operations of the Department of State Treasurer shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

SECTION 14C.1.(b) G.S. 147-69.3(f) reads as rewritten:

"(f) The cost of administration, management, and operation of investment programs established pursuant to this section shall be apportioned equitably among the programs in such manner as may be prescribed by the State Treasurer, such costs to be paid from each program, and to the extent not otherwise chargeable directly to the income or assets of the specific investment program or pooled investment vehicle, shall be deposited with the State Treasurer as a ~~General Fund nontax revenue.~~ receipt to the budget of the State Treasurer. ~~The cost of administration, management, and operation of investment programs established pursuant to this section and not directly paid from the income or assets of such program shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.~~"

PART XIV-D. DEPARTMENT OF REVENUE

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COLLECT TAX

SECTION 14D.1. Funds appropriated to the Department of Revenue for Project Collect Tax shall be transferred to a separate Fund Code in the Department's budget.

PART XV. INFORMATION TECHNOLOGY

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY

SECTION 15.1.(a) Prior to the transfer of any patentable intellectual property or the release of any State grants or loans to non-State entities for purposes related to the development of patentable intellectual property, each State department, agency, institution, or other entity of the State shall prepare a written evaluation of the following matters:

(1) If the proposed or pending transaction involves the transfer of patentable intellectual property developed by State employees within the scope of their employment:

a. The nature of the State's interest in the patentable intellectual property.
b. The potential value of the State's interest in the patentable intellectual property.
c. How to best protect the State's interest in the patentable intellectual property, as appropriate.

(2) If the proposed or pending transaction involves the release of State grants or loans to a non-State entity for purposes related to the development of patentable intellectual property, the extent to which the release or the use of the State grants or loans for purposes related to the development of patentable intellectual property may affect the public purpose of the State financial aid to the non-State entity.

Each State agency engaging in transfers of patentable intellectual property or the release of State grants or loans subject to this subsection shall, immediately upon the completion of the written evaluation required by this section, forward a copy of the written evaluation to the Governor, the Joint Legislative Commission on Governmental Operations, and the Chairs of the House of Representatives Science and Technology Committee and the Senate Information Technology Committee.

SECTION 15.1.(b) The provisions of subsection (a) of this section do not apply to The University of North Carolina and its constituent institutions, or to the North Carolina Community Colleges System, or to employees of these respective institutions who are subject to the intellectual property and inventor policies of the institutions employing them.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

SECURITY STANDARDS FOR STATE INFORMATION TECHNOLOGY

SECTION 15.2.(a) G.S. 147-33.81 reads as rewritten:

"**§ 147-33.81. Definitions.**

As used in this Article:

(1) "Distributed information technology assets" means hardware, software, and communications equipment not classified as traditional mainframe-based items, including personal computers, local area networks (LANs), servers, mobile computers, peripheral equipment, and other related hardware and software items.

(2) "Information technology" means electronic data processing goods and ~~services and~~ services, telecommunications goods and services, security goods and services, microprocessors, software, information processing, office systems, any services related to the foregoing, and consulting or other services for design or redesign of information technology supporting business processes.

(3) "Information technology enterprise management" means a method for managing distributed information technology assets from acquisition through retirement so that total ownership costs (purchase, operation, maintenance, disposal, etc.) are minimized while maximum benefits are realized.

(4) "Information technology portfolio management" means a business-based approach for analyzing and ranking potential technology investments and selecting those investments that are the most cost-effective in supporting the strategic business and program objectives of the agency.

(5) "Office" means the Office of Information Technology Services as established in this Article.

(6) "State agency" means any department, institution, commission, committee, board, division, bureau, office, officer, or official of the State. The term does not include any State entity excluded from coverage under this Article by G.S. 147-33.80, unless otherwise expressly provided."

SECTION 15.2.(b) G.S. 147-33.82 reads as rewritten:

"**§ 147-33.82. Powers and duties of the State Chief Information Officer and the Office of Information Technology Services.**

(a) The Office of Information Technology Services shall:

(1) Procure all information technology for State agencies, as provided in Part 4 of this Article.

(2) Submit for approval of the Information Resources Management Commission all rates and fees for common, shared State government-wide technology services provided by the Office.

(3) Submit for approval of the Information Resources Management Commission recommended State government-wide, enterprise-level policies for information technology.

(4) Develop standards, procedures, and processes to implement policies approved by the Information Resources Management Commission.

(5) Assure that State agencies implement and manage information technology portfolio-based management of State information technology resources, in accordance with the direction set by the State Chief Information Officer.

(6) Assure that State agencies implement and manage information technology enterprise management efforts of State government, in accordance with the direction set by the State Chief Information Officer.

(7) Provide recommendations to the Information Resources Management Commission for its biennial technology strategy and to develop State government-wide technology initiatives to be approved by the Information Resources Management Commission.

(8) Develop a project management, quality assurance, and architectural review process that adheres to the Information Resources Management Commission's certification program and portfolio-based management initiative.

(9) Establish and utilize the Information Technology Management Advisory Council to consist of representatives from other State agencies to advise the Office on information technology business management and technology matters.

(b) Notwithstanding any other provision of law, local governmental entities may use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office. For purposes of this subsection, "local governmental entities" includes local school administrative units, as defined in G.S. 115C-5, and community colleges. Local governmental entities are not required to comply with otherwise applicable competitive bidding requirements when using contracts established by the Office. Any other State entities may also use the information technology programs, services, or contracts offered by the Office, including information technology procurement, in accordance with the statutes, policies, and rules of the Office.

(c) The State Chief Information Officer shall establish an enterprise-wide set of standards for information technology security to maximize the functionality, security, and interoperability of the State's distributed information technology assets, including communications and encryption technologies. As part of this function, the State Chief

Information Officer shall review periodically existing security standards and practices in place among the various State agencies to determine whether those standards and practices meet enterprise-wide security and encryption requirements. The State Chief Information Officer may assume the direct responsibility of providing for the information technology security of any State agency that fails to adhere to security standards adopted pursuant to this section. Any actions taken by the State Chief Information Officer under this subsection shall be reported to the Information Resources Management Commission at its next scheduled meeting.

(d) Notwithstanding G.S. 143-48.3 or any other provision of law, and except as otherwise provided by this subsection, all information technology security purchased using State funds, or for use by a State agency or in a State facility, shall be subject to approval by the State Chief Information Officer in accordance with security standards adopted under this section.

(1) If the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units as defined by G.S. 115C-5, or the North Carolina Community Colleges System develop their own security standards, taking into consideration the mission and functions of that entity, that are comparable to or exceed those set by the State Chief Information Officer under this section, then these entities may elect to be governed by their own respective security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. The State Chief Information Officer shall consult with the legislative branch, the judicial branch, The University of North Carolina and its constituent institutions, local school administrative units, and the North Carolina Community Colleges System in reviewing the security standards adopted by those entities.

(2) If the State Chief Information Officer certifies that a State agency has developed security standards that meet or exceed those set under this section, then the agency may elect to be governed by its own security standards, and approval of the State Chief Information Officer shall not be required before the purchase of information technology security. This certification by the State Chief Information Officer is subject to annual renewal and may be revoked by the State Chief Information Officer at any time that a State agency's standards no longer exceed those set under this section.

(e) The State Chief Information Officer shall submit the enterprise-wide set of standards for the State's information technology security to the Information Resources Management Commission for approval. The Information Resources Management Commission shall report approval of the standards to the Joint Legislative Commission on Governmental Operations prior to implementation of the standards. The State Chief Information Officer shall review and revise the standards at least annually, and the revisions shall be subject to approval by the Information Resources Management Commission, with the Commission reporting to the Joint Legislative Commission on Governmental Operations on the revisions.

(f) The head of each State agency shall cooperate with the State Chief Information Officer in the discharge of his or her duties by:

(1) Providing the full details of the agency's information technology and operational requirements.

(2) Providing comprehensive information concerning the information technology security employed to protect the agency's information technology.

(3) Forecasting the parameters of the agency's projected future information technology security needs and capabilities.

(4) Designating an agency liaison in the information technology area to coordinate with the State Chief Information Officer.

The information provided by State agencies to the State Chief Information Officer under this subsection is protected from public disclosure pursuant to G.S. 132-6.1(c)."

SECTION 15.2.(c) G.S. 147-64.6(c) is amended by adding a new subdivision to read:

"(18) The Auditor shall, after consultation and in coordination with the State Chief Information Officer, assess, confirm, and report on the security practices of information technology systems. If an agency has adopted standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in accordance with those standards. The Auditor's assessment of information security practices shall include an assessment of network vulnerability. The Auditor may conduct network penetration or any similar procedure as the Auditor may deem necessary. The Auditor may investigate reported information technology security breaches, cyber attacks, and cyber fraud in State government. The Auditor shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision, but may provide agencies with detailed reports of the security issues identified pursuant to this subdivision which shall not be disclosed as provided in G.S. 132-6.1(c). For the purposes of this subdivision only, the Auditor is exempt from the provisions of Article 3 of Chapter 143 of the General Statutes in retaining contractors."

SECTION 15.2.(d) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT INFORMATION TECHNOLOGY PROVISIONS

SECTION 15.3.(a) G.S. 143-6 is amended by adding a new subsection to read:

"(b2) Any department, bureau, division, officer, board, commission, institution, or other State agency or undertaking desiring to request financial aid from the State for the purpose of acquiring or maintaining information technology as defined by G.S. 147-33.81(2) shall, before making the request for State financial aid, submit to the State Chief Information Officer (CIO) a statement of its needs in terms of information technology and other related requirements, and shall furnish the CIO with any additional information requested by the CIO. The CIO shall then review the statement of needs submitted by the requesting department, bureau, division, officer, board, commission, institution, or other State agency or undertaking and perform additional analysis, as necessary, to comply with G.S. 147-33.82. All requests for financial aid for the purpose of acquiring or maintaining information technology shall be accompanied by a certification from the CIO deeming the request for financial aid to be consistent with Article 3D of Chapter 147 of the General Statutes. The CIO shall make recommendations to the Governor regarding the merits of requests for financial aid for the purpose of acquiring or maintaining information technology. This subsection shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000)."

SECTION 15.3.(b) G.S. 143-7 reads as rewritten:

"**§ 143-7. Itemized statements and forms; exemptions from G.S. 147- 64.6(c)(10).**

(a) The statements and estimates required under G.S. 143-6 shall be itemized in accordance with the budget classification adopted by the State Controller, and upon

forms prescribed by the Director, and shall be approved and certified by the respective heads or responsible officer of each department, bureau, board, commission, institution, or agency submitting same. Official estimate blanks which shall be used in making these reports shall be furnished by the Director of the Budget.

(b) The budget classification adopted by the State Controller and the forms prescribed by the Director shall include budget account codes relating specifically to information technology to allow reliable and meaningful analysis of information technology funding and expenditures throughout State government."

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

COMPUTER NETWORKING COSTS/TELECOMMUNICATIONS SERVICE BILLING FOR STATE AGENCIES

SECTION 15.4.(a) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall adopt a common definition for computer networking costs. The definition shall include a specific and detailed list of the separate components that comprise overall networking costs. These agencies shall define a process to capture all such costs without redundancy.

SECTION 15.4.(b) The Office of the State Controller, the Office of State Budget and Management, and the Office of Information Technology Services shall complete the definition by September 1, 2001. By December 1, 2001, the agencies shall provide an interim report to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology on the process to capture networking costs, with a final report by May 1, 2002.

SECTION 15.4.(c) The Office of State Personnel, in conjunction with the Office of Information Technology Services, shall devise a mechanism for identifying, by specific industry-relevant categories, State information technology positions across all relevant classifications in State government employment. By December 1, 2001, the Office of State Personnel shall report its plan to identify State information technology personnel to the Joint Select Committee on Information Technology and to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and the Senate Appropriations Committee on Information Technology.

SECTION 15.4.(d) The Office of Information Technology Services shall accurately identify and present State agencies with detailed information on the cost of ITS Services for telecommunications data and video services. The bill should clearly indicate the usage and the rate for the service.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STUDY STATE AGENCY USE OF CONTRACTORS FOR INFORMATION TECHNOLOGY

SECTION 15.5.(a) The Office of State Personnel, the Office of Information Technology Services, the Office of State Budget and Management, and the Office of the State Controller shall study the issue of State-agency use of information technology contractors. The study shall report on the number of contractors currently in use by State agencies, the duration of the working period for individual contractors, and the length of the contracts. The purpose of the contracts should be clearly identified. The unit and actual costs of the contracts should be clearly identified.

SECTION 15.5.(b) The Office of State Personnel shall identify the results of market analyses comparing State information technology workers with private sector

information technology workers. The Office shall review its current classification scheme for IT workers to determine its adequacy for capturing the range of IT activities within State government.

SECTION 15.5.(c) The study report should recommend the most appropriate use of contractors (i.e., for discrete projects) and the most appropriate use of permanent employee (i.e., for ongoing activities such as LAN/WAN management.) In cases where the study indicates that permanent employees are best suited for a given task or activity, the Office of State Personnel is directed to identify effective mechanisms for recruiting and retaining employees.

SECTION 15.5.(d) By April 1, 2002, the study group shall report its findings and recommendations to the Joint Legislative Commission on Governmental Operations and to the Joint Select Committee on Information Technology.

SECTION 15.5.(e) The study shall also compare the costs of outsourcing discrete functions and activities versus performing those activities with State government employees or contractors working for State agencies.

SECTION 15.5.(f) G.S. 143-23 is amended by adding a new subsection to read:

"(a5) Notwithstanding any other provision of this section, a department, institution, or other spending agency of the State may, with the approval of the Director of the Budget, increase the amount of funds available for salaries, wages, and related expenses in connection with the hiring and retention of State employees to work in information technology positions, provided that there is a corresponding reduction in recurring funds, at a minimum, in the expenditures line item for purchased contractual services related to information technology. Departments and entities of State government shall employ the mechanism provided for in this section exclusively to maximize cost savings to the State for information technology services."

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

PROCUREMENT CARD PROGRAM

SECTION 15.6.(a) Section 20.3 of S.L. 1998-212, Section 24 of S.L. 1999-237, and Section 21.3 of S.L. 2000-67 are repealed.

SECTION 15.6.(b) G.S. 143-49 is amended by adding a new subdivision to read:

"(8) To establish and maintain a procurement card program for use by State agencies, community colleges, constituent institutions of The University of North Carolina, and local school administrative units. The Secretary may adopt temporary rules for the implementation and operation of the program in accordance with the payment policies of the State Controller and the Office of Information Technology Services. Prior to implementing the program, the Secretary shall consult with the State Controller, UNC General Administration, the Community Colleges System Office, and the Department of Public Instruction. When the statewide electronic procurement service is made available for goods and contractual services, all orders made pursuant to this subdivision exceeding two hundred fifty dollars ($250.00) shall be issued electronically through the statewide electronic procurement service. The Secretary may periodically adjust the order limit set under this subdivision after consulting with the State Controller and the Office of Information Technology Services."

SECTION 15.6.(c) This section is effective when it becomes law.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA INFORMATION HIGHWAY SITES

SECTION 15.7.(a) Of the funds available in the Office of Information Technology Services operating cash, the sum of three million twenty-four thousand one hundred eighty-five dollars ($3,024,185) shall be used for the 2001-2002 fiscal year to fund North Carolina Information Highway (NCIH) sites that received funding from ITS operating cash during the 2000-2001 fiscal year. In consultation with NCIH sites, the Department of Public Instruction, the Community Colleges System Office, and other site-affiliated State offices, the Office of Information Technology Services shall take appropriate action to ensure that the funds are efficiently utilized.

SECTION 15.7.(b) The Joint House of Representatives and Senate Appropriations Subcommittees on Education shall review the use of the North Carolina Information Highway and recommend a mechanism for funding the sites beyond the 2001-2002 fiscal year.

Requested by: Representatives Tolson, Tucker

REDUCTION IN EXPENDITURES BASED ON ITS RATE REDUCTIONS

SECTION 15.8. The Office of State Budget and Management shall administer reductions in the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts in an amount equal to four million dollars ($4,000,000) of General Fund appropriations through the allotment system established in G.S. 143-17. The reductions in expenditures shall be based on a percentage reduction in the rates for telephone/telecommunications and computer data processing services provided by the Office of Information Technology Services.

The Office of Information Technology Services shall have flexibility in establishing the rate reductions based upon a clear showing of cost reductions achieved through operational efficiencies or cost reductions achieved through less costly contractual arrangements. Based upon the rate reductions established by the Office of Information Technology Services, the Office of State Budget and Management shall have flexibility in allocating the reduction amounts among the Telephone (532811), Telecommunications Data (532812), and Computer Data Processing (532821) expenditure accounts. During Fiscal Years 2001-2002 and 2002-2003 allotments to each spending agency shall be reduced by a percentage of the General Fund amounts appropriated to that agency for telephone/telecommunications and computer data processing services.

The Office of State Budget and Management shall coordinate the rate reductions and agency expenditure accounts reductions to ensure that expenditure reductions match rate reductions. The Office of Information Technology Services shall report the rate reductions to the Information Resources Management Commission, the Chairs of the House of Representatives and Senate Appropriations Committees, the Chairs of the Joint Appropriations Subcommittee on Information Technology, and to the Fiscal Research Division within 30 days of the certification of the 2001-2003 biennial budget.

PART XVI. HOUSING FINANCE AGENCY

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

HOME PROGRAM MATCHING FUNDS

SECTION 16.1.(a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match

federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

SECTION 16.1.(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

SECTION 16.1.(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 2002, or on June 30, 2003.

PART XVII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

AUTHORIZE PROMOTION OF NC FARM PRODUCTS AT REST AREAS AND WELCOME CENTERS

SECTION 17.1. Article 6D of Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-89.59A. Promotion of North Carolina farm products at rest areas and welcome centers.**

Subject to the approval of the Department, the Department of Agriculture and Consumer Services may distribute promotional materials and free samples of North Carolina farm products at rest areas and welcome centers located on controlled-access facilities and operated by the State for the purpose of promoting North Carolina farm products."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER RURAL REHABILITATION CORPORATION TO AGRICULTURAL FINANCE AUTHORITY

SECTION 17.2.(a) G.S. 143A-63 reads as rewritten:

"**§ 143A-63. North Carolina Rural Rehabilitation Corporation; transfer.**

The North Carolina Rural Rehabilitation Corporation, and board of directors, as contained in Chapter 137 of the General Statutes and the laws of this State, is ~~hereby~~ transferred by a ~~Type II~~ Type I transfer to the North Carolina Agricultural Finance Authority in the Department of Agriculture and Consumer Services."

SECTION 17.2.(b) Article 2 of Chapter 137 of the General Statutes is repealed.

SECTION 17.2.(c) No later than January 15, 2002, the North Carolina Agricultural Finance Authority shall report to the Joint Legislative Commission on

Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, and the Fiscal Research Division on the status of the transfer required under this section. This report shall include any statutory changes that are needed to implement the transfer required under this section.

Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham, Redwine, Thompson

FARMLAND PRESERVATION FUNDS

SECTION 17.3. The sum of two hundred fifty thousand dollars ($250,000) appropriated in this act to the Department of Agriculture and Consumer Services for the North Carolina Farmland Preservation Trust Fund established in G.S. 106-744 shall be used to continue the purposes for which the Fund was established.

PART XVIII. DEPARTMENT OF LABOR

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

LABOR DEPARTMENT/ ELEVATOR INSPECTION FEE RECEIPTS

SECTION 18.1.(a) Of the receipts appropriated by this act to the Department of Labor, the Department shall allocate increased elevator and amusement device inspection fee receipts for the 2001-2002 fiscal year and the 2002-2003 fiscal year to support the Elevator and Amusement Device Bureau. There shall be a reduction of at least two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) in General Fund appropriations to the Department for the 2001-2002 fiscal year and a reduction of at least nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year.

SECTION 18.1.(b) The allocations provided for in subsection (a) of this section shall be made only if Senate Bill 897, House Bill 1430, House Bill 1057, or other substantially similar legislation of the 2001 General Assembly becomes law.

SECTION 18.1.(c) The reductions in General Fund allocations provided for in subsection (a) of this section are instead of the reductions recommended by the Governor for the 2001-2003 biennium that would have been contained in the Appropriations Act of 2001 and are as follows:

(1) One hundred fifty-five thousand thirty-nine dollars ($155,039) recurring reductions in operating efficiencies, specifically in the areas of equipment, software, library resources, and overtime pay.

(2) Ninety-three thousand nine hundred-sixty-one dollars ($93,961) recurring reduction to offset the budgeting of indirect cost receipts.

SECTION 18.1.(d) If Senate Bill 897, House Bill 1430, House Bill 1057, or other substantially similar legislation becomes law and the receipts are greater than two hundred sixty-two thousand two hundred sixty-one dollars ($262,261) for the 2001-2002 fiscal year and nine hundred sixty-eight thousand eight hundred twenty-three dollars ($968,823) for the 2002-2003 fiscal year, the Director of the Budget shall reduce appropriations to the Department of Labor as provided in G.S. 143-25.

PART XIX. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 19.1. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GRASSROOTS SCIENCE PROGRAM

SECTION 19.2. Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2001-2002 and the sum of three million two hundred four thousand five hundred twenty dollars ($3,204,520) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003
Aurora Fossil Museum	$58,298	$58,298
Cape Fear Museum	$201,103	$201,103
Catawba Science Center	$161,968	$161,968
Colburn Gem and Mineral Museum, Inc.	$70,274	$70,274
Discovery Place	$667,632	$667,632
Granville County Museum Commission, Inc. - Harris Gallery	$60,978	$60,978
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$151,963	$151,963
Imagination Station	$92,584	$92,584
Iredell County Children's Museum	$57,927	$57,927
Museum of Coastal Carolina	$63,437	$63,437
Natural Science Center of Greensboro	$240,852	$240,852
North Carolina Museum of Life and Science	$426,141	$426,141
Rocky Mount Children's Museum	$86,921	$86,921
Schiele Museum of Natural History	$333,578	$333,578
Sci Works Science Center and Environmental Park of Forsyth County	$172,528	$172,528
Western North Carolina Nature Center	$158,336	$158,336
Highlands Biological Station	$50,000	$50,000
Carolina Raptor Center	$50,000	$50,000
Fascinate-U	$50,000	$50,000
Wilmington Children's Museum	$50,000	$50,000
Total	$3,204,520	$3,204,520

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TERMS FOR MEMBERS OF THE NORTH CAROLINA PARKS AND RECREATION AUTHORITY

SECTION 19.3.(a) G.S. 143B-313.2(b) reads as rewritten:

"(b) Terms. – Members shall serve ~~two-year terms~~staggered terms of office of three years. Members shall serve no more than two ~~full two-year terms~~consecutive three-year terms. After serving two consecutive three-year terms, a member is not eligible for appointment to the Authority for at least one year after the expiration date of that member's most recent term. Upon the expiration of a ~~two-year~~three-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. ~~The term of members appointed under odd-numbered subdivisions of subsection (a) of this section shall expire on 30 June of odd-numbered years. The term of members appointed under even-numbered subdivisions of subsection (a) of this section shall expire on 30 June of even-numbered years.~~The terms of members appointed under subdivision (1), (5), (7), or (9) of subsection (a) of this section shall expire on July 1 of years that are evenly divisible by three. The terms of members appointed under subdivision (2), (4), (8), or (11) of subsection (a) of this section shall expire on July 1 of years that follow by one year those years that are evenly divisible by three. The terms of members appointed under subdivision (3), (6), or (10) of subsection (a) of this section shall expire on July 1 of years that precede by one year those years that are evenly divisible by three."

SECTION 19.3.(b) In order to alter the length of the staggered terms from two years to three years for the North Carolina Parks and Recreation Authority and to provide for an orderly transition in membership of the Authority as specified in G.S. 143B-313.2, as amended by subsection (a) of this section, notwithstanding G.S. 143B-313.2(b), as amended by subsection (a) of this section, the following apply:

(1) John D. Runkle shall serve in the position established by G.S. 143B-313.2(a)(1) until July 1, 2001.
(2) Wendell Begley shall serve in the position established by G.S. 143B-313.2(a)(2) until July 1, 2002.
(3) Jonathon B. Howes shall serve in the position established by G.S. 143B-313.2(a)(3) until July 1, 2003.
(4) Ron Kincaid shall serve in the position established by G.S. 143B-313.2(a)(4) until July 1, 2002.
(5) Russell Robinson III shall serve in the position established by G.S. 143B-313.2(a)(5) until July 1, 2001.
(6) Roy Alexander shall serve in the position established by G.S. 143B-313.2(a)(6) until July 1, 2003.
(7) Kenneth Sadler shall serve in the position established by G.S. 143B-313.2(a)(7) until July 1, 2001.
(8) Leslie Anderson shall serve in the position established by G.S. 143B-313.2(a)(8) until July 1, 2002.
(9) Troy Boyd shall serve in the position established by G.S. 143B-313.2(a)(9) until July 1, 2001.
(10) Harriet L. Farrior shall serve in the position established by G.S. 143B-313.2(a)(10) until July 1, 2003.
(11) Eddie Holbrook shall serve in the position established by G.S. 143B-313.2(a)(11) until July 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

RECEIPTS FOR NC ZOOLOGICAL PARK ADMISSION FEE INCREASE TO BE USED FOR MARKETING PURPOSES

SECTION 19.4. Subject to the approval of the Secretary of Environment and Natural Resources, up to four hundred thousand dollars ($400,000) of the receipts from the increase in admission fees to the North Carolina Zoological Park for the 2001-2002 fiscal year and up to four hundred thousand dollars ($400,000) of those

receipts for the 2002-2003 fiscal year may be used for marketing activities related to promoting the North Carolina Zoological Park.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA WATER QUALITY WORKGROUP INITIATIVE/RIVERNET MONITORING SYSTEM PILOT PROGRAM/RESEARCH FUNDS

SECTION 19.5. Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.8D. North Carolina Water Quality Workgroup; Rivernet.**

(a) The Department of Environment and Natural Resources and North Carolina State University shall jointly establish the North Carolina Water Quality Workgroup. The Workgroup shall work collaboratively with the appropriate divisions of the Department of Environment and Natural Resources and North Carolina State University, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, the Environmental Management Commission, and the Environmental Review Commission to identify the scientific and State agency databases that can be used to formulate public policy regarding the State's water quality, evaluate those databases to determine the information gaps in those databases, and establish the priorities for obtaining the information lacking in those databases. The Workgroup shall have the following duties:

(1) To address specifically the ongoing need of evaluation, synthesis, and presentation of current scientific knowledge that can be used to formulate public policy on water quality issues.

(2) To identify knowledge gaps in the current understanding of water quality problems and fill these gaps with appropriate research projects.

(3) To maintain a web-based water quality data distribution site.

(4) To organize and evaluate existing scientific and State agency water quality databases.

(5) To prioritize recognized knowledge gaps in water quality issues for immediate funding.

(b) The North Carolina Water Quality Workgroup shall be composed of no more than 15 members. Those members shall be jointly appointed by the Chancellor of North Carolina State University and the Secretary of Environment and Natural Resources. Any person appointed as a member of the Workgroup shall be knowledgeable in one of the following areas:

(1) Water Quality Assessment, Water Quality Monitoring, and Water Quality Permitting.

(2) Nutrient Management.

(3) Water Pollution Control.

(4) Waste Management.

(5) Groundwater Resources.

(6) Stream Hydrology.

(7) Aquatic Biology.

(8) Environmental Education and Web-Based Data Dissemination.

(c) North Carolina State University shall provide meeting facilities for the North Carolina Water Quality Workgroup as requested by the Chair.

(d) The members of the North Carolina Water Quality Workgroup shall elect a Chair. The Chair shall call meetings of the Workgroup and set the meeting agenda.

(e) The Chair of the North Carolina Water Quality Workgroup shall report each year by January 30 to the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, to the Environmental Review Commission, to the Cochairs of

the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, and to the Chancellor of North Carolina State University or the Chancellor's designee on the previous year's activities, findings, and recommendations of the North Carolina Water Quality Workgroup.

(f) The North Carolina Water Quality Workgroup shall develop a water quality monitoring system to be known as Rivernet that effectively uses the combined resources of North Carolina State University and State agencies. The Rivernet system shall be designed to implement advances in monitoring technology and information management systems with web-based data dissemination in the waters that are impaired based on the criteria of the State's basinwide water quality management plans. Water quality and nutrient parameters shall be continuously monitored at each station, and the data shall be sent back to a centralized computer server.

The Rivernet system shall be coordinated with related data collection and monitoring activities of the Department of Environment and Natural Resources, the Water Resources Research Institute, the North Carolina Water Quality Workgroup, and other research efforts pursued by academic institutions or State government entities. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are testing procedure guidelines promulgated by the United States Environmental Protection Agency, the American Public Health Association, the American Water Works Association, or the Water Environment Federation then the testing procedures shall comply with the appropriate guidelines. If the North Carolina Water Quality Workgroup chooses to employ a technology for which there are no testing procedure guidelines promulgated by any of the groups cited in this subsection, then the North Carolina Water Quality Workgroup may establish testing procedure guidelines.

The Rivernet system shall also have the capabilities to trigger alarms and notify the appropriate member of the Workgroup when monitoring stations exceed defined limits indicating a spill or a significant water quality or nutrient measurement event, which then can be comprehensively analyzed."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

CONTINUE ONE-STOP PERMIT ASSISTANCE PILOT PROGRAM

SECTION 19.6.(a) The Department of Environment and Natural Resources shall continue the one-stop environmental permit application assistance and tracking system pilot project established under Section 13.7 of S.L. 2000-67 during the 2001-2003 fiscal biennium. It is the intent of the General Assembly that the Department of Environment and Natural Resources expand this pilot program to a statewide program effective in all of the Department's regional offices if the resources are available to do so during the 2001-2003 fiscal biennium. The provisions of Section 13.7(a) through (d) of S.L. 2000-67 apply to the pilot program under this section.

SECTION 19.6.(b) The Department of Environment and Natural Resources shall report to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives, the Fiscal Research Division, and the Environmental Review Commission no later than April 1, 2002, and again no later than April 1, 2003, regarding the results of the pilot project continued under this section. This report shall include the number of environmental permits in the pilot project that took more than 90 days to issue or deny; the types of permits those were; the reasons for the extended processing time of those permits; how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department; based on the data gathered in the pilot project, any recommendations regarding what the permit time frames should be for all major permits

issued by the Department; and to what extent, if any, the program has been expanded to a statewide program under this section.

SECTION 19.6.(c) The Department of Environment and Natural Resources may adopt temporary rules to implement this section.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DIVISION OF RADIATION PROTECTION SELF-SUFFICIENCY PLAN

SECTION 19.7. The Department of Environment and Natural Resources shall develop a plan to make the Division of Radiation Protection of the Department of Environment and Natural Resources self-supporting within two years. The Department of Environment and Natural Resources shall report the details of this plan to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR TO STUDY FEASIBILITY OF TRANSFERRING SEDIMENTATION PROGRAM TO LOCAL GOVERNMENTS

SECTION 19.8. The Department of Environment and Natural Resources shall study the feasibility of transferring the program within the Department of Environment and Natural Resources under the Sedimentation Pollution Control Act of 1973, Article 4 of Chapter 113A of the General Statutes, to local governments. The Department of Environment and Natural Resources shall consider the economic impact that the proposed transfer would have on local governments, any savings that would be generated for the State by the proposed transfer, and any statutory changes that would be needed to implement such a transfer. The Department of Environment and Natural Resources shall report its findings and recommendations, including legislative proposals, to the Appropriations Subcommittees on Natural and Economic Resources in both the Senate and the House of Representatives no later than April 1, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

SUBMERGED LANDS PROGRAM/SECRETARY DESIGNATE PROGRAM MANAGER

SECTION 19.9. The Secretary of Environment and Natural Resources shall designate from existing staff within the Department of Environment and Natural Resources a staff position to be responsible for managing the Submerged Lands Program. By August 1, 2001, the Secretary shall report to both the Senate and House of Representatives Cochairs of the Appropriations Subcommittees on Natural and Economic Resources what position will manage the Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR RECLASSIFICATION OF SENIOR FIELD OFFICER POSITIONS REPORT

SECTION 19.10. The Department of Environment and Natural Resources shall report to the Senate and House of Representatives Cochairs of the full Appropriations Committee, and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees by October 1, 2001, on the Department's reclassification of its regional office managers as directed by Section 26.12 of S.L. 1995-324. The report shall include the following: the location and title of the four remaining positions, a description of the duties and responsibilities

assigned to each position, a description of the day-to-day activities of each of the positions, an explanation of the purposes each of the positions serve, an explanation of how the positions benefit the Department, and a description of the role that the positions play in each of the respective communities and regions in which the positions are located.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR STUDY OF ENVIRONMENTAL PERMITTING PROCESS

SECTION 19.11.(a) The Department of Environment and Natural Resources shall study the State Water Quality Certification (Section 401 of the Clean Water Act, 33 U.S.C. § 1341) and National Pollutant Discharge Elimination System (NPDES) wastewater discharge permitting processes in the Division of Water Quality, the Coastal Area Management Act (CAMA) permitting process in the Division of Coastal Management, and the sedimentation and erosion control plan approval process in the Division of Land Resources. The study shall at a minimum include the following:

(1) A description of how the permitting and approval process currently works.
(2) The number and types of permits and plan approvals issued by each of these Divisions.
(3) The time frame within which each of the types of permits or plan approvals is issued.
(4) The adequacy of existing staff levels to complete the issuance of permits and plan approvals in a timely manner.
(5) Whether duplication in the permitting and plan approval process exists between the regional office and the central office staff.
(6) Efficiencies to be gained from delegation of authority to regional offices.
(7) Efficiencies to be gained from issuing more general permits.
(8) The amount of revenue generated by the permits and retained as departmental receipts.
(9) Any other information or issue deemed relevant by the Fiscal Research Division to provide an accurate analysis of the issues.

SECTION 19.11.(b) In conducting this study, the Department shall record its tracking of the permits and plan approvals and the statistical data regarding those in a format that is easily accessible and usable for fiscal analysis by the Fiscal Research Division.

SECTION 19.11.(c) The Department shall make a report with its findings and recommendations to the Senate and House of Representatives Cochairs of the full Appropriations Committee and to the Senate and House of Representatives Cochairs of the Natural and Economic Resources Appropriations Subcommittees on ways to improve, expedite, or simplify the permitting process no later than March 10, 2002.

Requested by: Representatives Fox, Owens, Baker, Easterling, Oldham, Redwine, Thompson

REALLOCATE TOWN FORK CREEK FUNDS

SECTION 19.12.(a) Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, Section 13.5 of S.L. 2000-67, and Section 90(e) of S.L. 2000-140, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, ~~2001.~~ 2003. Those funds are reallocated as follows:

(1) Five hundred ~~four thousand five hundred sixty~~ forty-one thousand six hundred eighty dollars ~~($504,560)~~ ($541,680) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.

(2) ~~Nine hundred thirty thousand six hundred eighty dollars ($930,680)~~ Eight hundred ninety-three thousand five hundred sixty dollars ($893,560) to the Stokes County Water and Sewer Authority, Inc., for the Walnut Cove/Industrial Site Connection Project. Any funds under this subdivision not necessary for this project are reallocated to the project listed under subdivision (3) of this subsection upon the written finding of the Stokes County Water and Sewer Authority, Inc.

(3) Eighty thousand dollars ($80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.

(4) Thirty thousand dollars ($30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.

(5) Three hundred forty thousand six hundred forty dollars ($340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

SECTION 19.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Warwick, Easterling, Oldham, Redwine, Thompson

FAIR GEOGRAPHIC REPRESENTATION IN APPOINTMENTS TO THE ENVIRONMENTAL MANAGEMENT COMMISSION

SECTION 19.13.(a) G.S. 143B-282 is amended by adding a new subsection to read:

"(e) In appointing the members of the Commission, the appointing authorities shall make every effort to ensure fair geographic representation of the Commission."

SECTION 19.13.(b) This section is effective when it becomes law and applies to appointments made on or after that date.

Requested by: Representatives Fox, Owens

DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION 19.14. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

PART XX. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TOURISM PROMOTION FUNDS

SECTION 20.1. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

(1) Counties 1 through 20 are each eligible to receive a maximum grant of seven thousand five hundred dollars ($7,500) for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.
(2) Counties 21 through 50 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.
(3) Counties 51 through 100 are each eligible to receive a maximum grant of three thousand five hundred dollars ($3,500) for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

SECTION 20.3.(a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Moneys allocated from the Fund shall be used for the following purposes:

(1) Installation or purchase of equipment;
(2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and
(3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Moneys may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of moneys from the Fund.

SECTION 20.3.(b) The Department of Commerce shall report on or before October 1, 2001, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

ABOLISH CENTER FOR ENTREPRENEURSHIP AND TECHNOLOGY

SECTION 20.4.(a) Effective July 1, 2001, the Center for Entrepreneurship and Technology (hereinafter Center) in the Department of Commerce (hereinafter Department) is abolished.

SECTION 20.4.(b) The Department shall not carryforward any unencumbered State funds for the Center to the 2001-2002 fiscal year. This subsection becomes effective June 30, 2001.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COMMERCE STUDY/ CONSOLIDATE BUSINESS AND INDUSTRY DIVISION REGIONAL OFFICES AND REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

SECTION 20.5. The Department of Commerce (hereinafter Department) shall study the feasibility of consolidating each of the Business and Industry Division regional offices (hereinafter B&I) with a Regional Economic Development Commission (hereinafter Commission) office. In considering whether consolidation is feasible and would better advance the goals of both the B&I and the Commissions, the Department shall do at least the following:

(1) Evaluate the degree to which existing shared offices in Asheville, Edenton, Greensboro, and Research Triangle Park differ in organization, budget, and performance from the B&I offices in Charlotte, Greenville, and Fayetteville that do not share office space with Commissions.

(2) Evaluate the extent to which B&I staff responsibilities in each B&I office duplicate those performed by the Commission staff in their region regardless of whether the offices are shared or separate.

(3) Evaluate the extent to which existing B&I offices in Lenoir and Bryson City add value cost-effectively to the service provided by the Asheville office. In particular, the Department shall consider how the same level of service might be provided if the Lenoir and Bryson City offices were eliminated or merged into the Asheville office.

(4) Estimate any costs that would result from closing B&I offices in Charlotte, Greenville, and Fayetteville and consolidating them with Commissions in Charlotte, Kinston, and Elizabethtown, respectively. The Department shall also estimate any costs that would result from closing B&I offices in Lenoir and Bryson City and consolidating them with the Asheville office.

(5) Identify whether the actions described in subdivision (4) of this section would produce any net savings and, if affirmative, identify the sources of the savings. The Department shall document whether all current B&I regional staff would remain essential to program function if the closings and consolidations described in subdivision (4) of this section were carried out.

The Department shall report its findings and recommendations, including any estimates of efficiencies and cost savings that may be produced by consolidating the Charlotte, Greenville, and Fayetteville B&I regional offices with Commissions and consolidating the Lenoir and Bryson City offices with the existing shared office in Asheville, to the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 20.6.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of five million nine hundred thirty thousand sixteen dollars ($5,930,016) for the 2001-2002 fiscal year for the operation of local offices.

SECTION 20.6.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2001-2002 fiscal year for the following purposes:

(1) Two million one hundred sixty-six thousand forty-seven dollars ($2,166,047) for the 2001-2002 fiscal year to the Department of

Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;

(3) One million six hundred forty-four thousand three hundred twelve dollars ($1,644,312) for the 2001-2002 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred eleven thousand eight hundred ninety-six dollars ($211,896) for the 2001-2002 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred seventy-six thousand seven hundred four dollars ($376,704) for the 2001-2002 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-six thousand five hundred six dollars ($56,506) for the 2001-2002 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs; and

(7) Nine hundred forty-one thousand seven hundred sixty dollars ($941,760) for the 2001-2002 fiscal year to the Department of Labor to continue the Apprenticeship Program.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER

SECTION 20.7.(a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

SECTION 20.7.(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

SECTION 20.7.(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and
(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.7.(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

BIOTECHNOLOGY CENTER/TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC., PROFIT SHARING WITH STATE

SECTION 20.8.(a) Prior to receiving any General Fund disbursements for the 2001-2003 biennium, the North Carolina Biotechnology Center (hereinafter Center) and the North Carolina Technological Development Authority, Inc., (hereinafter Authority) must each enter into a memorandum of understanding with the Attorney General's Office in which they commit to do all of the following:
(1) Work with the Attorney General's Office to craft a legal agreement that specifies the manner in which any profits from investments made with State funds shall be shared with the State.
(2) Negotiate the terms of the legal agreement in good faith.
(3) Submit the proposed legal agreement to the Joint Legislative Commission on Governmental Operations for review by January 15, 2002.
(4) Execute the legal agreement no later than 30 days after it is presented to the Joint Legislative Commission on Governmental Operations.

SECTION 20.8.(b) The Attorney General's Office shall consult with the Fiscal Research Division in crafting the memorandum of understanding and the legal agreement described in subsection (a) of this section.

SECTION 20.8.(c) The Center and the Authority shall submit a copy of the memorandum of understanding to the Fiscal Research Division prior to receiving any General Fund disbursements for the 2001-2003 biennium and shall submit a copy of the proposed legal agreement to the Division by January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC./YADKIN/PEE DEE LAKES PROJECTS, INC./NORTH CAROLINA REAL ENTERPRISES/WORLD TRADE CENTER NORTH CAROLINA REPORTING REQUIREMENTS

SECTION 20.9.(a) The North Carolina Technological Development Authority, Inc., (TDA), Yadkin/Pee Dee Lakes Project, Inc., North Carolina REAL Enterprises, and World Trade Center North Carolina shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.9.(b) Fourth quarter allotments shall not be released to TDA, North Carolina REAL Enterprises, or World Trade Center North Carolina until each entity satisfies its reporting requirement for January 15, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 20.10.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

(1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL COMMISSION REPORTS

SECTION 20.11.(a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.11.(b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 2001-2003 biennium shall by January 15 of each fiscal year report to the Department of Commerce the following information for the most recently completed fiscal year:

(1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;

(2) The number of jobs saved;
(3) The amount of investment and number of jobs created by the direct efforts of a commission;
(4) Initiatives undertaken to establish certified sites and shell buildings;
(5) The number of referrals or leads handled that were generated by the Department of Commerce;
(6) The number and listing of available sites and buildings within the region served by a commission;
(7) A listing of major accomplishments.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 20.12.(a) Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and nine hundred thirty-five thousand dollars ($935,000) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to fifty-five thousand dollars ($55,000) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

SECTION 20.12.(b) The funds shall be allocated as follows: A share of the maximum fifty-five thousand dollars ($55,000) each fiscal year shall be allocated to each county and smaller city, based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

SECTION 20.12.(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

SECTION 20.12.(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

SECTION 20.12.(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

SECTION 20.12.(f) Each council of government or lead regional organization shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

GLOBAL TRANSPARK DEVELOPMENT COMMISSION MEMBERSHIP CHANGES

SECTION 20.13.(a) G.S. 158-35(a) reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in G.S. 143-128(f)(2) and one of whom may be a member of the board of commissioners.

(2) The ~~Authority~~ Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the ~~Authority~~ Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in G.S. 143-128(f)(2). The ~~Authority~~ Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:
a. One appointed by the Chancellor of East Carolina University to represent the University.
b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.
c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.
d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 20.13.(b) G.S. 158-35(c) reads as rewritten:

"(c) Removal; Vacancies. – A member of the Commission may be removed with or without cause by the appointing body. In addition, a majority of the Commission members may, by majority vote, remove a member of the Commission if that member does not attend at least three-quarters of the regularly scheduled meetings of the Commission during any consecutive 12-month period of service of that member on the Commission, except that absences excused by the Commission due to serious medical or family circumstances shall not be considered. If the Commission votes to remove a member under this subsection, the vacancy shall be filled in the same manner as the original appointment. Appointments to fill vacancies shall be made for the remainder of the unexpired term by the respective appointing authority. All members shall serve until their successors are appointed and qualified, unless removed from office."

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

NONPROFIT REPORTING REQUIREMENTS

SECTION 20.14.(a) The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, North Carolina Coalition of Farm and Rural Families, Inc., North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments

shall not be released to any nonprofit organization that does not satisfy the reporting requirements for January 15, 2002, or January 15, 2003.

Requested by: Representatives Fox, Owens, Hunter, Easterling, Oldham, Redwine, Thompson

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 20.15.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2001-2002 fiscal year and the sum of one million eight hundred eighteen thousand four hundred seventy-one dollars ($1,818,471) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	$444,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	455,000	455,000
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	137,000	137,000.

SECTION 20.15.(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

SECTION 20.15.(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

SECTION 20.15.(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

(1) Chartered pursuant to Chapter 55A of the General Statutes;

(2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;

(3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;

(4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and

(5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

SECTION 20.15.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2001-2002 fiscal year and the sum of three million two hundred fifty-two thousand dollars ($3,252,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
   a. $837,720 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
   b. $236,280 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and
   c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,644,000 in each fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:
   a. $1,244,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:
      1. Necessary economic development projects and activities in economically distressed areas;
      2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar- for-dollar basis in the amount of the grant awarded; or
      3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.
   b. $400,000 in each fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $250,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:
   a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and
   b. $175,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need.

SECTION 20.15.(f) For the 2001-2002 fiscal year only, the Office of State Budget and Management shall reduce the funds appropriated in this act to the Rural Economic Development Center, Inc., by an amount of nine hundred ninety-nine thousand six hundred ninety-four dollars ($999,694). The Center shall compensate for this reduction by using available cash balances from the Child Care Loan Fund in the amount of four hundred ninety-nine thousand six hundred ninety-four dollars ($499,694) and the amount of five hundred thousand dollars ($500,000) from other cash reserves on hand.

SECTION 20.15.(g) The Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 20.16.(a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 in each fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;
(3) $100,000 in each fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and
(4) $100,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

SECTION 20.16.(b) For each of the Opportunities Industrialization Centers receiving funds pursuant to subsection (a) of this section, the Rural Economic Development Center, Inc., shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
b. State fiscal year 2000-2001 itemized expenditures and fund sources;
c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments, including actual results through December 31, 2001; and
d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2001.

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
b. State fiscal year 2001-2002 itemized expenditures and fund sources;
c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments, including actual results through December 31, 2002; and
d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 2002.

(3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMON FOLLOW-UP EVALUATION FROM OSBPM TO ESC

SECTION 20.17.(a) G.S. 96-32 reads as rewritten:

"**§ 96-32. Common follow-up information management system created.**

(a) The Employment Security Commission of North Carolina shall develop, implement, and maintain a common follow-up information management system for tracking the employment status of current and former participants in State job training, education, and placement programs. The system shall provide for the automated collection, organization, dissemination, and analysis of data obtained from State-funded programs that provide job training and education and job placement services to program participants. In developing the system, the ESC shall ensure that data and information collected from State agencies is confidential, not open for general public inspection, and

maintained and disseminated in a manner that protects the identity of individual persons from general public disclosure.

(b) The ESC ~~in consultation with the Office of State Budget, Planning, and Management~~ shall adopt procedures and guidelines for the development and implementation of the CFS authorized under this section.

(c) Based on data collected under the CFS, the ~~Office of State Budget, Planning, and Management~~ ESC shall evaluate the effectiveness of job training, education, and placement programs to determine if specific program goals and objectives are attained, to determine placement and completion rates for each program, and to make recommendations regarding the continuation of State funding for programs evaluated. ~~The ESC shall provide to the Office of State Budget, Planning, and Management data collected under the CFS in a manner and with the frequency necessary for the Office of State Budget, Planning, and Management to conduct the evaluation required under this subsection. The ESC shall consult with the Office of State Budget, Planning, and Management to determine the most efficient and effective method for providing to the Office of State Budget, Planning, and Management data collected under the CFS. The Office of State Budget, Planning, and Management shall maintain the same levels of confidentiality with respect to CFS data received from the ESC as is required of the ESC under this Article.~~"

SECTION 20.17.(b) G.S. 96-35 reads as rewritten:

"**§ 96-35. Reports on common follow-up system activities.**

(a) The Employment Security Commission of North Carolina shall present annually by May 1 to the General Assembly and to the Governor a report of CFS activities for the preceding calendar year. The report shall include information on and evaluation of job training, education, and placement programs for which data was reported by State and local agencies subject to this Article. Evaluation of the programs shall be on the basis of fiscal year data.

(b) The ~~Office of State Budget, Planning, and Management~~ ESC shall report ~~to~~ to the Governor and to the General Assembly upon the convening of each biennial session, its evaluation of and recommendations regarding job training, education, and placement programs for which data was provided to the CFS."

Requested by: Representatives Fox, Owens, Redwine, Easterling, Oldham, Thompson

ESC TO EXPEND REED ACT FUNDS

SECTION 20.18. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two million one hundred thirty-six thousand seven hundred forty-six dollars ($2,136,746) for the 2001-2002 fiscal year for unemployment insurance administration.

Requested by: Representatives Fox, Owens, Insko, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA GLOBAL CENTER FUNDS

SECTION 20.19. Of the funds appropriated to the Office of State Budget and Management in Section 34.1 of Chapter 769 of the 1993 Session Laws for planning of the North Carolina Center for World Languages and Cultures, Inc., now known as the North Carolina Global Center (hereinafter Center), up to three hundred thousand dollars ($300,000) shall be used for general operating purposes of the Center.

Requested by: Representatives Fox, Owens, Smith, Easterling, Oldham, Redwine

RESTORE NAME OF ABC COMPLEX

SECTION 20.20. The sign designating the North Carolina ABC Commission Office & Warehouse Complex, which is located at 3322 Garner Road in Raleigh, shall be restored to its original designation of "The Marvin L. Speight, Jr. North Carolina ABC Commission Office & Warehouse Complex".

PART XXI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. CENTRAL ADMINISTRATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS REGIONAL OFFICES

SECTION 21.1.(a) The Department of Health and Human Services shall consolidate its regional, district, field, and satellite offices located throughout the State. The Department shall implement these consolidations no later than June 30, 2002. The Department shall provide the following information:

(1) An inventory of all its regional, district, field, and satellite offices located throughout the State before the consolidation required in this section. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(2) An inventory of all its regional, district, field, and satellite offices located throughout the State after the consolidation required in this section is completed. This inventory shall include the purpose of the office (direct services or central location for field staff), the number of staff assigned to the office, the cost of operating the office, and information on whether the office is co-located or located near another regional, district, field, or satellite office;

(3) An inventory of all offices located in Wake County. This inventory shall include the purpose of the office, the number of staff assigned to the office, the cost of operating the office, information on whether the office is co-located or located near another related office, and information on whether the office could be moved to another area of the State;

(4) A report on the anticipated impact of the consolidation required by this section on the delivery of services;

(5) A report on the use of technology to comply with the consolidation required under this section to increase the number of staff working from their homes or other locations; and

(6) A report on the anticipated cost savings, efficiencies in the use of State staff and resources, and improved delivery of services resulting from the consolidation required under this section.

SECTION 21.1.(b) The Department of Health and Human Services shall provide an interim report on the activities required under this section by January 1, 2002, and a final report by July 1, 2002. The interim and final reports shall be provided to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZE CRIMINAL RECORD CHECK FUNCTIONS

SECTION 21.2. The Department of Health and Human Services shall centralize all activities throughout the Department relating to the coordination and processing of criminal record checks required by law. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall report on the centralization of criminal record check activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM MANAGEMENT

SECTION 21.3.(a) The Department of Health and Human Services shall implement the following recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, to improve the management of prescription drug assistance programs operated by the Department, including programs in the Divisions of Public Health, Mental Health, Developmental Disabilities, and Substance Abuse Services, Services for the Blind, and Vocational Rehabilitation:

(1) Dispensing of generic drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under all prescription drug assistance programs operated by the Department of Health and Human Services, and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic drug index, prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subdivision, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging, and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

(2) Limit the supplies of prescription drugs to 34-day supplies for some or all drugs.

Notwithstanding subdivision (1) of this subsection, an initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that the pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled.

SECTION 21.3.(b) The Department shall consider other drug utilization management activities for all prescription drug assistance programs operated by the Department as follows:

(1) Prior authorization program to manage high-cost name brand drugs.
(2) Maximum allowable pricing.
(3) Contracting with a pharmacy benefits manager to implement more extensive prospective drug utilization review.

SECTION 21.3.(c) The Department shall report on the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TOLL-FREE PHONE LINE INVENTORY AND CONSOLIDATION

SECTION 21.5.(a) The Department of Health and Human Services shall determine the feasibility of combining all Department-operated and contracted toll-free (1-8xx) phone lines to create efficiencies. An inventory of all resource telephone lines throughout Divisions of the Department shall be conducted and an evaluation completed of potential savings in combining these phone lines. In conducting the inventory, the Department shall identify the following:

(1) Title and purpose of the phone line.
(2) Type of information provided to callers.
(3) Budget of the operations.
(4) Number of staff (phone agents, other).
(5) Number of calls received annually to each phone line.
(6) Contracts.

The Department shall project costs for the new combined phone line and prepare a comprehensive cost-benefit analysis on the new consolidated plan compared with current services.

SECTION 21.5.(b) The Department shall submit a progress report on the feasibility study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Information Technology, and the House of Representatives Appropriations Subcommittee on Information Technology no later than October 1, 2001, and a final report by April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 21.6.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year and the sum of two hundred thousand dollars ($200,000) for the 2002-2003 fiscal year shall be used to assist eligible individuals in obtaining prescription drugs at no cost or for a nominal fee through pharmaceutical company programs or initiatives. Coordination of access shall be provided through a central location that maintains documentation of an individual's eligibility provided by the individual and prescription orders from the individual's physician to facilitate the provision of no-cost or nominal cost drugs under the pharmaceutical company program. The coordination of access shall be implemented in a way that encourages physician, patient, and pharmacy participation by reducing time-consuming procedural requirements. The Department may contract with a private nonprofit organization to coordinate access as provided under this section.

SECTION 21.6.(b) The coordination of access effort under this section shall coordinate with other prescription drug assistance programs throughout the Department including the AIDS Drug Assistance Program and the Prescription Drug Assistance Program in identifying program participants.

SECTION 21.6(c) The Department shall work with pharmaceutical companies in obtaining access to company applications for assistance and making those

applications available to the general public. The Department shall ensure that pharmaceutical company programs are registered with the Department and shall obtain the application forms of each pharmaceutical program.

SECTION 21.6.(d) The Department shall report on the implementation of this section on October 1, 2001, April 1, 2002, and October 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME REIMBURSEMENT RATES IMPLEMENTATION PLAN

SECTION 21.7.(a) The Department of Health and Human Services may implement all of the recommendations in the March 2001 performance audit report, "Adult Care Home Reimbursement Rates", conducted by the Department of State Auditor, except for the recommendation pertaining to review of the rate methodology for adult care homes.

SECTION 21.7.(b) The Fiscal Research Division, through the Legislative Services Office, in consultation with the Department of Health and Human Services, shall issue a Request For Proposal (RFP) and contract for an independent consultant with extensive expertise in rate-setting for public and private entities to develop a new rate methodology for establishing reimbursements for adult care homes. The final report of the independent consultant shall be presented to the General Assembly not later than June 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LONG-TERM CARE CONTINUUM OF CARE

SECTION 21.9.(a) The Department of Health and Human Services shall, in cooperation with other appropriate State and local agencies and representatives of consumer and provider organizations, develop a system that provides a continuum of long-term care for elderly and disabled individuals and their families. The Department shall define the system of long-term care services to include:

(1) A structure and means for screening, assessment, and care management across settings of care;
(2) A process to determine outcome measures for care;
(3) An integrated data system to track expenditures, consumer characteristics, and consumer outcomes;
(4) Relationships between the Department and the State's universities to provide policy analysis and program evaluation support for the development of long-term care system reforms;
(5) An implementation plan that addresses testing of models, reviewing existing models, evaluation of components, and steps needed to achieve development of a coordinated system; and
(6) Provision for consumer, provider, and agency input into the system design and implementation development.

SECTION 21.9.(b) Notwithstanding Section 11.7A(a) of S.L. 1999-237, as amended by Section 11.4(b) of S.L. 2000-67, if non-State funds from within the Department can be identified, the Department may, with the approval of the Office of State Budget and Management, proceed to:

(1) Implement the initial phase of a comprehensive data system that tracks long-term care expenditures, services, consumer profiles, and consumer preferences; and

(2) Develop a system of statewide long-term care services coordination and case management to minimize administrative costs, improve access to services, and minimize obstacles to the delivery of long-term care services to people in need.

SECTION 21.9.(c) Not later than April 15, 2002, the Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the North Carolina Study Commission on Aging, on the development of the system required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RECODIFICATION OF ADMINISTRATIVE RULES

SECTION 21.10. The Codifier of Rules may continue the process of reorganizing Titles 10 and 15A of the North Carolina Administrative Code to reflect the recent reorganization of the Department of Health and Human Services and the Department of Environment and Natural Resources. The reorganization of the Code may include replacing Title 10 with a new Title 10A if desirable for clarity. The Codifier of Rules may make changes in the text of the affected rules to reflect changes in organizational structure of the Department of Health and Human Services and the Department of Environment and Natural Resources. So long as the changes in text do not change the substance of the rules, the reorganization by the Codifier is exempt from the requirements of Chapter 150B of the General Statutes and does not require the review or approval of the Rules Review Commission.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CERTAIN FUNDS AUTHORIZED

SECTION 21.11. Article 1 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-23.3. Transfer of certain funds authorized.**

In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse services authorities, the Director of the Budget may transfer excess funds appropriated to a specific service, program, or fund, whether specified service in a block grant plan or General Fund appropriation, into another service, program, or fund for local services within the budget of the respective State agency."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PHYSICIAN SERVICES

SECTION 21.12. With the approval of the Office of State Budget and Management, the Department of Health and Human Services may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

ELIMINATE JOINT LEGISLATIVE PUBLIC ASSISTANCE COMMISSION

SECTION 21.13.(a) G.S. 120-225 is repealed.

SECTION 21.13.(b) G.S. 108A-27.2(12) reads as rewritten:

"**§ 108A-27.2. General duties of the Department.**

The Department shall have the following general duties with respect to the Work First Program:

...

(12) Report to the ~~Joint Legislative Public Assistance Commission and the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services the counties which have requested Electing ~~status,~~status; provide copies of the proposed Electing County Plans to ~~the Joint Legislative Public Assistance C~~ommission and the members of the Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources~~ Services; and make recommendations to the ~~Joint Legislative Public Assistance Commission, the members of the~~ Senate Appropriations Committee on Health and Human ~~Resources~~ Services and the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources, and the General Assembly~~Services on which of the proposed Electing County Plans ensure compliance with federal and State laws, rules, and regulations and are consistent with the overall purposes and goals for the Work First Program; and".

SECTION 21.13.(c) G.S. 108A-27.9(d) reads as rewritten:

"(d) The section of the State Plan proposing the terms of the Work First Program in Electing Counties shall be based upon the aggregate of the Electing County Plans and shall include the following:

(1) Allocations of federal and State funds for Electing Counties in the Work First Program including block grants to counties and the allocation of funding for administration not to exceed the federally established limitations on the use of federal TANF funds and the limits imposed under this Article;

(2) Maintenance of effort and levels of State and county funding for Electing Counties in the Work First Program;

(3) Federal eligibility requirements and a description of the eligibility requirements and benefit calculation in each Electing County; and

(4) A description of the federal, State, and each Electing County's financial participation in the Work First Program.

The Department may modify the section in the State Plan regarding Electing Counties once a biennium or except as necessary to reflect any modifications made by an Electing County. Any changes to the section of the State Plan regarding Electing Counties shall be reported to the ~~Joint Legislative Public Assistance Commission at the next meeting of the Commission following the changes and to the General Assembly during the next session~~Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division within one month following the changes."

SECTION 21.13.(d) G.S. 108A-29(r) reads as rewritten:

"(r) Each county's Job Service Employer Committee or Workforce Development Board shall continue the study of the working poor, titled "NC WORKS", in their respective counties and shall include the following in the study:

(1) Determination of the extent to which current labor market participation enables individuals and families to earn the amount of disposable income necessary to meet their basic needs;

(2) Determination of how many North Carolinians work and earn wages below one hundred fifty percent (150%) of the Federal Poverty Guideline and study trends in the size and demographic profiles of this underemployed group within the respective county;

(3) Examination of job market factors that contribute to any changes in the composition and numbers of the working poor including, but not limited to, shifts from manufacturing to service, from full-time to part-time work, from permanent to temporary or their contingent employment;

(4) Consideration and determination of the respective responsibilities of the public and private sectors in ensuring that working families and individuals have disposable income adequate to meet their basic needs;

(5) Evaluation of the effectiveness of the unemployment insurance system in meeting the needs of low-wage workers when they become unemployed;

(6) Examination of the efficacy of a State-earned income tax credit that would enable working families to meet the requirements of the basic needs budget;

(7) Examination of the wages, benefits, and protections available to part-time and temporary workers, leased employees, independent contractors, and other contingent workers as compared to regular full-time workers;

(8) Solicitation, receipt, and acceptance of grants or other funds from any person or entity and enter into agreements with respect to these grants or other funds regarding the undertaking of studies or plans necessary to carry out the purposes of the committee; and

(9) A request of any necessary data from either public or private entities that relate to the needs of the committee or board.

Each committee or board shall prepare and submit a report on the finding for the county which it represents by May 1 of each year to the ~~Joint Legislative Public Assistance Commission, the~~ Senate Appropriations Committee on Health and Human ~~Resources,~~Services, the House of Representatives Appropriations Subcommittee on Health and Human ~~Resources,~~Services, the Senate Appropriations Committee on Natural and Economic Resources, and the House of Representatives Appropriations Subcommittee on Natural and Economic Resources."

SECTION 21.13.(e) Unless specifically amended by another subsection of this section, the phrase "Joint Legislative Public Assistance Commission" is deleted and replaced by the phrase "Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services" whenever it occurs in each of the following sections of the General Statutes:

G.S. 108A-27	Authorization and description of Work First Program; Work First Program changes; designation of Electing and Standard Program Counties.
G.S. 108A-27.2	General Duties of the Department.
G.S. 108A-27.9	State Plan.

G.S. 108A-29	First Stop Employment Assistance; priority for employment services.
G.S. 114-40	Inspector General.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ESTABLISH OFFICE OF POLICY AND PLANNING

SECTION 21.14.(a) It is the intent of the General Assembly that the Department of Health and Human Services provide coordinated policy development and strategic planning for the State's health and human services systems. The Department is directed to establish an Office of Policy and Planning within the Office of the Secretary from existing resources across the Department. The Director of the Office of Policy and Planning shall report directly to the Secretary and shall have the following responsibilities:

(1) Coordinate the development of departmental policies, plans, and rules, in consultation with the Divisions of the Department.

(2) Development of a departmental process for the development and implementation of new policies, plans, and rules.

(3) Development of a departmental process for the review of existing policies, plans, and rules to ensure that departmental policies, plans, and rules are relevant.

(4) Coordination and review of all departmental policies before dissemination to ensure that all policies are well-coordinated within and across all programs.

(5) Implementation of ongoing strategic planning that integrates budget, personnel, and resources with the mission and operational goals of the Department.

(6) Review, disseminate, monitor, and evaluate best practice models.

SECTION 21.14.(b) Under the direction of the Secretary of Health and Human Services, the Director of the Office of Policy and Planning shall have the authority to direct Divisions, offices, and programs within the Department to conduct periodic reviews of policies, plans, and rules and shall advise the Secretary when it is determined to be appropriate or necessary to modify, amend, and repeal departmental policies, plans, and rules. All policy and management positions within the Office of Policy and Planning are exempt positions as that term is defined in G.S. 126-5.

SECTION 21.14.(c) The Department shall report on the establishment of the Office of Policy and Planning to the members of the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY HEALTH AND HUMAN SERVICES BUDGET GUIDANCE

SECTION 21.16. G.S. 108A-88 reads as rewritten:

"**§ 108A-88. Determination of State and county financial participation.**

Before February 15 of each year, the Secretary shall notify the county board of commissioners, the county manager, the director of social ~~services~~ services, and the director of public health of each county of the amount of State and federal moneys estimated to be available, as best can be determined, to that county for programs of public assistance, social ~~services~~ services, public health, and related administrative costs, as well as the percentage of county participation expected to be required for the budget for the succeeding fiscal year. In odd-numbered years, in making such

notification, the Secretary shall notify the counties of any changes in funding levels, formulas, or programs relating to public assistance and public health proposed by the Governor to the General Assembly in the proposed budget and budget report submitted under the Executive Budget Act. Counties shall be notified of additional changes in the proposed budget of the Governor and the Advisory Budget Commission that are made by the General Assembly or the United States Congress subsequent to the February 15 estimates."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION 21.17.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions in the Division of Information Research Management for an information technology project to maximize efficiencies in the preparation for and implementation of federal requirements of the medical records privacy standards under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire June 30, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

USE OF SAVINGS REALIZED FROM ELIMINATION OF POSITIONS

SECTION 21.18. Savings in non-State funds realized from the elimination of positions in the Department of Health and Human Services shall be reallocated by the Department for direct services in the program where the position was eliminated, except in programs where State funds are used to draw down federal funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CENTRALIZED CONTRACTS UNIT

SECTION 21.18B. The Department of Health and Human Services shall create a Contracts Unit for the centralization of all departmental contracts and contracting functions. The centralization shall include the transfer of positions, corresponding State appropriations, federal funds, and other funds. The Department shall develop consistent policies and procedures for the development and execution of contracts.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FAMILY SUPPORT SERVICES

SECTION 21.18C. The Department of Health and Human Services shall coordinate all family support contracts and activities across divisions. This coordination shall address duplication, cost efficiency, and effectiveness and shall ensure compliance with federal requirements while maximizing State and federal resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

HIV/AIDS PREVENTION INITIATIVE

SECTION 21.18D.(a) It is the intention of the General Assembly to focus current resources and activities to strengthen and enhance prevention and intervention

programs directed at the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance awareness, education, and outreach with the North Carolina AIDS Advisory Council, North Carolina Minority Health Advisory Council, representatives of faith communities, representatives of nonprofit agencies, and other State agencies.

SECTION 21.18D.(b) The Department of Health and Human Services shall coordinate the following education, awareness, and outreach campaigns to comply with subsection (a):

(1) Division of Social Services programs and services:
  a. Domestic Violence Prevention and Awareness.
  b. Domestic Violence Services for Work First Families.
  c. After School Services for At Risk Children.
  d. Work First Boys/Girls Clubs.

(2) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services programs and services:
  a. Substance Abuse Services for Juveniles.
  b. Residential Substance Abuse Services for Women and Children.

(3) Division of Public Health programs and services:
  a. Teen Pregnancy Prevention Activities.
  b. Out-of-Wedlock Births.
  c. School Health Program.
  d. High-Risk Maternity Clinic Services.
  e. Perinatal Education and Training.
  f. Public Information and Education.
  g. Technical Assistance to Local Health Departments.

(4) Other divisions, services, and programs:
  a. Family Support Services.
  b. Family Resource Centers.
  c. Independent Living Services.
  d. Residential schools and facilities.
  e. Other programs, services, or contracts that provide education and awareness services to children and families.

SECTION 21.18D.(c) Other State agencies, including the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and the Department of Administration, shall ensure that after-school programs incorporate developmentally appropriate HIV/AIDS education, awareness, and outreach information into their programs.

SECTION 21.18D.(d) The Department shall report on the implementation of this section on March 15, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

OFFICE OF ECONOMIC OPPORTUNITY

SECTION 21.18E. The Office of Economic Opportunity is transferred from the Office of the Secretary to the Division of Social Services of the Department of Health and Human Services. The transfer shall include the budget and all programmatic functions of the Office of Economic Opportunity, including positions, corresponding State appropriations, federal funds, and other funds to the Division of Social Services.

Requested by: Representatives Nesbitt, Russell

DHHS SUPPORT TO LOCAL GOVERNMENTS

SECTION 21.18G. It is the intent of the General Assembly that the Department of Health and Human Services continue to provide human resources assistance to local governments that were previously provided by the Regional Personnel Offices notwithstanding the loss of related positions.

SUBPART 2. MEDICAL ASSISTANCE

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM

SECTION 21.19.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

(1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.

(2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.

(3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.

(4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.

(5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars ($5.00) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.

(6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section. Payment for physician and other practitioner services shall be the lesser of one hundred percent (100%) of the

current Medicare payment amount or the Medicare payment amount in effect on January 1, 2001.

(7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.

(8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.

(9) Medicare Buy-In – Social Security Administration premium.

(10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(11) Hearing Aids – Actual cost plus a dispensing fee.

(12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.

(13) Family Planning – Negotiated rate for local health departments. For other providers, see specific services, for instance, hospitals, physicians.

(14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.

(15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.

(16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.

(18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services. Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.

(19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.

(20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.

(22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:

a. Services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and

b. For children eligible for EPSDT services:
1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina ACCESS primary care physician or the area mental health program, and
2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Health Care Financing Administration for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

Notwithstanding G.S. 150B-121.1(a), the Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under paragraphs a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.

(24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.

(25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.

(26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	Categorically Needy	Medically Needy	
	WFFA*		
Family Size	Standard of Need	Families and Children Income Level	AA, AB, AD*
1	$4,344	$2,172	$2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages	Monthly Incentive Allowance
$1.00 to $100.99	Up to $50.00
$101.00 to $200.99	$80.00
$201.00 to $300.99	$130.00
$301.00 and greater	$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs, including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

SECTION 21.19.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

SECTION 21.19.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

(1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

SECTION 21.19.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 21.19.(p) The Department shall disregard earned income for recipients who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the Social Security Act due to earnings. This disregard shall be applied for a maximum of 12 consecutive months.

SECTION 21.19.(q) The Department of Health and Human Services shall submit a quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month following the end of each quarter.

SECTION 21.19.(r) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

SECTION 21.19.(s) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

SECTION 21.19.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall

consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

SECTION 21.19.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

SECTION 21.19.(v) Upon approval of a demonstration waiver by the Health Care Financing Administration, the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001.

SECTION 21.19.(w) The Department of Health and Human Services, Division of Medical Assistance, shall use the latest audited cost reporting data available when establishing Medicaid provider rates or when making changes to the reimbursement methodology.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID DEFINITION OF MEDICAL NECESSITY EXEMPT FROM RULE MAKING UNDER APA; DETERMINATION OF MEDICAL NECESSITY

SECTION 21.20.(a) The Department of Health and Human Services shall adopt a definition and application of "medical necessity" for the State Medicaid Program that is consistent with current references to national standards of care. In order to promote consistency among providers and ensure that medical necessity criteria are uniformly applied to beneficiaries throughout the State, the determination of "medical necessity" shall be made by Department staff or other utilization review contractors. Adoption of and amendments to the definition and application of "medical necessity" under the State Medicaid Program are exempt from rule-making requirements of Chapter 150B of the General Statutes. The Department shall notify in writing all Medicaid providers in the State of all proposed amendments to the definition and application of "medical necessity". Notice shall be given 30 days prior to the adoption of the amended definition or application and shall include the text of the proposed amended definition or application. The Department shall make available to providers and other interested persons upon request the most recently adopted definition and application of "medical necessity".

SECTION 21.20.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

(1) The Commission.
(2) Repealed by Session Laws 2000-189, s. 14, effective July 1, 2000.
(3) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-13 and G.S. 130B-14.
(4) The Department of Revenue, with respect to the notice and hearing requirements contained in Part 2 of Article 2A.
(5) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.

(6) The Department of Correction, with respect to matters relating solely to persons in its custody or under its supervision, including prisoners, probationers, and parolees.

(7) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in administering the provisions of Parts 2 and 3 of Article 3 of Chapter 135 of the General Statutes.

(8) The Department of Health and Human Services in defining and applying 'medical necessity' under the State Medicaid Program."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COUNTY MEDICAID COST-SHARE

SECTION 21.21.(a) Effective July 1, 2000, the county share of the cost of Medicaid services currently and previously provided by area mental health authorities shall be increased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

SECTION 21.21.(b) Effective July 1, 2000, the county share of the cost of Medicaid Personal Care Services paid to adult care homes shall be decreased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Nesbitt, Baddour

NC HEALTH CHOICE

SECTION 21.22.(a) The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2001-2002 fiscal year and the 2002-2003 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2001-2002 fiscal year and the 2002-2003 fiscal year. The Department shall manage Program enrollment in a way that maximizes the number of children served within existing funds.

SECTION 21.22.(b) G.S. 108A-70.18 reads as rewritten:

"**§ 108A-70.18. Definitions.**

As used in this Part, unless the context clearly requires otherwise, the term:

(1) 'Comprehensive health coverage' means creditable health coverage as defined under Title XXI.

(2) 'Family income' has the same meaning as used in determining eligibility for the Medical Assistance Program.

(3) 'FPL' or 'federal poverty level' means the federal poverty guidelines established by the United States Department of Health and Human Services, as revised each April 1.

(4) 'Medical Assistance Program' means the State Medical Assistance Program established under Part 6 of Article 2 of Chapter 108A of the General Statutes.

(5) 'Program' means The Health Insurance Program for Children established in this Part.

(6) 'State Plan' means the State Child Health Plan for the State Children's Health Insurance Program established under Title XXI.

(7) 'Title XXI' means Title XXI of the Social Security Act, as added by Pub. L. 105-33, 111 Stat. 552, codified in scattered sections of 42 U.S.C. (1997).

(8) 'Uninsured' means the applicant for Program benefits is not covered under any private or employer-sponsored comprehensive health insurance plan on the date of enrollment. ~~and was not covered under~~

~~any private or employer-sponsored comprehensive health insurance plan for 60 days immediately preceding the date of application. The waiting periods required under this subdivision shall be waived if:~~

~~a. The child has been enrolled in Medicaid and has lost Medicaid eligibility;~~

~~b. The child has lost health care benefits due to cessation of a nonprofit organization program that provides health care benefits to low-income children;~~

~~c. The child has lost employer-sponsored comprehensive health care coverage due to termination of employment, cessation by the employer of employer-sponsored health coverage, or cessation of the employer's business; or~~

~~d. Health insurance benefits available to the family of a special needs child have been terminated due to a long-term disability or a substantial reduction in or limitation of lifetime medical benefits or benefit category. As used in this paragraph, "special needs child" has the definition applied in G.S. 108A-70.23(a).~~"

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

SECTION 21.23.(a) Disproportionate share receipts reserved at the end of the 2001-2002 fiscal year shall be deposited with the Department of State Treasurer as nontax revenue for the 2001-2002 fiscal year.

SECTION 21.23.(b) For the 2001-2002 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred seven million dollars ($107,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of the one hundred seven million dollars ($107,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST CONTAINMENT AND GROWTH REDUCTION

SECTION 21.24.(a) The Department of Health and Human Services, Division of Medical Assistance, shall contain Medicaid Program costs by reducing the rate of growth of the Medicaid Program, except for the rate of growth in the number of persons eligible for Medicaid. The Department shall develop and implement a plan to reduce the rate of growth in total expenditures for payments for medical services for fiscal year 2002-2003 to eight percent (8%) or less of the total expenditures for the 2001-2002 fiscal year, excluding the rate of growth associated with eligibles.

SECTION 21.24.(b) In addition to findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, the Department of Health and Human Services may also consider the following actions to reduce the rate of growth in the Medicaid Program:

(1) Changes in methods of reimbursement;
(2) Changes in the method of determining or limiting inflation factors, or both;
(3) Recalibration of existing methods of reimbursement; and
(4) Contracting for services.

SECTION 21.24.(c) As part of any efforts to contain Medicaid program costs, the Department of Health and Human Services, Division of Medical Assistance, shall establish reimbursement rates that will allow efficient Medicaid providers to comply with certification requirements, licensure rules, or other mandated quality or safety standards.

SECTION 21.24.(d) The Department shall report on its plans to reduce the rate of growth in the State Medicaid Program not later than October 1, 2001. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.24.(e) The Department shall not change medical policy affecting the amount, sufficiency, duration, and scope of health care services and who may provide services until the Division of Medical Assistance has prepared a five-year fiscal analysis documenting the increased cost of the proposed change in medical policy and submitted it for Departmental review. If the fiscal impact indicated by the fiscal analysis for any proposed medical policy change exceeds three million dollars ($3,000,000) in total requirements for a given fiscal year, then the Department shall submit the proposed policy change with the fiscal analysis to the Office of State Budget and Management and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID COST-CONTAINMENT RESERVE

SECTION 21.25. Of the funds appropriated in this act to the Department of Health and Human Services for the 2001-2003 fiscal biennium, the sum of one million dollars ($1,000,000) for each year of the 2001-2003 fiscal biennium shall be placed in a Reserve for Medicaid Cost Containment. Funds in the Reserve shall be used to support activities that will contain the cost of the Medicaid Program including contracting for services or hiring additional staff. Medicaid cost-containment activities may include prospective reimbursement methods, incentive-based reimbursement methods, service limits, prior authorization of services, periodic medical necessity reviews, revised medical necessity criteria, service provision in the least costly settings, and other cost-containment related activities. Funds shall not be expended from the Reserve until the Office of State Budget and Management has approved a proposal for the expenditure submitted by the Department. Proposals for expenditures from the Reserve shall include the cost of implementing the cost-containment activity and documentation on the amount of savings expected to be realized from the cost-containment activity. The Department shall submit a copy of proposals for expenditures from the Reserve to the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM MANAGEMENT

SECTION 21.26.(a) The Department of Health and Human Services shall consider the findings and recommendations in the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall target the following in considering whether and to what extent to implement recommendations:

(1) Reduction in the fragmentation in the medical benefit policy-making process.

(2) Improvement in the use of data and medical literature in the decision-making process.

(3) Improvement in the coordination of care and utilization review process.

(4) Strengthening of program integrity controls.

SECTION 21.26.(b) The Department shall implement a pharmacy management plan considering the recommendations of the "North Carolina Medicaid Benefit Study" to achieve anticipated cost savings of fourteen million dollars ($14,000,000) in the 2001-2002 fiscal year and twenty-six million five hundred thousand dollars ($26,500,000) in the 2002-2003 fiscal year. The pharmacy management plan may include the following activities:

(1) Establishing a prior authorization program to manage utilization of high-cost brand name drugs.
(2) Limiting prescription drugs to a 34-day supply for some or all drugs.
(3) Developing physician prescribing practice profiles and other educational tools to enable physicians to better manage their prescriptions.
(4) Establishing therapeutic limits based on appropriate dosage or usage standards.
(5) Encouraging use of generic drugs, using incentives such as differential dispensing fees or differential co-payments.
(6) Using maximum allowable pricing.
(7) Contracting with a pharmacy benefits manager to implement more extensive drug utilization review.
(8) Studying the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidenced-based clinical guidelines.
(9) Expanding disease management initiatives.
(10) Working with ACCESS physicians to develop and implement drug utilization management initiatives.
(11) If cost-effective, expanding Medicaid drug coverage to include selected over-the-counter medications.

SECTION 21.26.(c) The Department shall report on all of the activities conducted under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than January 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION 21.27. The Department of Health and Human Services shall improve efficiencies and effectiveness in the Carolina ACCESS program by redesigning program operations to reflect the program goals of the ACCESS II and ACCESS III programs. Strategies for improving efficiencies and effectiveness may include such activities as:

(1) Accelerating conversion of ACCESS I to ACCESS II and III.
(2) Establishing cost-reduction targets for ACCESS II and III partnerships.
(3) Considering reimbursement mechanisms that will enable providers to share in the savings realized by exceeding cost-reduction targets.
(4) Enhancing automatic linkages between patients and their primary care providers during Medicaid eligibility determination.
(5) Improving the referral process to prevent abuse or inappropriate use of primary care provider's authorization number.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STUDY OPTIONAL SERVICES UNDER MEDICAID PROGRAM

SECTION 21.28.(a) The Department of Health and Human Services shall study all of the optional services provided under the State Medical Assistance Program. In conducting the study, the Department shall consider the analysis and recommendations of the "North Carolina Medicaid Benefit Study", May 1, 2001, and shall conduct an analysis of each optional service. The analysis shall include consideration of cost containment achieved by reduction in or elimination of the service, and the impact the reduction or elimination will have on client needs and other services.

SECTION 21.28.(b) The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TBI MEDICAID WAIVER

SECTION 21.28A. The Department of Health and Human Services shall develop and seek approval from the Health Care Financing Administration for a Home and Community-Based Medicaid Waiver for individuals with traumatic brain injury. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

SUBPART 3. AGING

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL ASSISTANCE DEMONSTRATION PROJECT

SECTION 21.29.(a) Section 11.21 of S.L. 1999-237, as amended by Section 11.13 of S.L. 2000-67, reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to ~~400~~ 1,000 individuals. These payments may be made for up to a two-year period beginning July 1, 2000, and ending June 30, 2002. An individual enrolled in the Special Assistance demonstration on June 30, 2002, who remains continuously eligible may receive payments through June 30, 2003. Individuals enrolled in the Special Assistance demonstration project shall receive the same payment amount as received by recipients of Special Assistance who are residents of adult care homes. To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, 2001, and a final report by October 1, 2002. This report shall include the following information:

(1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.
(2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.
(3) How much case management is needed and which types of individuals are most in need of case management.
(4) The geographic location of individuals receiving payments under this section.
(5) A description of the services purchased with these payments.
(6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.
(7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

SECTION 21.29.(b) The Department of Health and Human Services shall apply for a Section 1115 Medicaid Waiver to provide medical assistance to individuals living in their own home who are receiving supplemental State/County special assistance payments on a pilot basis rather than statewide. Individuals eligible for supplemental payments under the waiver shall be those individuals whose income exceeds one hundred percent (100%) of the federal poverty level and who would otherwise qualify for State/County Special Assistance as a resident of an adult care home. The waiver shall be designed to enable eligible recipients to remain at home, to receive the same payment amount as adult care home residents receiving State/County Special Assistance, and to qualify for Medicaid. If the waiver is granted, the Department shall not implement the waiver unless the implementation is approved and enacted by the General Assembly and funds are appropriated for that purpose. The Department shall report the status of the waiver to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services on October 1, 2001, and March 1, 2002. The report shall include the amount of funds needed to implement the waiver. Nothing in this section obligates the General Assembly to appropriate funds to implement a Medicaid waiver granted by the federal government for the purposes stated in this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SENIOR CENTER OUTREACH

SECTION 21.30.(a) Funds appropriated to the Department of Health and Human Services, Division of Aging, for the 2001-2003 fiscal biennium shall be used by the Division of Aging to enhance senior center programs as follows:
(1) To expand the outreach capacity of senior centers to reach unserved or underserved areas; or
(2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

SECTION 21.30.(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the board of commissioners of the county in which the new center will be located shall:
(1) Formally endorse the need for a center;
(2) Formally agree on the sponsoring agency for the center; and
(3) Make a formal commitment to use local funds to support the ongoing operation of the center.

SECTION 21.30.(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NORTH CAROLINA

SECTION 21.31. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $75,000 in each fiscal year for the Western Carolina Alzheimer's Chapter; and

(2) $75,000 in each fiscal year for the Eastern NC Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the Chapter shall submit to the Division of Aging, for its approval, a plan for the use of the funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

AREA AGENCIES ON AGING COST SAVINGS STUDY; REDUCTION IN NUMBER OF AGENCIES; FUNDS

SECTION 21.32.(a) The Department of Health and Human Services shall conduct a study to determine cost savings to be realized and increased efficiencies to be gained by reducing the number of Area Agencies on Aging from 17 to not more than 13 and not fewer than 11. In conducting the study, the Department shall collect data to determine the amount of the reduction in administrative costs, direct costs, and indirect costs, and shall calculate the reduction based on maintaining the amount and quality of services provided. The Department shall do a cost-benefit analysis of each option for the reduction in the number of agencies, e.g., analysis for reducing to 13, analysis for reducing to 12, etc. The Department shall report the results of its study to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SECTION 21.32.(b) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of seven hundred thousand dollars ($700,000) for the 2001-2002 fiscal year shall be allocated equally among each of the Area Agencies on Aging. These funds shall be used for planning, coordination, and operational activities that enhance each agency's ability to provide services, information, and education to consumers, and to better meet the data and technical assistance needs of providers, local planning committees, and local governments.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF AGING CONSOLIDATION OF SECTIONS

SECTION 21.33. The Department of Health and Human Services, Division of Aging, shall reduce layers of management and streamline operations by consolidating the Planning and Information and the Budget and Information sections. The Division shall transfer positions, corresponding State appropriations, federal funds, and any other relevant funds. The Department shall allocate savings in non-State funds realized from the reduction in positions to direct services such as Ombudsman services, home delivered meals, and personal care services. In allocating these funds, the Department shall give priority to those direct services for which there are clients waiting for services.

SUBPART 4. SOCIAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME RESIDENT ASSESSMENT SERVICES

SECTION 21.35. Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, for adult care home positions in the Department and in county departments of social services shall be used for personnel trained in the medical and social needs of older adults and disabled persons in adult care homes to evaluate individuals requesting State/County Special Assistance to pay for care in adult care homes. One of the functions of these personnel shall be to develop and collect data on the appropriate level of care and placement in the long-term care system, including identifying individuals who pose a risk to other residents and who may need further mental health assessment and treatment. These personnel shall also provide technical assistance to adult care homes on how to conduct functional assessments and develop care plans and shall assist in monitoring the Special Assistance Demonstration Project.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

QUALITY CRITERIA FOR LONG-TERM CARE

SECTION 21.36. The Department of Health and Human Services, in conjunction with the North Carolina Institute of Medicine, shall continue a special work group to develop criterion-based indicators for the monitoring of quality of care in North Carolina nursing homes, adult care homes, assisted living facilities, and home health care programs. The Institute of Medicine and the Department of Health and Human Services shall work together to implement these criteria for the monitoring of long-term care in the State and pursue options for the use of these criteria in lieu of current HCFA-mandated standards for surveying North Carolina nursing homes under the federal Medicaid and Medicare programs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

LIMITATIONS ON STATE ABORTION FUND

SECTION 21.38. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, apply to the 2001-2002 and 2002-2003 fiscal years.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL CHILDREN ADOPTION FUND

SECTION 21.40.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one million one hundred thousand dollars ($1,100,000) shall be used to support the Special Children Adoption Fund for each year of the 2001-2003 fiscal biennium. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services. No local match shall be required as a condition for receipt of these funds. In accordance with State rules for allowable costs, the Special

Children Adoption Fund may be used for post-adoption services for families whose incomes exceed two hundred percent (200%) of the federal poverty level.

SECTION 21.40.(b) Of the total funds appropriated for the Special Children Adoption Fund, each year one million dollars ($1,000,000) shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private adoption agencies have not been spent on or before March 31, 2002, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FOSTER CARE AND ADOPTION ASSISTANCE PAYMENTS

SECTION 21.41.(a) The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars ($15.00) is a special needs allowance for the child.

SECTION 21.41.(b) The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) $315.00 per child per month for children aged birth through 5;
(2) $365.00 per child per month for children aged 6 through 12; and
(3) $415.00 per child per month for children aged 13 through 18.

SECTION 21.41.(c) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Section 23.28 of Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated for this purpose shall be used to provide medical training in avoiding HIV transmission in the home.

SECTION 21.41.(d) The maximum rates for State participation in HIV foster care and adoption assistance are established on a graduated scale as follows:

(1) $800.00 per month per child with indeterminate HIV status;
(2) $1,000 per month per child confirmed HIV-infected, asymptomatic;
(3) $1,200 per month per child confirmed HIV-infected, symptomatic; and
(4) $1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL NEEDS ADOPTIONS INCENTIVE FUND

SECTION 21.42.(a) There is created a Special Needs Adoptions Incentive Fund to provide financial assistance to facilitate the adoption of certain children residing in licensed foster care homes, effective January 1, 2001. These funds shall be used to remove financial barriers to the adoption of these children and shall be available to foster care families who adopt children with special needs as defined by the Social Services Commission. These funds shall be matched by county funds.

SECTION 21.42.(b) This program shall not constitute an entitlement and is subject to the availability of funds.

SECTION 21.42.(c) The Social Services Commission shall adopt rules to implement the provisions of this section.

SECTION 21.42.(d) The Department of Health and Human Services shall report on the use of these funds no later than April 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives

Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 21.44.(a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be one thousand two hundred thirty-one dollars ($1,231) per month per resident.

SECTION 21.44.(b) The maximum monthly rate for residents in adult care home facilities shall be one thousand sixty-two dollars ($1,062) per month per resident through September 30, 2001.

SECTION 21.44.(c) Effective October 1, 2001, the maximum monthly rate for residents in adult care home facilities shall be one thousand eighty-four dollars ($1,084) per month per resident.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD WELFARE SYSTEM PILOTS

SECTION 21.46.(a) The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child neglect.

SECTION 21.46.(b) The Department of Health and Human Services shall develop data collection processes that would enable the General Assembly to assess the impact of these pilots on the following:

(1) Child safety.
(2) Timeliness of response.
(3) Timeliness of service.
(4) Coordination of local human services.
(5) Cost-effectiveness.
(6) Any other related issues.

SECTION 21.46.(c) The Department of Health and Human Services may proceed to implement this pilot program if non-State funds are identified for this purpose.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE ADULT DAY CARE FUND

SECTION 21.47. The Department of Health and Human Services, Division of Aging, shall implement changes in its methodology currently used for allocating slots. The new allocation shall be implemented January 1, 2002, and shall ensure the Fund will serve new clients. Not later than January 1, 2002, the Department of Health and Human Services, Division of Aging, shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division the new allocation methodology. The report shall include all of the changes

made in the new allocation and an estimate of the number of new clients served. The allocation of all slots paid for with State Adult Day Care Funds shall be distributed equitably among service providers and shall eliminate the funding of unused slots.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF SOCIAL SERVICES

SECTION 21.49. The Department of Health and Human Services, Division of Social Services shall reduce layers of management and streamline operations in accordance with the following:

(1) Consolidate the Resource and Information Management Section and Budget Operations Section including the elimination of one section chief position. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds in these two sections shall be consolidated.

(2) Consolidate the Program Integrity, Economic Independence Services, and Local Support Branches into one branch within the Economic Independence Section. The Division of Social Services shall further consolidate to address low staff-to-supervisor ratios. All positions and corresponding State appropriations, federal funds, and other funds shall be consolidated.

(3) Eliminate the Local Support Section including all positions and corresponding State appropriations, federal funds, and other funds.

(4) Eliminate the Program Development Branch including the corresponding position and State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REPEAL RECIPIENT IDENTIFICATION SYSTEM

SECTION 21.52. G.S. 108A-24(1a) and G.S. 108A-25.1 are repealed.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD SUPPORT PILOT PROGRAM/ENHANCED STANDARDS

SECTION 21.53.(a) It is the intent of the General Assembly to increase the productivity and enhance the performance of child support enforcement offices statewide.

SECTION 21.53.(b) The Department of Health and Human Services, Office of the Controller, and the Division of Social Services shall immediately develop and implement performance enhancement strategies focusing on improved efficiency and effectiveness across the State and shall develop and implement at least one privatization pilot which tests the feasibility of privatizing State-operated local child support enforcement operations.

SECTION 21.53.(c) The Department of Health and Human Services shall develop and implement performance standards for each of the State and county child support enforcement offices across the State. In development of these performance standards, the Department of Health and Human Services shall evaluate other private and public child support models and national standards as well as other successful collections models. These performance standards shall include the following:

(1) Cost per collections.

(2) Consumer satisfaction.

(3) Paternity establishments.
(4) Administrative costs.
(5) Orders established.
(6) Collections on arrearages.
(7) Location of absent parents.
(8) Other related performance measures.

The Department of Health and Human Services shall monitor the performance of each office and shall implement a system of reporting which allows each local office to review its performance as well as the performance of other local offices. The Department of Health and Human Services shall publish an annual performance report that shall include the statewide and local office performance of each child support office.

SECTION 21.53.(d) The Department of Health and Human Services shall develop and implement a program to reward its child support enforcement offices for exemplary performance.

SECTION 21.53.(e) The Department of Health and Human Services shall report on its progress in complying with the provisions of this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall make interim reports no later than September 1, 2001, and January 15, 2002, and a final report no later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 21.54.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and with State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity. The model shall be designed for implementation on a pilot basis and shall address the following:

(1) Services that will be provided by the facility or under contract with the facility, including assistance with daily medication.
(2) Access of clients to mental health, developmental disabilities, and substance abuse services provided in the community, including transportation to services outside of the client's residence in the adult care home facility.
(3) Physical plant additions or changes necessary to provide for independent living of residents.
(4) Methods for assuring quality of services, resident safety, and cost-effectiveness.
(5) Consistency with the Department's Olmstead plan, other policies on community-integration, and disability plans adopted by the State.

SECTION 21.54.(b) The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on March 1, 2002. The report shall address the following:

(1) The proposed time and location for implementation of the pilot.
(2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.

(3) Method for evaluating the pilot, including services provided, on a regular basis.
(4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.
(5) Changes to State law necessary to implement the pilot.
(6) Projected cost to the State for pilot and statewide implementation.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

TANF CASH ASSISTANCE FLEXIBILITY; STUDY MAINTENANCE OF EFFORT

SECTION 21.54B.(a) Notwithstanding G.S. 108A-27.11, the Department of Health and Human Services may adjust Temporary Assistance for Needy Families (TANF) allocations for the 2001-2002 fiscal year for electing counties to ensure that counties have an adequate amount of federal funds for Work First cash assistance payments.

SECTION 21.54B.(b) The Department of Health and Human Services shall, in consultation with the North Carolina Association of County Commissioners and the North Carolina Social Services Consortium, study the maintenance of effort provisions of G.S. 108A-27.11 and G.S. 108A-27.12 and other TANF State and federal funding requirements in order to evaluate the ongoing fiscal impact of these requirements on the State, counties, and the Work First program. The Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than March 1, 2002.

SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LIABILITY INSURANCE

SECTION 21.55. The Secretary of the Department of Health and Human Services, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars ($1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual

service to the Department of Health and Human Services, the Department of Environment and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Health and Human Services and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 21.56. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

BUTNER COMMUNITY LAND RESERVATION

SECTION 21.57. The Department of Health and Human Services shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Health and Human Services on behalf of the Butner Reservation, and other public and private sources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

SECTION 21.58.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

(1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.

(2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead vs. L.C. and E.W.

(3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

SECTION 21.58.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

(1) Pay one-time expenditures that will not impose additional financial obligations on the State, and

(2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

SECTION 21.58.(e) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

SECTION 21.58.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

SECTION 21.58.(e) The Department of Health and Human Services shall report prior to the allocation of these funds to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on any actions taken under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 21.59. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

Family Size	Medical Eye Care Adults	All Rehabilitation	Other
1	$4,860	$8,364	$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400

4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

Income (% of poverty)	State Participation	Client Participation
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE TREATMENT SERVICES PROGRAM

SECTION 21.60.(a) The Department of Health and Human Services shall establish the Comprehensive Treatment Services Program for children at risk for institutionalization or other out-of-home placement. The Program shall be implemented by the Department in consultation with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential and nonresidential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children. Program funds may also be used to expand a system-of-care approach for services to children and their families statewide. The program shall include the following:

(1) Behavioral health screening for all children at risk of institutionalization or other out-of-home placement.

(2) Appropriate and medically necessary residential and nonresidential services for deaf children.

(3) Appropriate and medically necessary residential and nonresidential treatment services including placements for sexually aggressive youth.

(4) Appropriate and medically necessary residential and nonresidential treatment services including placements for youths needing substance abuse treatment services and children with serious emotional disturbances.
(5) Multidisciplinary case management services, as needed.
(6) A system of utilization review specific to the nature and design of the Program.
(7) Mechanisms to ensure that children are not placed in department of social services custody for the purpose of obtaining mental health residential treatment services.
(8) Mechanisms to maximize current State and local funds and to expand use of Medicaid funds to accomplish the intent of this Program.
(9) Other appropriate components to accomplish the Program's purpose.
(10) The Secretary of the Department of Health and Human Services may enter into contracts with residential service providers.

SECTION 21.60.(b) In order to ensure that children at risk for institutionalization or other out-of-home placement are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these children:

(1) Provide only those treatment services that are medically necessary.
(2) Implement utilization review of services provided.
(3) Adopt the following guiding principles for the provision of services:
  a. Service delivery system must be outcome-oriented and evaluation-based.
  b. Services should be delivered as close as possible to the child's home.
  c. Services selected should be those that are most efficient in terms of cost and effectiveness.
  d. Services should not be provided solely for the convenience of the provider or the client.
  e. Families and consumers should be involved in decision making throughout treatment planning and delivery.
(4) Implement all of the following cost-reduction strategies:
  a. Preauthorization for all services except emergency services.
  b. Levels of care to assist in the development of treatment plans.
  c. Clinically appropriate services.
  d. Not later than May 1, 2002, State review of individualized service plans for former Willie M. class members and for other children whose individual service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans.

SECTION 21.60.(c) The Department shall collaborate with other affected State agencies such as the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, the Administrative Office of the Courts, and with local departments of social services, area mental health programs, and local education agencies to eliminate cost shifting and facilitate cost-sharing among these governmental agencies with respect to the treatment and placement services.

SECTION 21.60.(d) The Department shall not allocate funds appropriated for Program services until a Memorandum of Agreement has been executed between the Department of Health and Human Services, the Department of Public Instruction, and

other affected State agencies. The Memorandum of Agreement shall address specifically the roles and responsibilities of the various departmental divisions and affected State agencies involved in the administration, financing, care, and placement of children at risk of institutionalization or other out-of-home placement. The Department shall not allocate funds appropriated in this act for the Program until Memoranda of Agreement between local departments of social services, area mental health programs, local education agencies, and the Administrative Office of the Courts and the Department of Juvenile Justice and Delinquency Prevention, as appropriate, are executed to effectuate the purpose of the Program. The Memoranda of Agreement shall address issues pertinent to local implementation of the Program.

SECTION 21.60.(e) Notwithstanding any other provision of law to the contrary, services under the Comprehensive Treatment Services Program are not an entitlement for non-Medicaid eligible children served by the Program.

SECTION 21.60.(f) Of the funds appropriated in this act for the Comprehensive Treatment Services Program, the Department of Health and Human Services shall establish a reserve of three percent (3%) to ensure availability of these funds to address specialized needs for children with unique or highly complex problems.

SECTION 21.60.(g) The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected agencies, shall report on the following Program information:

(1) The number and other demographic information of children served.
(2) The amount and source of funds expended to implement the Program.
(3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
(4) The average length of stay in residential treatment, transition, and return to home.
(5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals and a description of the services provided.
(6) Recommendations on other areas of the Program that need to be improved.
(7) Other information relevant to successful implementation of the Program.

SECTION 21.60.(h) The Department shall submit an interim report on December 1, 2001, on the implementation of this section and a final report not later than April 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL RETARDATION CENTER TRANSITION PLAN

SECTION 21.62.(a) In keeping with the United States Supreme Court Decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the transfer of residents of State mental retardation centers, if appropriate, as follows:

(1) Transfer those residents of the centers that need institutional services to a private intermediate care facility for the mentally retarded.
(2) Transition to community programs and services those residents of the center that may be appropriately served in the community.

The Department shall develop a transition plan for moving each resident of the mental retardation center to the community-based services and supports, if appropriate. The transition plan shall be developed in consultation with the resident and the resident's family or guardian.

SECTION 21.62.(b) The Department may use funds from the Reserve for Mental Health Reform to facilitate the transition of residents into alternative community-based services as required under subsection (a) of this section. Nonrecurring savings realized from implementation of the plan required under subsection (a) of this section shall be deposited to the Reserve for Mental Health Reform to be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (i) for implementation of subsection (a)(1) and (2) of this section, and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 21.62.(c) On or before January 1, 2002, and again on or before May 1, 2002, and May 1, 2003, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in implementing this section.

SECTION 21.62.(d) The Department shall not close one or more State mental retardation centers unless and until the closure is enacted by the General Assembly.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOROTHEA DIX HOSPITAL

SECTION 21.63.(a) In keeping with the United States Supreme Court decision in Olmstead vs. L.C. & E.W. and State policy to provide appropriate services to clients in the least restrictive and most appropriate environment, the Department of Health and Human Services shall develop and implement a plan for the construction of a replacement facility for Dorothea Dix Hospital in accordance with subsection (d) of this section, and for the transition of patients to the new facility, to the community, or to other long-term care facilities, as appropriate. The goal of the State Hospital Plan is to develop mechanisms and identify resources needed to enable current patients and their families to continue to receive the necessary services and supports based on the following guiding principles:

(1) Individuals shall be provided acute psychiatric care in non-State facilities when appropriate.
(2) Individuals shall be provided acute psychiatric care in State facilities only when non-State facilities are unavailable.
(3) Individuals shall receive evidenced-based psychiatric services and care that are cost-efficient.
(4) The State shall minimize cost shifting to other State and local facilities or institutions.

SECTION 21.63.(b) The Department of Health and Human Services shall conduct an analysis of the individual patient service needs and shall develop and implement an individual transition plan for each patient in the hospital. The State shall ensure that transition plans for placement of and services to individuals who are patients of Dorothea Dix Hospital take into consideration the availability of appropriate alternative placements based on the needs of the patient and within resources available

for the mental health, developmental disabilities, and substance abuse services system. In developing each plan, the Department shall consult with the patient and the patient's family or other legal representative.

SECTION 21.63.(c) In accordance with the plan established in subsections (a) and (b) of this section, any nonrecurring savings in State appropriations that result from reductions in beds or services shall be placed in the Reserve for Mental Health System Reform. These funds shall be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (i) for implementation of subsections (a) and (b) of this section, and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W.

SECTION 21.63.(d) The Secretary of the Department of Health and Human Services shall, in consultation with the Department of Administration, plan for the construction of a psychiatric hospital on the campus of Dorothea Dix Hospital to replace Dorothea Dix Hospital and to provide acute psychiatric treatment services for citizens of the State. In developing this plan, the Secretary, in consultation with the Department of State Treasurer and the Department of Administration, shall identify and recommend the most cost-effective means to finance construction of the new State hospital. The Department shall also take into consideration the findings and recommendations of the Government Performance Audit Committee (GPAC), December 1992, MGT America Report of 1998, and the Report of the Department of State Auditor, April 1, 2000. The Department of Health and Human Services shall provide a progress report on December 1, 2001, and a final report not later than April 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 21.63.(e) The Department of Health and Human Services shall submit reports on the status of implementation of this section to the Joint Legislative Commission on Governmental Operations, the Senate Appropriations Committee on Health and Human Services, the House Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall be submitted on October 1, 2001, February 1, 2002, and May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

SECTION 21.64.(a) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall reduce layers of management and duplication of services in accordance with the following:

(1) Eliminate the Hospitals Services Section, including positions and corresponding State appropriations, federal funds, and other funds. The administration, planning, and coordination of all adult mental health services and programs shall be consolidated within an existing section in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(2) Eliminate the Mental Retardation/Mental Illness Transition Branch within the Developmental Disabilities Section, including positions, corresponding State appropriations, federal funds and other funds.

(3) Consolidate within one section all positions and corresponding State appropriations, federal funds, and other funds for financial, budgetary, information technology, and other administrative support functions in order to create one administrative and budgetary support section within the Division.

SECTION 21.64.(b) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall study the feasibility of consolidating its staff, responsibilities, and resources around the functional areas of need of its clients regardless of disability. These functional areas shall include housing services and supports, supported employment, local crisis services, and capacity development.

SECTION 21.64.(c) The Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its progress in complying with this section. The progress reports shall be submitted on or before September 1, 2001, and December 1, 2001. The final report shall be submitted on or before April 15, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REDUCE ADMINISTRATIVE COSTS OF AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE AUTHORITIES

SECTION 21.65.(a) Area mental health, developmental disabilities, and substance abuse authorities or counties administering mental health, developmental disabilities, and substance abuse services shall develop and implement plans to reduce local administrative costs. The plans shall be developed in accordance with guidelines adopted by the Secretary, in consultation with the Local Government Commission and the North Carolina Association of County Commissioners, and in accordance with the following:

(1) For the 2001-2002 fiscal year, administrative costs for:
   a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed fifteen percent (15%).
   b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed fifteen percent (15%).

(2) For the 2002-2003 fiscal year, administrative costs for:
   a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed thirteen percent (13%).
   b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed thirteen percent (13%).

SECTION 21.65.(b) The Department of Health and Human Services shall report its progress in complying with this section not later than October 1, 2001, January 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division and shall include:

(1) A description of the process used and the participants involved in complying with subsection (a) of this section.

(2) The guidelines developed under subsection (a) of this section.

(3) A description of local compliance initiatives and efforts including program or function consolidation.
(4) A list of area programs at or below the targeted thirteen percent (13%) for the 2000-2001 fiscal year.
(5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SERVICES TO MULTIPLY DIAGNOSED ADULTS

SECTION 21.66.(a) In order to ensure that multiply diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults:

(1) Implement the following guiding principles for the provision of services:
a. Service delivery system must be outcome oriented and evaluation based.
b. Services should be delivered as close as possible to the consumer's home.
c. Services selected should be those that are most efficient in terms of cost and effectiveness.
d. Services should not be provided solely for the convenience of the provider or the client.
e. Families and consumers should be involved in decision making throughout treatment planning and delivery; and
(2) Provide those treatment services that are medically necessary.
(3) Implement utilization review of services provided.

SECTION 21.66.(b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

(1) Preauthorization for all services except emergency services.
(2) Criteria for determining medical necessity.
(3) Clinically appropriate services.
(4) Not later than May 1, 2002, conduct a State review of (i) individualized service plans for former Thomas S. class members and for adults whose service plan exceeds one hundred thousand dollars ($100,000) to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

SECTION 21.66.(c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

SECTION 21.66.(d) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DOWNSIZING OF MENTAL RETARDATION CENTERS

SECTION 21.67.(a) In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by

four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations in excess of two million nine hundred thousand dollars ($2,900,000) in each year of the 2001-2003 fiscal biennium that result from reductions in beds or services shall be applied as follows:

(1) Nonrecurring savings shall be placed in the Reserve for Mental Health System Reform and shall be used to facilitate the transition of clients into appropriate community-based services and support in accordance with Section 21.58 of this act, and

(2) Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers including both the savings in direct State appropriations in the budgets of the State mental retardation centers as well as the savings in the State matching portion of reduced Medicaid payments associated with downsizing.

SECTION 21.67.(b) The Department of Health and Human Services shall report on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. Progress reports shall be submitted no later than September 1, 2001, and January 15, 2002, and a final report submitted not later than May 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE PSYCHIATRIC HOSPITALS BED ALLOCATION PLAN

SECTION 21.68A. The Department of Health and Human Services shall develop and implement a plan that provides for the allocation of State psychiatric hospital beds among counties served by the State's regional psychiatric hospitals. The Plan shall incorporate policies that take into consideration State and county fiscal responsibilities and capacity, cost efficiency, and the principles and guidance embodied in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the implementation of this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division, on October 1, 2001, and on March 1, 2002.

SUBPART 6. CHILD DEVELOPMENT

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE ALLOCATION FORMULA

SECTION 21.69.(a) The Department of Health and Human Services shall allocate child care subsidy funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) Smart Start subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall apply the following formula to all noncategorical federal and State child care funds, including the aggregate mandatory thirty percent (30%) Smart Start subsidy allocation:

(1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State.

(2) One-third of budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level.

(3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

SECTION 21.69.(b) After the application of the formula in subsection (a) of this section, the Department shall identify that portion of each county's formula allotment that is comprised of the county's mandatory Smart Start allotment. The balance of the county's formula allotment will be non-Smart Start federal and State subsidy funds.

SECTION 21.69.(c) A county's initial allocation shall not be less than the grand total of that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96 plus the county's mandatory Smart Start allotment for the year for which the initial allocation is being prepared.

SECTION 21.69.(d) The Department of Health and Human Services may reallocate unused child care subsidy funds in order to meet the child care needs of low-income families.

SECTION 21.69.(e) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., the North Carolina Association of County Commissioners, and representatives of private for-profit and private not-for-profit child care providers, shall study the current methodology and process used to allocate all child care subsidy funds to assess the effectiveness of the methodology and process in meeting the needs of North Carolina's low-income working families. The Department shall report its findings and recommendations to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE FUNDS MATCHING REQUIREMENT

SECTION 21.70. No local matching funds may be required by the Department of Health and Human Services as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match. This shall not prohibit any locality from spending local funds for child care services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE REVOLVING LOAN

SECTION 21.71. Notwithstanding any law to the contrary, funds budgeted for the Child Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

SECTION 21.72.(a) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

SECTION 21.72.(b) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy to be developed by the Board of Directors of the North Carolina Partnership for Children, Inc.;

(2) For amounts greater than five thousand dollars ($5,000) but less than fifteen thousand dollars ($15,000), three written quotes;

(3) For amounts of fifteen thousand dollars ($15,000) or more but less than forty thousand dollars ($40,000), a request for proposal process; and

(4) For amounts of forty thousand dollars ($40,000) or more, request for proposal process and advertising in a major newspaper.

SECTION 21.72.(c) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least fifteen percent (15%) and in-kind donated resources equal to no more than five percent (5%) for a total match requirement of twenty percent (20%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carryforward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records;

(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;

(3) Not include expenses funded by State funds;

(4) Be supplemental to and not supplant preexisting resources for related program activities;
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
(6) Be otherwise allowable under federal or State law;
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership; and
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 21.72.(d) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonlicensed child care by the Social Services Commission, and with applicable federal regulations.

SECTION 21.72.(e) The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE SUBSIDY RATES

SECTION 21.73.(a) G.S. 110-109 is repealed.

SECTION 21.73.(b) Subsection (d) of Section 11.27 of S.L. 2000-67 is repealed.

SECTION 21.73.(c) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

SECTION 21.73.(d) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective October 1, 2001, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10%
4-5	9%
6 or more	8%.

SECTION 21.73.(e) On or before September 30, 2001, payments for the purchase of child care services for low-income children shall be the same as would have resulted under Section 11.27 of S.L. 2000-67. Effective October 1, 2001, payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents, whichever is lower.

(2) Religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that are receiving a higher rate than the market rates that will be implemented with this provision shall continue to receive that higher rate until September 30, 2002.

(3) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group or the rate they charge privately paying parents, whichever is lower.

(4) Nonlicensed homes shall receive fifty percent (50%) of the county market rate or the rate they charge privately paying parents, whichever is lower.

(5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

SECTION 21.73.(f) Provision of payment rates for child care providers in counties that do not have at least 75 children in each age group for center-based and home-based care are as follows:

(1) Payment rates shall be set at the statewide market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the regional market rate and would inhibit the ability of the county to purchase child care for low-income children, then the regional market rate may be applied.

SECTION 21.73.(g) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide rate and regional market rates for each rated license level for each age category.

SECTION 21.73.(h) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 21.73.(i) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 21.73.(j) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.

(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.

(3) The child for whom a child care subsidy is sought is a citizen of the United States.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF CHILD DEVELOPMENT REORGANIZATION

SECTION 21.74. The Department of Health and Human Services, Division of Child Development shall reduce layers of management and streamline operations in accordance with the following:

(1) Eliminate the Workforce Support and Consumer Outreach Section, including positions and corresponding State appropriations, federal funds, and other funds. Except that the Workforce Support, Criminal Records Checks, and the Work Force Unit-Quality Improvement Units shall be transferred to the Administration Section, including positions and corresponding State appropriations, federal funds, and other funds.

(2) Eliminate the Program Integrity and Quality Assurance Section including positions and corresponding State appropriations, federal funds, and other funds.

(3) Eliminate the Research and Policy Unit including positions and corresponding State appropriations, federal funds, and other funds.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 21.75.(a) The North Carolina Partnership for Children, Inc., and the Department of Health and Human Services shall immediately develop and implement the following:

(1) Policies to ensure Early Childhood Education and Development Initiatives funds are allocated to child care programs, providers, and services that serve low-income children.

(2) Policies to ensure the allocation of all State funds for one-time quality improvement initiatives to the neediest child care providers with priority given from the lowest licensure rating to the highest.

(3) Policies to ensure the elimination of local duplication and increased efficiency in the administration of child care subsidy funds, unless local partnerships in collaboration with County Departments of Social

Services can demonstrate to the Department a more efficient and effective plan for administration of child care subsidy no later than January 1, 2002, including the following:

a. The Department and the Partnership shall ensure that not more than one administrative entity per county administers child care subsidy funds.

b. The Department, in consultation with the local partnerships and counties, shall contract with the most efficient and effective entity to administer subsidy funds.

c. At no time shall the Department and a local partnership allow the duplicative administration of State child care subsidy funds through subcontracts.

(4) Policies and procedures to ensure the unduplicated compilation of children served through State child care subsidy funds.

(5) Policies and procedures to ensure the timely, accurate, and consistent reporting of information on local child care subsidy waiting lists statewide.

SECTION 21.75.(b) In consultation with the Department of Public Instruction and the North Carolina Partnership for Children, Inc., the Department of Health and Human Services shall develop and implement policies and procedures to ensure that local partnerships that allocate funds to child care providers receiving State and federal child care funds plan and coordinate with their local education agencies the following:

(1) Preschool curriculum development and selection.

(2) Kindergarten transition activities.

(3) Other activities needed to ensure that children transitioning from child care settings to kindergarten enter school ready to succeed.

SECTION 21.75.(c) The Department of Health and Human Services, in consultation with the North Carolina Partnership for Children, Inc., and the Office of State Budget and Management, shall develop a separate NCPC, Early Childhood Education and Development Initiative Program budget, within the Division of Child Development fund code for the purpose of segregating all expenditures related to the administration and operation of the statewide Smart Start program.

SECTION 21.75.(d) The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal year 2001-2002 shall be administered and distributed in the following manner:

(1) The North Carolina Partnership for Children, Inc., shall develop a policy to allocate the reduction of funds for Early Childhood Education and Development Initiatives for the 2001-2002 fiscal year.

(2) The North Carolina Partnership for Children, Inc., administration shall be reduced by seven percent (7%) from the 2000-2001 fiscal year level.

(3) The Department of Health and Human Services, Division of Child Development, Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

(4) Capital expenditures and playground equipment expenditures are prohibited for fiscal year 2001-2002. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

SECTION 21.75.(e) The allocation of fiscal year 2000-2001 State carryforward funds is prohibited, and all fiscal year 2000-2001 unspent funds shall revert to the General Fund.

SECTION 21.75.(f) For the 2001-2002 fiscal year, the North Carolina Partnership for Children, Inc., shall not approve local partnership plans that allocate State funds to child care providers for one-time quality improvement initiatives in the following circumstances:

(1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.

(2) Child care facilities that do not accept child care subsidy funds.

(3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure.

SECTION 21.75.(g) G.S. 143B-168.15(f) is repealed.

SECTION 21.75.(h) G.S. 143B-168.12(a)(9) is repealed.

SECTION 21.75.(i) G.S. 143B-168.13(a)(6) reads as rewritten:

"(a) The Department shall:

...

(6) Annually update its funding formula, in collaboration with the North Carolina Partnership for Children, Inc., using the most recent data available. These amounts ~~shall~~ may serve as the basis for determining "full funding" amounts for each local partnership."

SECTION 21.75.(j) Notwithstanding the funding formula in G.S. 143B-168.13(a)(6), the State, in consultation with the North Carolina Partnership for Children, Inc., shall evaluate the feasibility of developing a revised funding formula which takes into consideration all relevant funding used by the State, local human services agencies and programs, and local partnerships to provide services and assistance to children under age five and their families. These funds shall include the Early Intervention Preschool Program, Health Choice, and Family Resource Centers, as well as other State and local services and programs funded with State funds, federal funds, local funds, and other resources.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES EVALUATION

SECTION 21.76. Of the funds appropriated to the Department of Health and Human Services, Division of Child Development, for the 2001-2002 fiscal year for the evaluation of the Early Childhood Education and Development Initiatives, no more than five hundred thousand dollars ($500,000) may be used for evaluation of the Initiatives. The funds shall be used as follows:

(1) Evaluation of the Early Childhood Education and Development Initiatives, including the ongoing review of quality child care efforts and child care providers' progress in preparing children to be ready to enter school and succeed.

(2) Continuation of technical assistance to local partnerships in data collection and evaluation.

(3) No more than five percent (5%) shall be used for the contractor's administrative overhead.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Baddour

DEVELOPMENT OF MORE AT FOUR PILOT PROGRAM

SECTION 21.76A.(a) Of the funds appropriated to the Department of Health and Human Services, the sum of six million four hundred fifty-six thousand five hundred dollars ($6,456,500) in each year of the 2001-2003 fiscal biennium shall be used to develop and implement "More At Four", a voluntary prekindergarten pilot program for at-risk four-year-olds. The Department of Health and Human Services, in

consultation with the Department of Public Instruction, shall develop "More At Four" for four-year-old children in North Carolina to ensure that all children have an opportunity to succeed in kindergarten.

SECTION 21.76A.(b) The Department of Health and Human Services and the Department of Public Instruction shall establish the "More At Four" Pre-K Task Force to oversee development and implementation of the pilot program. The membership shall include:

(1) Parents of at-risk children.
(2) Representatives with expertise in early childhood development.
(3) Classroom teachers who are certified in early childhood education.
(4) Representatives of the private not-for-profit and for-profit child care providers in North Carolina.
(5) Employees of the Department of Health and Human Services who are knowledgeable in the areas of early childhood development, current State and federally funded efforts in child development, and providing child care.
(6) Representatives of local Smart Start partnerships.
(7) Representatives of local school administrative units.
(8) Representatives of Head Start prekindergarten programs in North Carolina.
(9) Employees of the Department of Public Instruction.

SECTION 21.76A.(c) The Department of Health and Human Services and the Department of Public Instruction, under the guidance of the Task Force, shall develop and implement the "More At Four" pilot prekindergarten program for at-risk four-year-olds who are at risk of failure in kindergarten. The pilot shall be distributed geographically to ensure adequate representation of the diverse areas of the State, including underserved areas. The goal of the program shall be to provide quality prekindergarten services in order to enhance kindergarten readiness for these children. The program shall be consistent with standards and assessments established jointly by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force and may consider the "More At Four" Pre-K Task Force Recommendations. The program shall include:

(1) A process and system for identifying children at risk of academic failure.
(2) A process and system for identifying children who have never been served in a formal early education program such as child care, public or private preschool, Head Start, Early Head Start, early intervention programs or other such programs, who demonstrate educational needs on the basis of a prekindergarten assessment, and who are eligible to enter kindergarten the next school year.
(3) A curriculum or several curricula that are recommended by the Task Force. The Task Force may consider curricula used by established prekindergarten programs such as WINGS, Bright Beginnings, and others. These curricula shall (i) focus primarily on oral language and emergent literacy, (ii) engage children through key experiences and provide background knowledge requisite for formal learning and successful reading in the early elementary years, (iii) involve active learning, (iv) promote measurable kindergarten language-readiness skills that focus on emergent literacy and mathematical skills, and (v) develop skills that will prepare children emotionally and socially for kindergarten.
(4) An emphasis on ongoing family involvement with the prekindergarten program.

(5) Evaluation of child progress through pre- and post-assessment of children as well as ongoing assessment of the children by teachers.

(6) Guidelines for a system to reimburse local school boards and systems, private child care providers, and other entities willing to establish and provide prekindergarten programs to serve at-risk children. A process and system for reimbursing providers that builds upon the existing child care subsidy reimbursement system.

(7) A system built upon existing local school boards and systems, private child care providers, and other entities who demonstrate the ability to establish or expand prekindergarten capacity.

(8) A quality-control system. Participating providers shall comply with standards and guidelines as established by the Department of Health and Human Services, the Department of Public Instruction, and the Task Force. The Department may use the child care rating system to assist in determining program participation.

(9) Standards for minimum teacher qualifications. A portion of the classroom sites initially funded shall have at least one teacher who is certified or provisionally certified in birth to kindergarten education.

(10) A local contribution. Programs must demonstrate that they are accessing resources other than "More At Four".

(11) A system of accountability.

(12) Collaboration with State agencies and other organizations. The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall collaborate with State agencies and other organizations such as the North Carolina Partnership for Children, Inc., in the design and implementation of the pilot.

(13) Consideration of the reallocation of existing funds. In order to maximize current funding and resources, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall consider the reallocation of existing funds from State and local programs that provide prekindergarten related care and services.

(14) Recommendations for long-term organizational placement and administration of the program.

SECTION 21.76A.(d) In development of the "More At Four" pilot, the Department of Health and Human Services, in consultation with the Department of Public Instruction and the Task Force, shall:

(1) Contract with an independent research organization, outside the Department of Health and Human Services and the Department of Public Instruction, with proven expertise in evaluation of prekindergarten programs, for the design of an evaluation component. The evaluation component shall facilitate longitudinal review of the program and child-specific outcomes to include, at a minimum, participants' readiness for kindergarten, percentage of participants scoring at or above grade level on the third grade end-of-grade test, and high school graduation rates.

(2) Collaborate in the development of a system to collect and maintain child-specific information to provide for the long-term evaluation of the pilot. The system shall be developed in a manner which builds upon existing State and local systems and which facilitate the interface with the N.C. Student Information Management System.

SECTION 21.76A.(e) State funds appropriated under this act for the "More At Four" pilot program shall not supplant current expenditures by counties, local

partnerships, or other recipients of State and federal funds, allocated and expended on behalf of young children.

SECTION 21.76A.(f) In order to maximize and coordinate funding for prekindergarten programs for four-year-olds with demonstrated educational needs, the Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall identify and make recommendations on the reallocation of funds from existing State and local programs providing prekindergarten related care and services, including child care subsidies. All potential funding sources, including federal as well as State-funded efforts, shall be identified.

SECTION 21.76A.(g) The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall report by January 1, 2002, and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Health and Human Services, and the House of Representatives Appropriations Subcommittee on Health and Human Services on the progress in complying with the act. A final report along with recommendations for changes or expansion of the program shall be presented to the 2003 General Assembly.

SUBPART 7. SERVICES FOR THE BLIND

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONSOLIDATION AND TRANSFER OF PROGRAM FUNDS IN THE DIVISION OF SERVICES FOR THE BLIND

SECTION 21.77. The Division of Services for the Blind may consolidate the operating budgets for the Medical Eye Care Program and the Independent Living Services Program. The Division shall continue to provide all services currently provided by the Medical Eye Care Program and the Independent Living Services Program.

SUBPART 8. VOCATIONAL REHABILITATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ELIGIBILITY FOR VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

SECTION 21.78.(a) The Department of Health and Human Services shall compare the income eligibility standards for Vocational Rehabilitation and Independent Living Services to the income eligibility standards for Vocational Rehabilitation and Independent Living Services in other states.

SECTION 21.78.(b) The Department of Health and Human Services shall develop a plan for maximizing resources for Independent Living Services to ensure that services are targeted to the most financially needy persons.

SECTION 21.78.(c) The Department of Health and Human Services shall develop a plan for maximizing resources for Vocational Rehabilitation Services to ensure services are provided for low-income persons, the developmentally disabled, and Work First recipients who otherwise qualify for Vocational Rehabilitation Services.

SECTION 21.78.(d) The Department of Health and Human Services shall report on the activities required by this section no later than March 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SUBPART 9. EARLY INTERVENTION AND EDUCATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MAXIMIZATION OF RECEIPTS FOR EARLY INTERVENTION PROGRAMS

SECTION 21.79. The Department of Health and Human Services, Division of Public Health, area mental health, developmental disabilities, and substance abuse services programs, and local health departments shall maximize receipts for the evaluation and services provided by the Developmental Evaluation Centers and through Early Intervention programs. The Division shall maximize receipts from Health Choice, Medicaid, and other third-party payers. All receipts collected shall remain within the Division and shall be used to offset appropriations for operations of the Developmental Evaluation Centers and Early Intervention services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CREATE OFFICE OF EDUCATION SERVICES

SECTION 21.80.(a) G.S. 143B-146.22 is repealed.

SECTION 21.80.(b) The Division of Early Intervention and Education is dissolved and an Office of Education Services is created within the Department of Health and Human Services. The purpose of this office is to manage the Schools for the Deaf, the Governor Morehead School for the Blind, and their preschool components. The Office shall have a Superintendent and appropriate staff to manage these schools. The purpose of the Office is to improve student academic and postsecondary outcomes and to strengthen collaborative relationships with local education agencies and with the State Board of Education.

SECTION 21.80.(c) The Early Intervention program, including all positions and the corresponding State appropriations, federal funds, and other funds that were in the Early Intervention program as of January 1, 2001, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(d) The Developmental Evaluation Centers, including all positions and the corresponding State appropriations, federal funds, and other funds, are transferred from the Division of Early Intervention and Education to the Division of Public Health, Women's and Children's Health Section.

SECTION 21.80.(e) The Governor Morehead School preschool program, including all positions and the corresponding State appropriations, federal funds, and other funds, is transferred from the Division of Early Intervention and Education to the Governor Morehead School.

SECTION 21.80.(f) The Department of Health and Human Services shall make the necessary organization changes effective immediately and the budget adjustments by October 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CLOSURE OF CENTRAL NORTH CAROLINA SCHOOL FOR THE DEAF AT GREENSBORO

SECTION 21.81.(a) G.S. 143B-146.21(b) and (c) read as rewritten:

"(b) The Secretary of Health and Human Services shall adopt policies and offer training opportunities to ensure that personnel who provide direct services to children in the ~~three~~ State schools for the deaf become proficient in sign language within two years of their initial date of employment or within two years of the effective date of this act,

whichever occurs later. This subsection shall not apply to preschool personnel in any oral, auditory, or cued speech preschool.

(c) The Department of Public Instruction, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall offer and communicate the availability of professional development opportunities, including those to improve sign language skills, to the personnel assigned to the State's residential schools, particularly the Governor Morehead School and the ~~three~~ schools for the deaf."

SECTION 21.81.(b) G.S. 143B-216.40 reads as rewritten:

"**§ 143B-216.40. Establishment; operations.**

There are established, and there shall be maintained, the following schools for the deaf: the Eastern North Carolina School for the Deaf at Wilson ~~(K-12); the Central North Carolina School for the Deaf at Greensboro (K-8),~~(K-12) and the North Carolina School for the Deaf at Morganton (K-12). The Department of Health and Human Services shall be responsible for the operation and maintenance of the schools.

The Board of Directors of the North Carolina Schools for the Deaf shall advise the Department and shall adopt rules and regulations concerning the schools as provided in G.S. 115C-124 and 143B-173."

SECTION 21.81.(c) G.S. 143B-146.2(a) reads as rewritten:

"(a) The Governor Morehead School and the ~~three~~ schools for the deaf shall participate in the ABC's Program. The Secretary, in consultation with the General Assembly and the State Board, may designate other residential schools that must participate in the ABC's Program. The primary goal of the ABC's Program is to improve student performance. The Program is based upon an accountability, recognition, assistance, and intervention process in order to hold each participating school, its superintendent, and the instructional personnel accountable for improved student performance in that school."

SECTION 21.81.(d) G.S. 143B-216.32(a) reads as rewritten:

"(a) The Council for the Deaf and the Hard of Hearing shall consist of 23 members. Fifteen members shall be members appointed by the Governor. Three members appointed by the Governor shall be persons who are deaf and three members shall be persons who are hard of hearing. One appointment shall be an educator who trains deaf education teachers and one appointment shall be an audiologist licensed under Article 22 of Chapter 90 of the General Statutes. Three appointments shall be parents of deaf or hard of hearing children including one parent of a student in a residential school; one parent of a student in a preschool program; and one parent of a student in a mainstream education program, with ~~each~~ at least one parent coming from ~~a different~~ each region of the ~~three~~ North Carolina schools for the deaf regions. One member appointed by the Governor shall be recommended by the President of the North Carolina Association of the Deaf; one member shall be recommended by the President of the North Carolina Pediatric Society; one member shall be recommended by the President of the North Carolina Registry of Interpreters for the Deaf; and one member shall be nominated by the Superintendent of Public Instruction. One member shall be appointed from the House of Representatives by the Speaker of the House of Representatives and one member shall be appointed from the Senate by the President Pro Tempore of the Senate. The Secretary of Health and Human Services shall appoint six members as follows: one from the Division of Vocational Rehabilitation, one from the Division of Aging, one from the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, one from the Division of Social Services, one from a North Carolina Chapter of SHHH (Self Help for the Hard of Hearing), and one from SPEAK (Statewide Parents' Education and Advocacy for Kids)."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RESIDENTIAL SCHOOLS FOR THE DEAF

SECTION 21.82.(a) The Department of Health and Human Services shall assess the educational needs of the current students at the North Carolina School for the Deaf in Morganton and the Eastern North Carolina School for the Deaf in Wilson. In doing so, the Department shall identify resources needed to educate these children within the public school system or the North Carolina Schools for the Deaf and prepare an educational plan for each student. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall work together in the development of these plans for students.

SECTION 21.82.(b) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the Office of Education Services, and the Department of Public Instruction shall develop a plan for those children who are seriously emotionally disturbed and prepare plans to place them in appropriate settings.

SECTION 21.82.(c) The Department of Health and Human Services shall report on or before March 15, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities under this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCHOOL PROGRAMS FOR THE DEAF

SECTION 21.83. Effective October 1, 2001, the Department of Health and Human Services shall transition the children at the State-operated preschool programs for the deaf to other preschool services. The State-operated preschool sites shall cease to operate after that date. The Department of Health and Human Services, the Division of Public Health, the Office of Education Services, the Division of Child Development, and the Department of Public Instruction shall develop a transition plan for the appropriate placement of the children located at these preschool sites. The transition plan shall include an assessment of the available resources to meet the needs of the children.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY INTERVENTION PILOTS

SECTION 21.84.(a) The Department of Health and Human Services, Division of Public Health shall not expand the Student Information Management System pilot program statewide during the 2001-2002 fiscal year. The Department shall maintain, evaluate, and improve the three pilot projects implemented in the 2000-2001 fiscal year, and provide a report on the status of the system to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by October 1, 2001. The report shall include the status of the operations of the database, a plan for statewide expansion, and the costs associated with the expansion.

SECTION 21.84.(b) The Department of Health and Human Services shall not expand the regional interdisciplinary pilots during the 2001-2002 fiscal year.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EVALUATION OF EARLY INTERVENTION SYSTEM

SECTION 21.85.(a) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children are waiting for

evaluation services provided by the Developmental Evaluation Centers. The Division shall develop an action plan to reduce the waiting period for evaluation services.

SECTION 21.85.(b) The Department of Health and Human Services, Division of Public Health, shall determine the reasons why children and their families are waiting for services that follow the evaluation process. The Division shall identify the specific services that children are waiting for and develop a plan to address the waiting period.

SECTION 21.85.(c) The Department of Health and Human Services, Division of Public Health, shall assess ways in which to create efficiencies among the therapies that are provided within the Early Intervention Program, Children With Special Health Services program, and other programs. The Division shall also evaluate ways to combine early intervention services provided by the Developmental Evaluation Centers, regional therapists, local health departments, and area mental health, developmental disabilities, and substance abuse authorities to gain efficiencies.

SECTION 21.85.(d) Not later than December 1, 2001, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the assessment and plans of action for all of the above.

SUBPART 10. PUBLIC HEALTH

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM RESTITUTION POLICY

SECTION 21.86. Part 2 of Article 6 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"**§ 130A-158. Restitution required when vaccine spoiled due to provider negligence.**

Immunization program providers shall be liable for restitution to the State for the cost of replacement vaccine when vaccine in the provider's inventory has become spoiled or unstable due to the provider's negligence and unreasonable failure to properly handle or store the vaccine."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

IMMUNIZATION PROGRAM FUNDING

SECTION 21.87.(a) Of the funds appropriated in this act to the Department of Health and Human Services for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars ($1,000,000) for the 2001-2002 fiscal year and the sum of one million dollars ($1,000,000) for the 2002-2003 fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

(1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and

(2) Continued development of an automated immunization registry.

SECTION 21.87.(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Health and Human Services or contracts, except for contracts to

develop an automated immunization registry or with local health departments for outreach.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION 21.88. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

(1) Over the age of 65 years and not eligible for full Medicaid benefits;
(2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and
(3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADOLESCENT PREGNANCY PREVENTION INITIATIVES

SECTION 21.89.(a) The title of Part 6 of Article 5 of Chapter 130A of the General Statutes reads as rewritten:

"Part 6. Adolescent Pregnancy ~~Prevention Projects.~~Prevention."

SECTION 21.89.(b) G.S. 130A-131.15 is repealed.

SECTION 21.89.(c) The Department of Health and Human Services shall administer the adolescent pregnancy prevention programs and the adolescent parenting programs pursuant to the provisions of this section.

SECTION 21.89.(d) The programs shall include primary prevention efforts, secondary prevention efforts, and special initiatives.

SECTION 21.89.(e) The Commission for Health Services may adopt rules necessary to implement the programs.

SECTION 21.89.(f) State-level administrative costs for programs shall not exceed ten percent (10%) of the total funds.

SECTION 21.89.(g) In awarding grants, the Department of Health and Human Services shall target counties with the highest teen pregnancy rates, increasingly higher rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants will be awarded on an annual basis.

SECTION 21.89.(h) Programs are not required to provide a cash match for these funds; however, the Department may require an in-kind match.

SECTION 21.89.(i) Local adolescent pregnancy prevention councils are encouraged but not required for program funding. State funds shall not be used for these activities.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Wright

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 21.90.(a) The Department shall develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars ($50,000) of the funds appropriated in this act to implement this information management system. This

information management system shall be patterned after the information management system used by the Prescription Drug Assistance Program, shall provide instantaneous internal access to information, and shall include information on the following:

(1) Program usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, types of medications prescribed, and the cost of prescribed medications on a monthly basis.

(2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than May 1, 2002.

SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Eligibility for participation in ADAP may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. Following six months of increased eligibility at one hundred fifty percent (150%) of the federal poverty level, eligibility for participation in ADAP shall be extended to individuals with incomes up to one hundred seventy-five percent (175%) of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with incomes up to two hundred percent (200%) of the federal poverty level.

SECTION 21.90.(c) The Department of Health and Human Services shall make an interim report on ADAP program utilization by January 1, 2002, and a final report on ADAP program utilization and a report on the findings from a study on ways to improve HIV/AIDS prevention and care programs by April 30, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

(1) ADAP program utilization:

a. Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.

b. Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.

c. Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP who have been determined to be ineligible.

d. Monthly data on fiscal year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar year-to-date expenditures of ADAP.

e. An update on the status of the information management system.

f. Monthly data on ADAP usage patterns and demographics of participants in ADAP.

g. Fiscal year-to-date budget information.

(2) HIV/AIDS prevention and care:

a. Ways to improve the efficiency of current HIV/AIDS prevention and care programs to ensure that current available funds are put to the optimal use. This study shall include an analysis of the changing demographics of the HIV/AIDS epidemic to ensure that prevention funds are targeted at population subgroups most at risk.

b. A review of prevention programs operated by other states or localities that are not currently offered by this State. This review shall include a study of the effectiveness of the programs, any barriers to offering the programs in this State, an estimate of the costs involved with offering these programs, and ways in which a specific program might be adapted to meet the needs of this State.

c. Any other matter the Department finds relevant to the issue.

SECTION 21.90.(d) The Department of Health and Human Services shall revise its policy regarding determination of eligibility to require all applications for participation in ADAP to be reviewed for eligibility determination by the Purchase of Medical Care Unit of the Program Benefits and Payment Section of the Office of the Controller of the Department of Health and Human Services. The Department shall track all applications for participation in ADAP in order to make the reports required under subsection (c) of this section. This policy applies to all applications made in physician offices or other settings.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH REORGANIZATION

SECTION 21.91.(a) The Department of Health and Human Services shall reduce layers of management and streamline operations by creating a Section of Financial Management and Support. The Department shall consolidate all budgeting, purchasing, contract oversight, and computer networking personnel into this section. The Department shall transfer all positions, corresponding State appropriations, federal funds, and other related funds into this section. At no time shall the Department allow the Division of Public Health to maintain nonprogram positions within the other sections of the Division.

SECTION 21.91.(b) The Department shall establish a new permanent full-time position in the Division of Public Health for Local Health Services section chief. The Department shall not contract for this position.

SECTION 21.91.(c) Not later than October 1, 2001, the Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the reorganization activities required under this section.

Requested by: Representatives Earle, Nye, Insko, Easterling, Oldham, Redwine, Thompson

DIVISION OF PUBLIC HEALTH NURSE CONSULTANT AND PUBLIC HEALTH EDUCATOR CONSOLIDATION

SECTION 21.91A.(a) The Department shall evaluate in partnership with local health departments, all nurse consultant positions across the Division of Public Health to determine the need for generalist or specialty consultation and the best organizational location with the Division to support this technical assistance. Based on

these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

SECTION 21.91A.(b) The Department shall evaluate in consultation with local health departments, all health educator positions across the Division to determine the need for generalist or specialty consultation and the best organizational location within the Department. Based on these findings, the Department shall transfer corresponding State appropriations, federal funds, and any other related funds in the Division to support these services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE LABORATORY

SECTION 21.92.(a) The Department of Health and Human Services, Office of the Controller, shall develop a five-year equipment replacement schedule for the State Laboratory. The purpose of the schedule is to have an objective plan for medical laboratory equipment replacement to plan for current and future years' budget requirements.

SECTION 21.92.(b) The Department shall assess the various services that the State Laboratory provides and address the feasibility of contracting for additional services. The Department shall prepare a cost-benefit analysis of providing services in-house versus contracting out for services.

SECTION 21.92.(c) The Department shall assess the current fees and fee methodology for laboratory services to determine if fees are set at the appropriate levels. The Department shall identify new ways to set fees that incorporate the fully allocated cost of laboratory equipment and the full costs of operations. The Department may implement a revised fee schedule to reflect the full cost of operations including equipment replacement.

SECTION 21.92.(d) Not later than March 1, 2002, the Department of Health and Human Services shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ENHANCEMENT OF STATE CENTER FOR HEALTH STATISTICS

SECTION 21.93.(a) The State Center for Health Statistics is transferred to the Office of the Secretary of the Department of Health and Human Services and is renamed the "Center for Health and Human Services Statistics and Information." The purpose of the Center is to provide primary statistical analyses and information for the Department, members of the public, and support of all of the Divisions of the Department. The Center shall collect, compile, manage, and report data for the public and the Department. The Secretary shall transfer all information management, database management, and other related positions from throughout the divisions, except for the Division of Information Resource Management and other systems management personnel, and shall transfer corresponding State appropriations, federal funds, and other funds to establish and expand the Center. The Department shall do the following:

(1) Determine the feasibility of transferring existing database contracts to the Center. All future statistical analyses and information projects will be first made available to the Center for the right of first refusal.

(2) Determine the feasibility of creating a unit in the Center to more efficiently and effectively manage database and information contracts for the entire Department.

(3) Consult with the Center in planning any management information systems.

(4) Evaluate the feasibility of operating the center as an internal service fund budget.

The Department shall submit a progress report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the implementation of this section no later than October 1, 2001, and a final report on March 1, 2002. The report shall include an assessment of the current statistical analysis functions for each Division and determine the resources (staff and appropriations) that would be suitable for transfer into the Center. The inventory shall include an assessment of all current contracts for database management, data collection, and analyses, and shall determine the total amount of funds currently involved with these efforts. The final report shall include an implementation plan for carrying out the provisions of this section.

SECTION 21.93.(b) Article 15 of Chapter 130A of the General Statutes reads as rewritten:

"Article 15.

"~~State~~ Center for Health ~~Statistics.~~ and Human Services Statistics and Information.

"§ 130A-371. ~~State~~ Center for Health and Human Services Statistics and Information established.

~~A State~~ The Center for Health and Human Services Statistics and Information is established within the Department. The purpose of the Center for Health and Human Services Statistics and Information is to provide primary statistical analysis and information for health and human services, members of the public, and support for all Divisions of the Department.

"§ 130A-372. Definitions.

The following definitions shall apply throughout this Article:

(1) 'Health data' means information relating to the health status of individuals, the availability of health resources and services, and the use and cost of these resources and services. The term shall not include vital records registered under the provisions of Article 4 of this Chapter.

(2) 'Medical records' means health data relating to the diagnosis or treatment of physical or mental ailments of individuals. "

"§ 130A-373. Authority and duties.

(a) The ~~State~~ Center for Health and Human Services Statistics and Information is authorized to:

(1) Collect, maintain and analyze health data on:

a. The extent, nature and impact of illness and disability on the population of the State;

b. The determinants of health and health hazards;

c. Health resources, including the extent of available work power and resources;

d. Utilization of health care;

e. Health care costs and financing; and

f. Other health or health-related matters; and

(2) Undertake and support research, demonstrations and evaluations respecting new or improved methods for obtaining data.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information may collect health data on behalf of other governmental or nonprofit organizations.

(c) The ~~State~~ Center for Health and Human Services Statistics and Information shall collect data only on a voluntary basis except when there is specific legal authority

to compel mandatory reporting of the health data. In collecting health data on a voluntary basis, the ~~State~~ Center for Health and Human Services Statistics and Information shall give the person a statement in writing:

(1) That the data is being collected on a voluntary basis and that the person is not required to respond; and

(2) The purposes for which the health data is being collected.

(d) Subject to the provisions of G.S. 130A-374, the ~~State~~ Center for Health and Human Services Statistics and Information may share health data with other persons, agencies and organizations.

(e) The ~~State~~ Center for Health and Human Services Statistics and Information shall:

(1) Take necessary action to assure that statistics developed under this Article are of high quality, timely and comprehensive, as well as specific and adequately analyzed and indexed; and

(2) Publish, make available and disseminate statistics on as wide a basis as practical.

(f) The ~~State~~ Center for Health and Human Services Statistics and Information shall coordinate health data activities within the State in order to eliminate unnecessary duplication of data collection and to maximize the usefulness of data collected by:

(1) Participating with State and local agencies in the design and implementation of a cooperative system for producing comparable and uniform health information and statistics at the State and local levels; and

(2) Undertaking and supporting research, development, demonstration and evaluation respecting the cooperative system.

"**§ 130A-374. Security of health data.**

(a) Medical records of individual patients shall be confidential and shall not be public records open to inspection. The ~~State~~ Center for Health and Human Services Statistics and Information may disclose medical records of individual patients which identify the individual described in the record only if:

(1) The individual described in the medical record has authorized the disclosure; or

(2) The disclosure is for bona fide research purposes. The Commission shall adopt rules providing for the use of the medical records for research purposes.

(b) The ~~State~~ Center for Health and Human Services Statistics and Information shall take appropriate measures to protect the security of health data collected by the Center, including:

(1) Limiting the access to health data to authorized individuals who have received training in the handling of this data;

(2) Designating a person to be responsible for physical security; and

(3) Developing and implementing a system for monitoring security."

SECTION 21.93.(c) The Secretary shall review the requirements of the medical records privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to avoid duplication of effort in complying with that Act and this section.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PUBLIC HEALTH PREVENTION ACTIVITIES REPORT

SECTION 21.94. The Department of Health and Human Services, Division of Public Health, shall conduct an inventory of its activities in the prevention of infant mortality and birth defects. The Department shall conduct a comprehensive assessment

of these activities to identify all in-house activities and contracted activities and shall include the following:

(1) Program or service title and description;
(2) Number of clients served, if applicable;
(3) State appropriations, federal funds, and other funds involved with the program or service; and
(4) To the extent possible include Smart Start health programs and services, and identify other nonprofit organizations' activities.

The Department shall report on the information required under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION 21.96. The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

(1) Unduplicated number of infants screened.
(2) Number of infants who failed the second hearing screening.
(3) Number of infants receiving the diagnostic evaluation.
(4) Number and types of services provided.
(5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INTENSIVE HOME VISITING

SECTION 21.97.(a) The Department of Health and Human Services, Division of Public Health, shall not contract for evaluation or technical assistance for the Intensive Home Visiting Program during the 2001-2002 fiscal year. The Division shall continue to collect and manage data collected by nurses and visitors on program activities. The Division shall collect the necessary information on participants to allow future tracking of these participants and facilitate a future longitudinal study for the purposes of determining program effectiveness.

SECTION 21.97.(b) The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The

Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, 2002, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

(1) Number of clients/families enrolled per county.
(2) Attrition and reasons why families leave the program.
(3) Average number of home visits per month.
(4) Average time involved per home visit.
(5) Baseline family characteristics.
(6) Health behaviors.
(7) Perinatal and birth outcomes.
(8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CONTRACTUAL SERVICES LIMITATION

SECTION 21.99.(a) The Department shall maintain the adolescent pregnancy prevention and adolescent parenting program database created for the program via contract and shall not continue to contract for database management, development, or analysis. Of the funds appropriated to the Department in this act, the Department shall not spend more than twenty-five thousand dollars ($25,000) to transition the database from the contractor to the Department. The Department shall continue to collect and manage program data in order to conduct longitudinal studies in the future. Notwithstanding any other provision of law, the Department shall not continue to have the behavioral/attitudinal evaluation completed annually for all programs.

SECTION 21.99.(b) Of funds appropriated to the Department of Health and Human Services, the Department shall not spend more than twenty-five thousand dollars ($25,000) to complete the longitudinal adolescent parenting program evaluation. The Department shall not contract for additional evaluations or assessments of the adolescent pregnancy prevention program or the adolescent parenting program during the 2001-2002 fiscal year.

SECTION 21.99.(c) The Department of Health and Human Services shall plan an outcome-based evaluation of the adolescent pregnancy prevention programs and shall continue to collect data.

SECTION 21.99.(d) The Department shall report on activities conducted pursuant to this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division by March 1, 2002.

Requested by: Representatives Earle, Nye, Redwine, Easterling, Oldham, Thompson

PRESCRIPTION DRUG INITIATIVES GRANT FUNDS

SECTION 21.100. The Health and Wellness Trust Fund Commission shall, as it develops criteria for awarding grants under Article 6C of Chapter 147 of the General Statutes, include criteria that will enable programs and initiatives addressing the need to expand access to prescription drugs to North Carolina senior and disabled citizens to receive grants from the Fund. In making the grants, the Commission shall consider, and coordinate with, the availability of any federal funds allocated to North

Carolina pursuant to any federal initiative to provide financial assistance to senior and disabled citizens for the cost of prescription drugs.

In making its annual report to the Joint Legislative Commission on Governmental Operations and to the chairs of the Joint Legislative Health Care Oversight Committee regarding the implementation of that Article, the chair of the Health and Wellness Trust Fund Commission shall report on the programs and initiatives to expand access to prescription drugs to senior and disabled citizens that were funded by the Trust Fund. The report shall include the amount of funds disbursed for programs and initiatives to expand access to prescription drugs to senior and disabled citizens and the success of those programs and initiatives towards helping senior and disabled citizens obtain prescription drugs.

PART XXII. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

SECTION 22.1. Funds appropriated to the Judicial Department in the 2001-2003 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts may transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON COMMUNITY MEDIATION CENTERS

SECTION 22.2. Article 5 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-38.6. Report on community mediation centers.**

(a) All community mediation centers currently receiving State funds shall report annually to the Mediation Network of North Carolina on the program's funding and activities, including:

(1) Types of dispute settlement services provided;
(2) Clients receiving each type of dispute settlement service;
(3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
(4) Total program funding and funding sources;
(5) Itemization of the use of funds, including operating expenses and personnel;
(6) Itemization of the use of State funds appropriated to the center;
(7) Level of volunteer activity; and
(8) Identification of future service demands and budget requirements.

The Mediation Network of North Carolina shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

(b) A community mediation center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

(c) Each community mediation center receiving State funds for the first time shall document in the information provided pursuant to this section that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

(d) Each community mediation center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

(e) Each community mediation center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

(f) Each community mediation center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

(g) The percentage that State funds comprise of the total funding of each community mediation center shall be determined at the conclusion of each fiscal year with the information provided pursuant to this section and is intended as a funding ratio and not a matching funds requirement. Community mediation centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

(h) A community mediation center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the Mediation Network of North Carolina for consideration by the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety.

(i) The provisions of G.S. 143-31.4 do not apply to community mediation centers receiving State funds.

(j) Each community mediation center receiving State funds shall function as, or as part of, a nonprofit organization or local government entity. A community mediation center functioning as a nonprofit organization shall have a governing board of directors that consists of a significant number of citizens from the surrounding community. State funds may not be used for indirect costs associated with contracts between the community mediation center and another entity for the provision of management or related services."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SENTENCING SERVICES REPORT

SECTION 22.3. The Judicial Department shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 1, 2002, on the effectiveness of the Sentencing Services Program under structured sentencing and the criminal case docketing system. The report shall include:

(1) Data on the number of plans prepared, the recommendations included in those plans, the actual sentences imposed in those cases, and an analysis of the extent to which judges impose sentences using recommendations from plans;

(2) Data on the number of plans initiated but not presented to the court, including the reason the plan was not completed or presented; and

(3) The results of a survey on the impact of sentencing plans on judicial decisions, to be conducted by the Research, Planning, and Budget Development Section of the Judicial Department or another entity separate from the Sentencing Services Program. The survey shall

include superior court judges, district attorneys, public defenders, and defense attorneys.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

ELIMINATE VACANT SUPERIOR COURT JUDGESHIP IN DISTRICT 4B/ADD SUPERIOR COURT JUDGESHIP IN DISTRICT 24

SECTION 22.4.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	~~2~~ 1
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1

Third	10D	(part of Wake, see subsection (b))	1
Fourth	11A	Harnett, Lee	1
Fourth	11B	Johnston	1
Fourth	12A	(part of Cumberland, see subsection (b))	1
Fourth	12B	(part of Cumberland, see subsection (b))	1
Fourth	12C	(part of Cumberland, see subsection (b))	2
Fourth	13	Bladen, Brunswick, Columbus	2
Third	14A	(part of Durham, see subsection (b))	1
Third	14B	(part of Durham, see subsection (b))	3
Third	15A	Alamance	2
Third	15B	Orange, Chatham	1
Fourth	16A	Scotland, Hoke	1
Fourth	16B	Robeson	2
Fifth	17A	Rockingham	2
Fifth	17B	Stokes, Surry	2
Fifth	18A	(part of Guilford, see subsection (b))	1
Fifth	18B	(part of Guilford, see subsection (b))	1
Fifth	18C	(part of Guilford, see subsection (b))	1
Fifth	18D	(part of Guilford, see subsection (b))	1
Fifth	18E	(part of Guilford, see subsection (b))	1
Sixth	19A	Cabarrus	1
Fifth	19B1	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
Fifth	19B2	(part of Montgomery, part of Moore, part of Randolph see subsection (b))	1
Sixth	19C	Rowan	1
Sixth	20A	Anson, Richmond	1
Sixth	20B	Stanly, Union	2
Fifth	21A	(part of Forsyth, see subsection (b))	1
Fifth	21B	(part of Forsyth, see subsection (b))	1
Fifth	21C	(part of Forsyth, see subsection (b))	1
Fifth	21D	(part of Forsyth,	1

		see subsection (b))	
Sixth	22	Alexander, Davidson, Davie, Iredell	3
Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	~~1~~ 2
Seventh	25A	Burke, Caldwell	2
Seventh	25B	Catawba	2
Seventh	26A	(part of Mecklenburg, see subsection (b))	2
Seventh	26B	(part of Mecklenburg, see subsection (b))	2
Seventh	26C	(part of Mecklenburg, see subsection (b))	2
Seventh	27A	Gaston	2
Seventh	27B	Cleveland, Lincoln	2
Eighth	28	Buncombe	2
Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
Eighth	30A	Cherokee, Clay, Graham, Macon, Swain	1
Eighth	30B	Haywood, Jackson	1."

SECTION 22.4.(b) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 24 as authorized by subsection (a) of this section to serve a term expiring December 31, 2002. The successor to that judge shall be elected in the 2002 general election to serve a term expiring December 31, 2010.

SECTION 22.4.(c) This section becomes effective October 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BUSINESS COURT

SECTION 22.5. The Administrative Office of the Courts shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the activities of the North Carolina Business Court, including the number of cases heard by the court and the number of court sessions held outside of Superior Court District 18.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELIMINATE UNNECESSARY OR OBSOLETE REPORTS

SECTION 22.6.(a) G.S. 7A-348 reads as rewritten:

"**§ 7A-348. Training and supervision of assistants for administrative and victim and witness services.**

Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

(1) Assist in establishing uniform statewide training for assistants for administrative and victim and witness services; and

(2) Assist in the implementation and supervision of this ~~program; and~~ program.

~~(3) With the Director of the Administrative Office of the Courts, report annually to the Joint Legislative Commission on Governmental Operations on the implementation and effectiveness of this act, beginning on or before February 1, 1987.~~"

SECTION 22.6.(b) G.S. 143-170.4 reads as rewritten:

"**§ 143-170.4. Administrative Office of the Courts; publications procedures manual; reports.**

Not later than June 1, 1990, the Administrative Office of the Courts, after review of the Department of Administration's state publications procedures guidelines and after consultation with the State Librarian and State Auditor, shall adopt (i) a publications procedures manual for public documents, other than the official reports of the North Carolina Supreme Court and the North Carolina Court of Appeals and official forms published by the Administrative Office of the Courts pursuant to G.S. 7A-343, that addresses the elements of publication production described in G.S. 143-170.2 and (ii) an administrative review and approval process to ensure appropriate review and approval of its public documents. The initial guidelines and the administrative review and approval process shall be reported to the Joint Legislative Commission on Governmental Operations by ~~January 1, 1991, and revisions thereto shall be reported to the Joint Legislative Commission on Governmental Operations within six months of adoption.~~ January 1, 1991."

SECTION 22.6.(c) G.S. 143-589 reads as rewritten:

"**§ 143-589. Legislative and judicial branch safety and health programs.**

The Legislative Services Commission and the Administrative Office of the Courts are authorized to separately establish safety and health programs for their employees. ~~The Administrative Office of the Courts shall report annually to the Joint Legislative Commission on Governmental Operations on its safety and health activities with respect to its program.~~"

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COLLECTION OF WORTHLESS CHECKS FUND

SECTION 22.7. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2001, for the purchase or repair of office or information technology equipment during the 2001-2002 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Information Technology on the equipment to be purchased or repaired and the reasons for the purchases.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER OF FUNDS TO OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 22.9. In the event that requirements for payments to assigned counsel exceed available funds in the Office of Indigent Defense Services during the 2001-2002 fiscal year, the Judicial Department shall transfer to the Office of Indigent Defense Services up to the sum of one million five hundred thousand dollars ($1,500,000) in funds available to pay those additional amounts. The Office of Indigent Defense Services and the Judicial Department shall report to the Joint Legislative

Commission on Governmental Operations prior to any transfer of funds authorized by this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

NORTH CAROLINA STATE BAR FUNDS

SECTION 22.10. Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 2001-2003 biennium, the North Carolina State Bar may in its discretion use up to the sum of five hundred ninety thousand dollars ($590,000) for the 2001-2002 fiscal year and up to the sum of five hundred ninety thousand dollars ($590,000) for the 2002-2003 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDER LONGEVITY/OFFICE OF INDIGENT DEFENSE SERVICES CORRECTIONS

SECTION 22.11.(a) Section 49 of S.L. 2000-144 reads as rewritten:

"Section 49. Except as otherwise provided in this Part, this act becomes effective July 1, 2001. G.S. 7A-498, 7A-498.1, 7A-498.2, 7A-498.4, 7A-498.5, ~~and~~ 7A-498.6, and 7A-498.7(g), as enacted in Section 1 of this act, and Section 13 of this act are effective when they become law; however, except as otherwise provided in this Part, no rules, standards, or other regulations issued by the Commission on Indigent Defense Services, and no decisions regarding the actual delivery of services shall take effect prior to July 1, 2001, and all authority over the expenditure of funds shall remain with the Director of the Administrative Office of the Courts prior to that date. The Commission shall be responsible for the expenditure of funds for all cases pending on or after July 1, 2001."

SECTION 22.11.(b) Section 13 of S.L. 2000-144 reads as rewritten:

"Section 13. Effective when this act becomes law, G.S. 7A-467(d) is repealed. Effective July 1, 2001, G.S. 7A-459, 7A-465, 7A-466, ~~7A-467,~~ 7A-467(a), 7A-467(b), 7A-467(c), 7A-467(e), 7A-467(f), 7A-467(g), 7A-469, 7A-470, 7A-471, 7A-486, 7A-486.1, 7A-486.2, 7A-486.3, 7A-486.4, 7A-486.5, 7A-486.6, and 7A-486.7 are repealed."

SECTION 22.11.(c) G.S. 7A-498.7 is amended by adding three new subsections to read:

"(i) A public defender may apply to the Director of the Office of Indigent Defense Services to enter into contracts with local governments for the provision by the State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(j) The Director of the Office of Indigent Defense Services may provide assistance requested pursuant to subsection (i) of this section only upon a showing by the requesting public defender, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(k) The terms of any contract entered into with local governments pursuant to subsection (i) of this section shall be fixed by the Director of the Office of Indigent Defense Services in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section or to obligate the Office of Indigent Defense Services to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the

Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(d) G.S. 153A-212.1 reads as rewritten:

"**§ 153A-212.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a county may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(e) G.S. 160A-289.1 reads as rewritten:

"**§ 160A-289.1. Resources to protect the public.**

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and ~~7A-467,~~ 7A-498.7, a city may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts or the Office of Indigent Defense Services to maintain positions or services initially provided for under this section."

SECTION 22.11.(f) Subsection (h) of Section 15.4 of S.L. 2000-67 reads as rewritten:

"Section 15.4.(h) The Administrative Office of the Courts and the Office of Indigent Defense Services shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Committees, to the Chairs of the House of Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the Senate Appropriations Committee on Justice and Public Safety on contracts entered into with local governments for the provision of the services of assistant district attorneys, assistant public defenders, judicial secretaries, and employees in the office of the Clerk of Superior Court. The report shall include the number of applications made to the Administrative Office of the Courts or the Office of Indigent Defense Services for these contracts, the number of contracts entered for provision of these positions, and the dollar amounts of each contract."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

OFFICE OF INDIGENT DEFENSE SERVICES REPORT

SECTION 22.12. The Office of Indigent Defense Services shall report to the Chairs of the Senate and House of Representatives Appropriations Committees and the Chairs of the Senate and House Representatives Appropriations Subcommittees on Justice and Public Safety by March 1 of each year on:

(1) The volume and cost of cases handled in each district by assigned counsel or public defenders;

(2) Actions taken by the Office to improve the cost-effectiveness and quality of indigent defense, including the capital case program;

(3) Plans for changes in rules, standards, or regulations in the upcoming year; and

(4) Any recommended changes in law or funding procedures that would assist the Office in improving the management of funds expended for indigent defense services.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ASSISTANT PUBLIC DEFENDERS/PUBLIC DEFENDER OFFICE PERSONNEL

SECTION 22.13.(a) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of four hundred seventy-seven thousand seven hundred sixty-eight dollars ($477,768) for the 2001-2002 fiscal year and up to the sum of four hundred forty-six thousand eight hundred twenty dollars ($446,820) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to six new assistant public defender positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(b) From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 2001-2003 biennium, the Office of Indigent Defense Services may use up to the sum of two hundred eighty-three thousand five hundred seventy-five dollars ($283,575) for the 2001-2002 fiscal year and up to the sum of two hundred fifty-six thousand three hundred ten dollars ($256,310) for the 2002-2003 fiscal year for salaries, benefits, equipment, and related expenses to establish up to five new legal assistant, paralegal, investigator, or administrative assistant positions in statewide programs or districts with existing public defender programs.

SECTION 22.13.(c) Prior to establishing any new positions under this section, the Office of Indigent Defense Services shall report to the Joint Legislative Commission on Governmental Operations on the positions to be established and the locations of those positions.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PISGAH LEGAL SERVICES FUNDS

SECTION 22.15. Notwithstanding the provisions of G.S. 7A-474.4, the North Carolina State Bar shall allocate to Pisgah Legal Services that share of State funds that would otherwise have been provided through Legal Services of North Carolina, Inc., to Appalachian Legal Services to serve eligible clients in Buncombe, Henderson, Madison, Polk, Rutherford, and Transylvania Counties.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

AUTHORIZE ADDITIONAL MAGISTRATES

SECTION 22.16. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Magistrates Max.	Additional Seats of Court
Camden	1	3	
Chowan	2	3	
Currituck	1	4	
Dare	3	8	

1	Gates	2	3	
2	Pasquotank	3	5	
3	Perquimans	2	4	
4	Martin	5	8	
5	Beaufort	4	8	
6	Tyrrell	1	3	
7	Hyde	2	4	
8	Washington	3	4	
9	Pitt	10	12	Farmville
10				Ayden
11	Craven	7	10	Havelock
12	Pamlico	2	4	
13	Carteret	5	8	
14	Sampson	6	8	
15	Duplin	9	11	
16	Jones	2	3	
17	Onslow	8	14	
18	New Hanover	6	11	
19	Pender	4	6	
20	Halifax	9	14	Roanoke
21				Rapids,
22				Scotland Neck
23	Northampton	5	7	
24	Bertie	4	6	
25	Hertford	5	7	
26	Nash	7	10	Rocky Mount
27	Edgecombe	4	7	Rocky Mount
28	Wilson	4	7	
29	Wayne	5	12	Mount Olive
30	Greene	2	4	
31	Lenoir	4	10	La Grange
32	Granville	3	7	
33	Vance	3	6	
34	Warren	3	5	
35	Franklin	3	7	
36	Person	3	4	
37	Caswell	2	5	
38	Wake	12	21	Apex,
39				Wendell,
40				Fuquay-
41				Varina,
42				Wake Forest
43	Harnett	7	11	Dunn
44	Johnston	10	12	Benson,
45				Clayton,
46				Selma
47	Lee	4	6	
48	Cumberland	10	19	
49	Bladen	4	6	
50	Brunswick	4	~~9~~ 10	
51	Columbus	6	~~9~~ 10	Tabor City
52	Durham	8	13	
53	Alamance	7	11	Burlington

1	Orange	4	11	Chapel Hill
2	Chatham	3	9	Siler City
3	Scotland	3	5	
4	Hoke	4	5	
5	Robeson	8	16	Fairmont,
6				Maxton,
7				Pembroke,
8				Red Springs,
9				Rowland,
10				St. Pauls
11	Rockingham	4	9	Reidsville,
12				Eden,
13				Madison
14	Stokes	2	5	
15	Surry	5	9	Mt. Airy
16	Guilford	20	27	High Point
17	Cabarrus	5	9	Kannapolis
18	Montgomery	2	4	
19	Randolph	5	10	Liberty
20	Rowan	5	10	
21	Stanly	5	6	
22	Union	4	7	
23	Anson	4	6	
24	Richmond	5	6	Hamlet
25	Moore	5	8	Southern
26				Pines
27	Forsyth	3	15	Kernersville
28	Alexander	2	4	
29	Davidson	7	10	Thomasville
30	Davie	2	3	
31	Iredell	4	9	Mooresville
32	Alleghany	1	2	
33	Ashe	3	4	
34	Wilkes	4	6	
35	Yadkin	3	5	
36	Avery	3	5	
37	Madison	4	5	
38	Mitchell	3	4	
39	Watauga	4	6	
40	Yancey	2	4	
41	Burke	4	7	
42	Caldwell	4	7	
43	Catawba	6	10	Hickory
44	Mecklenburg	15	28	
45	Gaston	11	22	
46	Cleveland	5	8	
47	Lincoln	4	7	
48	Buncombe	6	15	
49	Henderson	4	7	
50	McDowell	3	6	
51	Polk	3	4	
52	Rutherford	6	8	
53	Transylvania	2	4	

Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton
Jackson	3	5	
Macon	3	4	
Swain	2	3."	

Requested by: Representative Hensley

ADD DISTRICT COURT JUDGESHIP IN DISTRICT COURT DISTRICT 10

SECTION 22.17.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin
		Beaufort
		Tyrrell
		Hyde
		Washington
3A	5	Pitt
3B	5	Craven
		Pamlico
		Carteret
4	8	Sampson
		Duplin
		Jones
		Onslow
5	7	New Hanover
		Pender
6A	2	Halifax
6B	3	Northampton
		Bertie
		Hertford
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	4	Granville
		(part of Vance
		see subsection (b))
		Franklin
9A	2	Person

		Caswell
9B	2	Warren
		(part of Vance
		see subsection (b))
10	~~14~~ 15	Wake
11	8	Harnett
		Johnston
		Lee
12	9	Cumberland
13	6	Bladen
		Brunswick
		Columbus
14	6	Durham
15A	4	Alamance
15B	4	Orange
		Chatham
16A	3	Scotland
		Hoke
16B	5	Robeson
17A	3	Rockingham
17B	3	Stokes
		Surry
18	12	Guilford
19A	4	Cabarrus
19B	6	Montgomery
		Moore
		Randolph
19C	4	Rowan
20	7	Stanly
		Union
		Anson
		Richmond
21	8	Forsyth
22	9	Alexander
		Davidson
		Davie
		Iredell
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	4	Avery
		Madison
		Mitchell
		Watauga
		Yancey
25	8	Burke
		Caldwell
		Catawba
26	17	Mecklenburg
27A	6	Gaston
27B	4	Cleveland
		Lincoln

28	6	Buncombe
29	6	Henderson
		McDowell
		Polk
		Rutherford
		Transylvania
30	5	Cherokee
		Clay
		Graham
		Haywood
		Jackson
		Macon
		Swain."

SECTION 22.17.(b) The Governor shall appoint the additional district court judge for District Court District 10 authorized by subsection (a) of this section. The judge's successor shall be elected in the 2004 election for a four-year term commencing on the first Monday in December 2004.

SECTION 22.17.(c) This section becomes effective December 1, 2001.

PART XXIII. DEPARTMENT OF JUSTICE

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

SECTION 23.1.(a) Assets transferred to the Department of Justice during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 2001-2003 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice, Correction, and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended.

SECTION 23.1.(b) The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice, the Department of Correction, and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 23.1.(c) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

SECTION 23.2. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

SECTION 23.3. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION

SECTION 23.4. The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina System.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON CRIMINAL RECORDS CHECKS CONDUCTED FOR CONCEALED HANDGUN PERMITS/STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS

SECTION 23.5.(a) The Department of Justice shall report by January 15 each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the receipts, costs for, and number of criminal records checks performed in connection with applications for concealed weapons permits. The report by the Department of Justice shall also include information on the number of applications received and approved for firearms safety courses.

SECTION 23.5.(b) The Office of State Budget and Management, in consultation with the Department of Justice, shall study the feasibility of adjusting the fees charged for criminal records checks conducted by the Division of Criminal Information of the Department of Justice as a result of the increase in receipts from criminal records checks. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to providing criminal records checks and how those costs have changed since the 1998-99 fiscal year. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on or before March 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CRIMINAL JUSTICE INFORMATION NETWORK REPORT/ADD REPRESENTATIVE FROM THE DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION TO THE BOARD

SECTION 23.6.(a) The Criminal Justice Information Network Governing Board established pursuant to G.S. 143-661 shall report by April 1, 2002, to the Chairs

of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

(1) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board; and

(2) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network. For each component of the Network, the initial cost estimate of the component, the amount of funds spent to date on the component, the source of funds for expenditures to date, and a timetable for completion of that component, including additional resources needed at each point.

SECTION 23.6.(b) G.S. 143-661(b) reads as rewritten:

"(b) The Board shall consist of ~~19~~20 members, appointed as follows:

(1) ~~Three~~Four members appointed by the Governor, including one member who is a director or employee of a State correction agency for a term to begin September 1, 1996 and to expire on June 30, 1997, one member who is an employee of the North Carolina Department of Crime Control and Public Safety for a term beginning September 1, 1996 and to expire on June 30, 1997, ~~and~~one member selected from the North Carolina Association of Chiefs of Police for a term to begin September 1, 1996 and to expire on ~~June 30, 1999.~~ June 30, 1999, and one member who is an employee of the Department of Juvenile Justice and Delinquency Prevention.

(2) Six members appointed by the General Assembly in accordance with G.S. 120-121, as follows:

a. Three members recommended by the President Pro Tempore of the Senate, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1997, and one member selected from the North Carolina League of Municipalities who is a member of, or an employee working directly for, the governing board of a North Carolina municipality for a term to begin on September 1, 1996 and to expire on June 30, 1999; and

b. Three members recommended by the Speaker of the House of Representatives, including two members of the general public for terms to begin on September 1, 1996, and to expire on June 30, 1999, and one member selected from the North Carolina Association of County Commissioners who is a member of, or an employee working directly for, the governing board of a North Carolina county for a term to begin on September 1, 1996, and to expire on June 30, 1997.

(3) Two members appointed by the Attorney General, including one member who is an employee of the Attorney General for a term to begin on September 1, 1996, and to expire on June 30, 1997, and one member from the North Carolina Sheriffs' Association for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(4) Six members appointed by the Chief Justice of the North Carolina Supreme Court, as follows:

a. The Director of the Administrative Office of the Courts, or an employee of the Administrative Office of the Courts, for a term beginning July 1, 1997, and expiring June 30, 2001.

b. One member who is a district attorney or an assistant district attorney upon the recommendation of the Conference of District Attorneys of North Carolina, for a term beginning July 1, 1998, and expiring June 30, 1999.

c. Two members who are superior court or district court judges for terms beginning July 1, 1998, and expiring June 30, 2001.

d. One member who is a magistrate upon the recommendation of the North Carolina Magistrates' Association, for a term beginning July 1, 1998, and expiring June 30, 1999.

e. One member who is a clerk of superior court upon the recommendation of the North Carolina Association of Clerks of Superior Court, for a term beginning July 1, 1998, and expiring June 30, 1999.

(5) One member appointed by the Chair of the Information Resource Management Commission, who is the Chair or a member of that Commission, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

(6) One member appointed by the President of the North Carolina Chapter of the Association of Public Communications Officials International, who is an active member of the Association, for a term to begin on September 1, 1996, and to expire on June 30, 1999.

The respective appointing authorities are encouraged to appoint persons having a background in and familiarity with criminal information systems and networks generally and with the criminal information needs and capacities of the constituency from which the member is appointed.

As the initial terms expire, subsequent members of the Board shall be appointed to serve four-year terms. At the end of a term, a member shall continue to serve on the Board until a successor is appointed. A member who is appointed after a term is begun serves only for the remainder of the term and until a successor is appointed. Any vacancy in the membership of the Board shall be filled by the same appointing authority that made the appointment, except that vacancies among members appointed by the General Assembly shall be filled in accordance with G.S. 120-122."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

DRUG EDUCATION PROGRAM TRAINING/REVIEW

SECTION 23.9.(a) The State Bureau of Investigation shall collaborate with the Criminal Justice Standards Division of the Department of Justice in administering of the Drug Abuse Resistance Education (DARE) program.

SECTION 23.9.(b) The Juvenile Justice Institute at North Carolina Central University shall review DARE and other drug education efforts in North Carolina to identify an effective model for drug education. The Juvenile Justice Institute shall report the results of its review to the Joint Legislative Education Oversight Committee, the Justice and Public Safety Subcommittee of the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ABOLISH OFFICE OF INSPECTOR GENERAL

SECTION 23.10. Effective January 1, 2002, Article 6 of Chapter 114 of the General Statutes, G.S. 114-40 through G.S. 114-42, is repealed.

PART XXIV. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

S.O.S. ADMINISTRATIVE COST LIMITS AND REPEAL CONFERENCE REQUIREMENT

SECTION 24.1.(a) Of the funds appropriated to the Department of Juvenile Justice and Delinquency Prevention in this act, not more than five hundred fifty thousand dollars ($550,000) for the 2001-2002 fiscal year and not more than five hundred fifty thousand dollars ($550,000) for the 2002-2003 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services.

SECTION 24.1.(b) G.S. 143B-152.3(1) is repealed.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

JUVENILE CRIME PREVENTION COUNCIL GRANT REPORTING, CERTIFICATION, AND FUNDING OF RESEARCH-BASED PROGRAMS

SECTION 24.2.(a) On or before May 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall submit to the Joint Legislative Commission on Governmental Operations and the Appropriations Committees of the Senate and House of Representatives a list of the recipients of the grants awarded, or preapproved for award, from funds appropriated to the Department for local Juvenile Crime Prevention Council grants. The list shall include for each recipient the amount of the grant awarded, the membership of the local committee or council administering the award funds on the local level, and a short description of the local services, programs, or projects that will receive funds. The list shall also identify any programs that received grant funds at one time but for which funding has been eliminated by the Department of Juvenile Justice and Delinquency Prevention. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly.

SECTION 24.2.(b) Each county in which local programs receive Juvenile Crime Prevention Council grant funds from the Department of Juvenile Justice and Delinquency Prevention shall certify annually through its local council to the Department that funds received are not used to duplicate or supplant other programs within the county.

SECTION 24.2.(c) The General Assembly recognizes the importance of evaluation and outcome measurements of the programs serving adjudicated juvenile offenders in order to ensure the cost-effective use of Juvenile Crime Prevention Council grant funds. The Department of Juvenile Justice and Delinquency Prevention shall establish and implement a system to collect and report on information and data regarding the expenditures and impact of the Juvenile Crime Prevention Council formula grant funds used by the individual counties to serve juveniles who have been adjudicated delinquent or who have been diverted for delinquent offenses.

The Department of Juvenile Justice and Delinquency Prevention, in consultation with the North Carolina Sentencing Commission, the Governor's Crime Commission, and the Juvenile Justice Institute, shall develop standards for measuring the effectiveness of programs that receive Juvenile Crime Prevention Council grant funds and that serve juveniles who have been adjudicated delinquent or who have been

diverted for delinquent offenses. The standards shall include methods for measuring success factors following intervention, including those factors that:

(1) Reduce the use of alcohol or controlled substances.
(2) Reduce subsequent complaints.
(3) Reduce violations of terms of community supervision.
(4) Reduce convictions for subsequent offenses.
(5) Fulfill restitution to victims.
(6) Increase parental accountability.

The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives, the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Fiscal Research Division no later than April 1, 2002, on the progress of the establishment of the system mandated by this section. The system shall be implemented no later than June 30, 2003.

After June 30, 2003, on or before April 1 each year, the Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Appropriations Committees of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the following:

(1) The number of diverted and adjudicated juveniles served.
(2) The specific methods used by the Juvenile Crime Prevention Councils to determine services, programs, and intervention strategies most likely to change behaviors of juvenile offenders.
(3) The total cost for each funded program, including the cost per juvenile and the essential elements of the program.
(4) An assessment of the extent to which programs funded by Juvenile Crime Prevention Council grants:
   a. Are compatible with research that shows prevention and early intervention strategies that are effective with juvenile offenders.
   b. Are outcome-based in that the grantee describes what outcomes will be achieved or what outcomes have already been achieved.
   c. Include an evaluation component.
   d. Have a demonstrable impact on success factors.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON CERTAIN PROGRAMS

SECTION 24.3.(a) Project Challenge North Carolina, Inc., shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by April 1 each year on the operation and the effectiveness of its program in providing alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined. The report shall include information on the source of referrals for juveniles, the types of offenses committed by juveniles participating in the program, the amount of time those juveniles spend in the program, the number of juveniles who successfully complete the program, and the number of juveniles who commit additional offenses after completing the program.

SECTION 24.3.(b) The Department of Juvenile Justice and Delinquency Prevention shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the effectiveness of the Juvenile Assessment Center by April 1 each year. The report on the Juvenile Assessment Center shall include information on the number of juveniles served and an evaluation of the effectiveness of juvenile assessment plans and services provided as a result of these plans.

SECTION 24.3.(c) Communities in Schools shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, and the Joint Legislative Education Oversight Committee by April 1 each year on the operation and the effectiveness of its program. The report shall include information on the number of children served, the number of volunteers used, the impact on the children who have received services from Communities in Schools, and the operating budget of Communities in Schools.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 24.4. Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2002 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the 2001-2002 fiscal year, the amount of funds anticipated for the 2002-2003 fiscal year, and the allocation of funds by program and purpose.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF COMMUNITY PROGRAMS

SECTION 24.5. The Department of Juvenile Justice and Delinquency Prevention shall conduct an evaluation of the Eckerd and Camp Woodson wilderness camp programs, the teen court programs, the program that grants funds to the local organizations of the Boys and Girls Clubs established pursuant to Section 21.10 of S.L. 1999-237, the Save Our Students program, the Governor's One-on-One Programs, and multipurpose group homes. The teen court report shall include statistical information on the number of juveniles served, the number and type of offenses considered by teen courts, referral sources for teen courts, and the number of juveniles that become court-involved after participation in teen courts. The report on the Boys and Girls Clubs program shall include information on:

(1) The expenditure of State appropriations on the program;
(2) The operations and the effectiveness of the program; and
(3) The number of juveniles served under the program.

In conducting the evaluation of each of these programs, the Department shall consider whether participation in each program results in a reduction of court involvement among juveniles. The Department shall also identify whether the programs are achieving the goals and objectives of the Juvenile Justice Act, S.L. 1998-202. The Department shall report the results of the evaluation to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the Subcommittees of Justice and Public Safety of the House of Representatives and Senate Appropriations Committees by March 1 of each year.

Requested by: Representatives Culpepper, Haire , Easterling, Oldham, Redwine, Thompson

CONTINUE CUMBERLAND JUVENILE ASSESSMENT CENTER

SECTION 24.7.(a) Section 18.21(b) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(b) The Administrative Office of the Courts, in collaboration with the Chief Court Counselor of District Court District 12, the Cumberland County Department of Social Services, and the appropriate local school administrative units, shall develop and implement a Juvenile Assessment Center Project in District Court District 12 to operate from the effective date of this ~~act to June 30, 1999.~~ act. The purpose of the Project is to facilitate efficient prevention and intervention service delivery to juveniles who are (i) alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk of becoming delinquent or undisciplined because they have behavioral problems and have committed delinquent acts even though they have not been taken into custody. The Project shall assist these juveniles by providing a centralized point of intake and assessment for the juveniles, by addressing the educational, emotional, and physical needs of the juveniles, and by providing juveniles with an atmosphere for learning personal responsibility, self-respect, and respect for others. The Administrative Office of the Courts shall consider the recommendations of the Juvenile Assessment Advisory Board in developing and implementing the Project."

SECTION 24.7.(b) Section 18.21(d) of S.L. 1997-443, as amended by Section 16.6 of S.L. 1998-212, reads as rewritten:

"(d) There is established the Juvenile Assessment Advisory Board to make recommendations to the Administrative Office of the Courts regarding the development and operations of the Project. The Board shall consist of 13 members, including:

(1) The director of the Department of Social Services of Cumberland County, or the director's designee.
(2) A representative from the local mental health area authority of Cumberland County.
(3) A member of the Cumberland County Board of Education.
(4) The sheriff of Cumberland County, or the sheriff's designee.
(5) The chief of police of the Fayetteville Police Department, or the designee of the chief of police.
(6) A judge of District Court District 12.
(7) A juvenile court counselor from District Court District 12.
(8) The director of the Guardian Ad Litem program in Cumberland County, or the director's designee.
(9) The director of the Health Department of Cumberland County, or the director's designee.
(10) Two public members appointed by the Fayetteville City Council.
(11) Two public members appointed by the Board of County Commissioners of Cumberland County.

The members of the Board shall, within 30 days after the initial appointment is made, meet and elect one member as chair. The Board shall meet at least once a month at the call of the ~~chair, and a quorum of the Board shall consist of a majority of its members.~~ chair. The Board of County Commissioners of Cumberland County shall provide necessary clerical and professional assistance to the Board.

~~Initial appointments shall be made by October 1, 1997, and all terms shall expire June 30, 1999.~~"

SECTION 24.7.(c) The Juvenile Assessment Center Project shall continue to do all of the following:

(1) Identify those juveniles who are alleged to be delinquent or undisciplined or who are at risk of becoming delinquent or undisciplined.
(2) Evaluate the educational, emotional, and physical needs of the juveniles identified and determine whether the juveniles have problems related to substance abuse, depression, or other emotional conditions.
(3) Develop a collaborative interagency information network that will speed appropriate law enforcement, juvenile court, and relevant intervention responses for referred youth and their families.
(4) Develop in-depth and comprehensive assessment plans for the juveniles identified that recommend appropriate treatment, counseling, and disposition of the juveniles.
(5) Provide services to juveniles identified and their families through collaboration with public and private resources, including local law enforcement, parents' organizations, the faith community, and county and community programs and organizations that provide substance abuse treatment and child and family counseling.
(6) Maintain individual case files and keep statistical information used to document services delivered and evaluate the progress of the program.

SECTION 24.7.(d) The Department of Juvenile Justice and Delinquency Prevention shall evaluate the Project and report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the General Assembly by October 1, 2002, on the operations of the Project. The report shall include recommendations on whether the Project should be continued and, if so, the extent to which it should be continued, why it should be continued, and the costs associated with continuing the Project. If the Department recommends the Project should not be continued, it shall provide the reasons for that recommendation.

SECTION 24.7.(e) Subsections (a), (b), and (e) of this section become effective June 29, 1999. The remainder of this section becomes effective July 1, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TEEN COURT GUIDELINES CODIFIED

SECTION 24.8. Article 12 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-520. Teen court programs.**

(a) All teen court programs administered by the Department of Juvenile Justice and Delinquency Prevention shall operate as community resources for the diversion of juveniles pursuant to G.S. 7B-1706(c). A juvenile diverted to a teen court program shall be tried by a jury of other juveniles, and, if the jury finds the juvenile has committed the delinquent act, the jury may assign the juvenile to a rehabilitative measure or sanction, including counseling, restitution, curfews, and community service.

Teen court programs may also operate as resources to the local school administrative units to handle problems that develop at school but that have not been turned over to the juvenile authorities.

(b) Teen court programs shall provide the Department of Juvenile Justice and Delinquency Prevention with annual reports on the expenditure of funds of each year and other relevant statistical data."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

YOUTH DEVELOPMENT CENTER PLANS

SECTION 24.9. Prior to closing any Youth Development Center or permanently closing individual housing units at any Center, the Department of Juvenile Justice and Delinquency Prevention shall develop a long-range plan for the operation of Youth Development Centers. The plan shall be presented to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives and the Chairs of the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee no later than March 1, 2002. The plan shall include:

(1) Information and data on the current operations of the Centers.
(2) Proposed or anticipated changes systemwide and at each Center in:
  a. Characteristics of the juvenile offender population.
  b. Education and other treatment programs.
  c. Custody and security.
  d. Staffing and management.
(3) Any long-range capital plans for the construction of new or replacement Centers, including the estimated cost and information on the type of housing proposed, whether dormitory, group rooms, or individual rooms.
(4) Any plans for the closing, renovation, expansion, or demolition of housing units at the current Centers as well as any proposed new housing units at these Centers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER FUNDS AND POSITIONS TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 24.10.(a) Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2001-2003 biennium, the sum of two hundred forty-eight thousand four hundred thirty-five dollars ($248,435) is transferred to the Department of Health and Human Services. Six police officer positions are transferred from the Department of Juvenile Justice and Delinquency Prevention to the Department of Health and Human Services. The funds and positions transferred pursuant to this section shall be used to provide security at the Black Mountain Center and at the Julian F. Keith Alcohol and Drug Abuse Treatment Center.

SECTION 24.10.(b) Section 37 of Chapter 24 of the Session Laws, 1994 Extra Session, is repealed.

PART XXV. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

EARNED TIME CREDIT FOR MEDICALLY AND PHYSICALLY UNFIT INMATES

SECTION 25.1.(a) G.S. 15A-1355 is amended by adding a new subsection to read:

"(d) Earned Time Credit for Medically and Physically Unfit Inmates. – Inmates in the custody of the Department of Correction who suffer from medical conditions or physical disabilities that prevent their assignment to work release or other rehabilitative activities may, consistent with rules of the Department of Correction, earn credit based upon good behavior or other criteria determined by the Department that may be used to reduce their maximum term of imprisonment as provided in G.S. 15A-1340.13(d) for felony sentences and in G.S. 15A-1340.20(d) for misdemeanor sentences."

SECTION 25.1.(b) This section is effective when it becomes law and applies to inmates serving sentences on or after that date.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT REPORTING

SECTION 25.2. The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, the Judicial Department, and the Department of Juvenile Justice and Delinquency Prevention shall report by May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LIMIT USE OF OPERATIONAL FUNDS

SECTION 25.3. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 120 days of projected completion, except for certain management, security, and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

SECTION 25.4. The Department of Correction may use funds appropriated to the Department for the 2001-2002 fiscal year to pay the sum of forty dollars ($40.00) per day as reimbursement to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF CLOSED PRISON FACILITIES

SECTION 25.5. In conjunction with the closing of prison facilities, including small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from medium security to minimum security, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The Department of Correction shall also provide annual summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

INMATE COSTS/MEDICAL BUDGET FOR PRESCRIPTION DRUGS

SECTION 25.6.(a) If the cost of providing food and health care to inmates housed in the Division of Prisons is anticipated to exceed the continuation budget amounts provided for that purpose in this act, the Department of Correction shall report the reasons for the anticipated cost increase and the source of funds the Department intends to use to cover those additional needs to the Joint Legislative Commission on Governmental Operations, the Chairs of the House of Representatives and Senate Appropriations Committees, and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety.

SECTION 25.6.(b) Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the 2001-2002 fiscal year for the purchase of prescription drugs for inmates if expenditures are projected to exceed the Department's inmate medical continuation budget for prescription drugs. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

The Department of Administration, Purchase and Contract Division, and the Department of Correction shall review the current statewide contract for purchase of prescription drugs as it applies to the Department of Correction's purchases for inmates to determine if the Department is receiving the lowest rate available and to determine whether the Department should be authorized to issue a request for proposals for a separate vendor or purchasing consortium for the provision of prescription drugs for inmates. The Departments shall report on their findings to the Joint Legislative Commission on Governmental Operations by February 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT MATCHING FUNDS

SECTION 25.7. Notwithstanding the provisions of G.S. 148-2, the Department of Correction may use up to the sum of nine hundred thousand dollars ($900,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STRUCTURED SENTENCING STUDY

SECTION 25.8.(a) In exercising its statutory responsibility under Article 4 of Chapter 164 of the General Statutes to monitor and review the criminal justice and corrections system, the North Carolina Sentencing and Policy Advisory Commission shall study and review the State's sentencing laws. Areas of review may include the classification of offenses and offenders, the relationship of the sentence and the sentence length to the offense, and the sentence dispositions available to judges. The Commission shall also analyze the parole-eligible population in terms of offense committed, sentence, and time served in comparison to structured sentencing inmates. The Commission's recommendations should balance the need to ensure that sentencing laws appropriately penalize offenders for the nature and degree of harm caused by the offense with the need to consider the potential impact on correctional resources of the growth in the prison population. These recommendations shall be consistent with the purposes of sentencing as stated in G.S. 15A-1340.12.

SECTION 25.8.(b) The North Carolina Sentencing and Policy Advisory Commission shall report its findings to the 2001 General Assembly no later than the convening of the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ENERGY FOR COMMITTED OFFENDERS/CONTRACT AND REPORT

SECTION 25.10. The Department of Correction may continue to contract with Energy for Committed Offenders, Inc., for the purchase of prison beds for minimum security female inmates during the 2001-2003 biennium. Energy for Committed Offenders, Inc., shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Correction. Energy for Committed Offenders, Inc., shall also provide information on the rearrest rate and the return-to-prison rate for inmates participating in the program who are paroled or released from prison.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MEDIUM CUSTODY ROAD CREW COMPENSATION

SECTION 25.11.(a) Of funds appropriated to the Department of Transportation by this act, the sum of ten million dollars ($10,000,000) per year shall be transferred by the Department to the Department of Correction during the 2001-2003

biennium for the actual costs of highway-related labor performed by medium-custody prisoners, as authorized by G.S. 148-26.5. This transfer shall be made quarterly in the amount of two million five hundred thousand dollars ($2,500,000). The Department of Transportation may use funds appropriated by this act to pay an additional amount exceeding the ten million dollars ($10,000,000), but those payments shall be subject to negotiations among the Department of Transportation, the Department of Correction, and the Office of State Budget and Management prior to payment by the Department of Transportation.

SECTION 25.11.(b) The Department of Transportation shall transfer to the Department of Correction the sum of one million eight hundred eleven thousand six hundred twenty-eight dollars ($1,811,628) between July 1 and August 31, 2001, in order to fully comply with subsection (a) of Section 27.21 of S.L. 1999-237, which directed the Department of Transportation to provide reimbursement during the 1999-2001 biennium for highway-related labor performed by medium-custody prisoners.

SECTION 25.11.(c) Subsection (b) of Section 27.21 of S.L. 1999-237 is repealed.

SECTION 25.11.(d) The Department of Transportation and the Department of Correction shall report to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Joint Legislative Transportation Oversight Committee by March 1, 2002, on road squad activity and the implementation of the provisions of this section.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REDUCE SUMMIT HOUSE APPROPRIATION

SECTION 25.14.(a) The General Fund appropriation to the Department of Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine thousand six hundred fifty dollars ($139,650) for each year of the 2001-2003 biennium. This ten percent (10%) reduction in funding shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites.

SECTION 25.14.(b) The Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee and the Fiscal Research Division shall review the organizational structure and expenditures of Summit House, Inc., prior to the convening of the 2002 Regular Session of the 2001 General Assembly to identify potential modifications that would provide for more efficient operation of the program in future fiscal years.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP FORMULA/UNEXPENDED BALANCE REVERSION

SECTION 25.16.(a) G.S. 143B-273.15 reads as rewritten:

"**§ 143B-273.15. Funding formula.**

To determine the grant amount for which a county or counties may apply, the granting authority shall apply the following formula:

~~(1) Twenty percent (20%) of the total fiscal year appropriation plus any unspent or unclaimed funds in the Account shall be distributed in the discretion of the Secretary to encourage innovative efforts to develop multicounty projects; to encourage cooperation and collaboration among existing services and avoid duplication of efforts; to provide for technical assistance to the counties in the development of county plans and in the evaluation of programs funded under this Article; to~~

~~encourage the renovation of existing facilities; and to encourage innovative substance abuse programs.~~

~~(2)~~ ~~Of the remaining eighty percent (80%) of the fiscal year appropriation, a total funding amount will be set for each county based upon the following variables:~~

~~a.~~ (1) Twenty percent (20%) based on a fixed equal dollar amount for each county;

~~b.~~ (2) Sixty percent (60%) based on the county share of the State population; and

~~c.~~ (3) Twenty percent (20%) based on the supervised probation admissions rate for the county.

The sum of the amounts in ~~sub-subdivisions a., b., and c.~~ subdivisions (1), (2), and (3) is the total amount of the funding that a county may apply for under this subsection.

Grants to participating counties are for a period of one fiscal year with unobligated funds being returned to the Account at the end of the grant period. Funds are provided to participating counties on a reimbursement basis unless a county documents a need for an advance of grant funds."

SECTION 25.16.(b) Notwithstanding the provisions of G.S. 143B-273.5, the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2002, and the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2003.

SECTION 25.16.(c) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of Correction determines that the county has a demonstrated need and a fully developed plan for each type of sanction.

SECTION 25.16.(d) The Department of Correction shall report by February 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Committees, the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the status of the Criminal Justice Partnership Program. The report shall include the following information:

(1) The amount of funds carried over from the prior fiscal year;

(2) The dollar amount and purpose of grants awarded to counties as discretionary grants for current fiscal year;

(3) Any counties the Department anticipates will submit requests for new implementation grants;

(4) An update on efforts to ensure that all counties make use of the electronic reporting system, including the number of counties submitting offender participation data via the system;

(5) An analysis of offender participation data received, including data on each program's utilization and capacity; and

(6) An analysis of comparable programs, prepared by the Research and Planning Division of the Department of Correction, and a summary of the reports prepared by county Criminal Justice Partnerships Advisory Boards.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

POST-RELEASE SUPERVISION AND PAROLE COMMISSION /REPORT ON STAFFING REORGANIZATION AND REDUCTION

SECTION 25.17. The Post-Release Supervision and Parole Commission shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on an updated transition plan for implementing staff reductions through the 2002-2003 fiscal year, including a minimum ten percent (10%) reduction in staff positions in the 2002-2003 fiscal year over the 2001-2002 fiscal year.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORTS ON NONPROFIT PROGRAMS

SECTION 25.18.(a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property. Harriet's House shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

SECTION 25.18.(b) Summit House shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House, Inc.

SECTION 25.18.(c) Women at Risk shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

SECTION 25.18.(d) The John Hyman Foundation shall report by February 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

SECTION 25.19.(a) Article 1 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"**§ 148-19.1. Exemption from licensure and certificate of need.**

(a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction shall be exempt from licensure by the Department of Health and Human Services under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, the portion of the facility that serves inmates shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Health and Human Services pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility

or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need."

SECTION 25.19.(b) G.S. 122C-22(a) reads as rewritten:

"(a) The following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

(1) Physicians and psychologists engaged in private office practice;

(2) General hospitals licensed under Article 5 of Chapter 131E of the General Statutes, that operate special units for the mentally ill, developmentally disabled, or substance abusers;

(3) State and federally operated facilities;

(4) Adult care homes licensed under Chapter 131D of the General Statutes;

(5) Developmental child care centers licensed under Article 7 of Chapter 110 of the General Statutes;

(6) Persons subject to licensure under rules of the Social Services Commission;

(7) Persons subject to rules and regulations of the Division of Vocational Rehabilitation Services; ~~and~~

(8) Facilities that provide occasional respite care for not more than two individuals at a time; provided that the primary purpose of the facility is other than as defined in ~~G.S. 122C-3(14).~~ G.S. 122C-3(14);

(9) Twenty-four-hour nonprofit facilities established for the purposes of shelter care and recovery from alcohol or other drug addiction through a 12-step, self-help, peer role modeling, and self-governance ~~approach.~~ approach; and

(10) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction, as described in G.S. 148-19.1."

SECTION 25.19.(c) G.S. 131E-184 is amended by adding a new section to read:

"(d) The Department shall exempt from certificate of need persons contracting to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction, as described in G.S. 148-19.1."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON PROBATION AND PAROLE CASELOADS

SECTION 25.20. The Department of Correction shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on caseload averages for probation and parole officers. The report shall include:

(1) Data on current caseload averages for Probation Parole Officer I, Probation Parole Officer II, and Probation Parole Officer III positions;

(2) An analysis of the optimal caseloads for these officer classifications; and

(3) An assessment of the role of surveillance officers.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON INMATES ELIGIBLE FOR PAROLE

SECTION 25.21. The Post-Release Supervision and Parole Commission shall provide quarterly reports to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates eligible for parole. These reports shall include at least the following:

(1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates that were parole-eligible during the previous quarter and the total number of those inmates that were paroled. The report should group these inmates by offense type and custody classification;

(2) A list of all those inmates paroled or released by category of parole or release, including each inmate's offense and custody classification at the time of the parole or release;

(3) The average time served, by offense class, of Fair Sentencing and Pre-Fair Sentencing inmates compared to inmates sentenced under Structured Sentencing;

(4) The projected number of parole-eligible inmates to be paroled or released by the end of the 2001-2002 fiscal year and by the end of the 2002-2003 fiscal year.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

IMPACT PROGRAM

SECTION 25.22.(a) Of the funds appropriated to the Department of Correction for the 2001-2003 biennium, the sum of four million eight hundred sixty-six thousand seven hundred fifty-nine dollars ($4,866,759) for the 2001-2002 fiscal year and the sum of four million five hundred thousand nine hundred fifty-five dollars ($4,500,955) for the 2002-2003 fiscal year shall be used for residential programs for probationers, including the IMPACT boot camp program. The Department of Correction shall maintain a residential program with a community work component for male offenders in both Hoffman and Morganton.

SECTION 25.22.(b) The Department of Correction shall report to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety and to the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by October 1, 2001, on plans to implement the reduction in funding for the IMPACT program and any proposed modifications in the program capacity or content. The report shall include revised capacity, positions to be eliminated, revised staffing allocation, intended level of community service work, uses of any vacated space, and proposed changes in the program for the 2001-2003 biennium. The Department may also include any recommendations for additional residential programs for offenders on probation that could be implemented within current funding.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CHARGES FOR INMATE HEALTH CARE

SECTION 25.23.(a) Hospital facilities operated by constituent institutions of The University of North Carolina providing health care services to inmates in the custody of the Department of Correction shall charge the Department for those services during the 2001-2002 fiscal year no more than:

(1) The rate of $1,633 per day per inmate for treatment other than for burns, trauma, and transplants; and

(2) The rates at which the Department was charged during the 2000-2001 fiscal year for treatment of burns, trauma, and transplants.

SECTION 25.23.(b) The Department of Correction, in consultation with the Fiscal Research Division, shall study the rates charged by State and county hospitals for providing health care to inmates in the custody of the Department and determine methods of controlling the rate at which the Department is charged for those services in the future. The Department shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee by April 1, 2002.

Requested by: Representatives Culpepper, Haire, Thompson, Easterling, Oldham, Redwine

SITES FOR CLOSE SECURITY PRISONS

SECTION 25.24. The Council of State has approved the recommendation of the Department of Administration and the Department of Correction for the construction of two new close-custody correctional facilities to be lease-purchased by the State. In response to that approval, the Department of Administration shall select Alexander and Scotland Counties as the sites for those correctional facilities.

PART XXVI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ANNUAL EVALUATION OF THE TARHEEL CHALLENGE PROGRAM

SECTION 26.2. The Department of Crime Control and Public Safety shall report to the Chairs of the House of Representatives and Senate Appropriations Committees and the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 1 of each year on the operations and effectiveness of the National Guard Tarheel Challenge Program. The report should evaluate the program's effectiveness as an intervention method for preventing juveniles from becoming undisciplined or delinquent. The report shall also evaluate the Program's role in improving individual skills and employment potential for participants and shall include:

(1) The source of referrals for individuals participating in the Program;
(2) The summary of types of actions or offenses committed by the participants of the Program;
(3) An analysis outlining the cost of providing services for each participant, including a breakdown of all expenditures related to the administration and operation of the Program and the education and treatment of the Program participants;
(4) The number of individuals who successfully complete the Program; and
(5) The number of participants who commit offenses after completing the Program.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

SECTION 26.3.(a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that the State application for Drug Law Enforcement Grants is subject to review by the State legislature or its designated body. Therefore, the Governor's Crime Commission of the Department of Crime Control and Public Safety

shall report on the State application for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety when the General Assembly is in session. When the General Assembly is not in session, the Governor's Crime Commission shall report on the State application to the Joint Legislative Commission on Governmental Operations.

SECTION 26.3.(b) Unless a State statute provides a different forum for review, when a federal law or regulation provides that an individual State application for a grant shall be reviewed by the State legislature or its designated body and at the time of the review the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

VICTIMS ASSISTANCE NETWORK REPORT

SECTION 26.4. The Department of Crime Control and Public Safety shall report on the expenditure of funds allocated pursuant to this section for the Victims Assistance Network. The Department shall also report on the Network's efforts to gather data on crime victims and their needs, act as a clearinghouse for crime victims' services, provide an automated crime victims' bulletin board for subscribers, coordinate and support activities of other crime victims' advocacy groups, identify the training needs of crime victims' services providers and criminal justice personnel, and coordinate training for these personnel. The Department shall submit its report to the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives by December 1 of each year of the biennium.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REVISE REPORT ON CRIME VICTIMS COMPENSATION FUND

SECTION 26.5. G.S. 15B-21 reads as rewritten:

"**§ 15B-21. Annual report.**

The Commission shall, by March 15 each year, prepare and transmit to the Governor and the General Assembly a report of its activities in the prior fiscal year and the current fiscal year to date. The report shall include:

(1) The number of claims filed;
(2) The number of awards made;
(2a) The number of pending cases by year received;
(3) The amount of each award;
(4) A statistical summary of claims denied and awards made;
(5) The administrative costs of the Commission, including the compensation of commissioners;
(6) The current unencumbered balance of the North Carolina Crime Victims Compensation Fund;
(7) The amount of funds carried over from the prior fiscal year;
(8) The amount of funds received in the prior fiscal year from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.; and
(9) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from the Department of Correction and from the

compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.

The Attorney General and State Auditor shall assist the Commission in the preparation of the report required by this section."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

BOXING COMMISSION REPORTS/FUNDS DO NOT REVERT

SECTION 26.7A.(a) If Article 68 of Chapter 143 of the General Statutes is recodified as Chapter 85D of the General Statutes by Section 7 of House Bill 232, 2001 Session, then Chapter 85D of the General Statutes is amended by adding a new section to read:

"**§ 85D-12. Commission report.**

The North Carolina State Boxing Commission shall report by April 1 of each year to Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the operations and budget of the Commission. The report shall include information and data on the number of events regulated that year, the number of persons licensed by the Commission, any civil or criminal sanctions or injunctions issued, and the revenues and expenditures of the Commission."

SECTION 26.7A.(b) All receipts collected by the North Carolina State Boxing Commission during the 2000-2001 fiscal year shall not revert, but shall remain available to the Commission.

SECTION 26.7A.(c) Subsection (a) of this section becomes effective January 1, 2002. The remainder of this section becomes effective June 30, 2001.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TRANSFER COMMUNITY SERVICE WORK PROGRAM AND TERMINATE VACANT POSITIONS

SECTION 26.9. The Secretary of the Department of Crime Control and Public Safety and the Secretary of the Department of Correction shall collaborate to develop a plan of reorganization in which the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety is merged with the Division of Community Corrections of the Department of Correction. The merger of the Community Service Work Program with the Department of Crime Control and Public Safety and the Department of Correction shall be effective January 1, 2002, and shall have all the elements of a Type I transfer, as defined in G.S. 143A-6. All (i) statutory authority, powers, duties, and functions, including rule making, budgeting, and purchasing, (ii) records, (iii) personnel, personnel positions, and salaries, (iv) property, and (v) unexpended balances of appropriations, allocations, reserves, support costs, and other funds of the Community Service Work Program of the Division of Victims and Justice Services of the Department of Crime Control and Public Safety shall be transferred to and vested in the Department of Correction.

As part of the plan of reorganization, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall identify 25 vacant positions to terminate no later than January 1, 2002. The positions shall be identified from the four regional managers and the 21 district managers in the area of community service work and the judicial district managers and judicial division managers in the area of probation and parole. In addition to the 25 vacant positions to terminate no later than January 1, 2002, the positions of Director of Victims and Justice Services and administrative assistant shall cease to exist after January 1, 2002.

On or before October 1, 2001, the Secretary of Crime Control and Public Safety and the Secretary of Correction shall report the plan of reorganization, including the specific vacant positions to terminate, to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TERMINATION OF CERTAIN ALE POSITIONS

SECTION 26.10. Of the 10 remaining supervisor positions and the 12 assistant supervisor positions in the district offices of the Alcohol Law Enforcement Division of the Department of Crime Control and Public Safety, four positions shall terminate no later than June 30, 2002. The Department of Crime Control and Public Safety shall identify the positions that will terminate pursuant to this section and shall report to the Chairs of the Senate and House of Representatives Appropriations Committees, the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly by May 1, 2002, on the positions identified by the Department pursuant to this section.

PART XXVII. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

REPEAL BOND RETIREMENT TRANSFER FROM HIGHWAY FUND TO HIGHWAY TRUST FUND

SECTION 27.1. G.S. 136-176(a)(4) and G.S. 136-183 are repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS AUTHORIZED

SECTION 27.2.(a) Chapter 136 of the General Statutes is amended by adding a new section to read:

"**§ 136-28.11. Design-build construction of transportation projects.**

Notwithstanding any other provision of law, the Board of Transportation may award up to three contracts annually for construction of transportation projects on a design-build basis. These contracts may be awarded after a determination by the Department of Transportation that delivery of the projects must be expedited and that it is not in the public interest to comply with normal design and construction contracting procedures. Prior to the award of a design-build contract, the Secretary of Transportation shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative Commission on Governmental Operations on the nature and scope of the project and the reasons an award on a design-build basis will best serve the public interest."

SECTION 27.2.(b) The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on September 1, December 1, and March 1 of each year on the status of all design-build projects.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

SMALL URBAN AND CONTINGENCY FUNDS

SECTION 27.3. Of the funds appropriated in this act to the Department of Transportation:

(1) $14,000,000 shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits.

(2) $12,000,000 in fiscal year 2001-2002 and $10,000,000 in fiscal year 2002-2003 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 27.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	$1,334.6 million
FY 2004-2005	$1,369.8 million
FY 2005-2006	$1,406.1 million
FY 2006-2007	$1,445.5 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	$1,127.6 million
FY 2004-2005	$1,176.5 million
FY 2005-2006	$1,226.8 million
FY 2006-2007	$1,278.4 million

SECTION 27.4.(b) Section 25 of S.L. 2000-67 is repealed.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

WESTERN NORTH CAROLINA AMTRAK THRUWAY BUS SERVICE OPERATIONS AND STATION RIGHT-OF-WAY ACQUISITION FUNDS

SECTION 27.5. Of the funds appropriated in this act for passenger rail service in Western North Carolina, the Department of Transportation may use these funds for the following purposes:

(1) Up to two hundred thousand dollars ($200,000) during the 2001-2002 fiscal year may be used to contract with Amtrak to provide thruway bus service for Western North Carolina. These funds may only be used for operations and may not be used for the purchase of equipment or for making infrastructure improvements.

(2) Up to three hundred twenty thousand dollars ($320,000) during the 2001-2002 fiscal year may be used to acquire right-of-way for stations in the Town of Valdese and the City of Asheville.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by March 15, 2002, on the status of negotiations with the Norfolk Southern Corporation on needed track improvements and on the status of negotiations with local governments on local financial participation to provide passenger rail service to Western North Carolina.

Five hundred twenty thousand dollars ($520,000) of the remaining unencumbered funds appropriated for the 1998-99 fiscal year for Western North Carolina rail service shall revert.

Requested by: Representative Nesbitt

DEPARTMENT OF TRANSPORTATION TO NEGOTIATE ON WESTERN NORTH CAROLINA RAIL SERVICE

SECTION 27.5A. The Department of Transportation shall negotiate with the Norfolk Southern Corporation on use of the tracks to provide Western North Carolina rail service. The Department may use the Reserve for Western North Carolina Rail Service for track improvements necessary to implement rail service to Western North Carolina. The Department shall report every six months, beginning on January 1, 2002, to the Joint Legislative Commission on Governmental Operations on the progress of the negotiations with the Norfolk Southern Corporation and the track improvements in Western North Carolina and shall report, annually, to the General Assembly on these matters.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

HIGHWAY TRUST FUND STUDY COMMITTEE

SECTION 27.6.(a) Study Committee Established. – There is established a Highway Trust Fund Study Committee to report to the Joint Legislative Transportation Oversight Committee.

SECTION 27.6.(b) Membership. – The Study Committee shall be composed of 16 members as follows:

(1) The Chairs of the Joint Legislative Transportation Oversight Committee.

(2) Four Representatives and three public members appointed by the Speaker of the House of Representatives.

(3) Four Senators and three public members appointed by the President Pro Tempore of the Senate.

The appointing authorities shall make each of their seven appointments from a different Distribution Region, as defined in G.S. 136-17.2A(a), and their appointments shall reflect the urban-rural diversity of the population of the State.

SECTION 27.6.(c) Duties of the Study Committee. – The Committee may study all aspects of the Highway Trust Fund. The study shall include the examination of all the following:

(1) The current status, cost estimates, and feasibility of Highway Trust Fund projects currently listed in Article 14 of Chapter 136 of the General Statutes.

(2) Unanticipated problems with the structure of the Highway Trust Fund.

(3) The gap between transportation funding structures and the actual transportation needs of the State.

(4) Allocation issues raised by the structure of the transportation funding equity distribution formula in G.S. 136-17.2A.

(5) The feasibility of altering the project eligibility requirements of the Highway Trust Fund.
(6) The feasibility of altering the funding allocation structure of the Highway Trust Fund.
(7) Any other issue related to the Highway Trust Fund or transportation funding.

SECTION 27.6.(d) Vacancies. – The appointing authority shall fill any vacancy on the Study Committee.

SECTION 27.6.(e) Cochairs. – Cochairs of the Study Committee shall be the cochairs of the Joint Legislative Transportation Oversight Committee. The Study Committee shall meet upon the call of the Chairs. A quorum of the Study Committee shall be eight members.

SECTION 27.6.(f) Expenses of Members. – Members of the Study Committee shall receive per diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-6, as appropriate.

SECTION 27.6.(g) Staff. – The Legislative Services Office shall assign professional and clerical staff to the assist the Study Committee in its work.

SECTION 27.6.(h) Consultants. – The Study Committee may hire consultants to examine specific issues and subjects related to the study, in accordance with G.S. 120-32.02.

SECTION 27.6.(i) Meetings During Legislative Session. – The Study Committee may meet during a regular or extra session of the General Assembly, subject to approval of the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

SECTION 27.6.(j) Meeting Location. – The Study Committee may meet at various locations around the State in order to promote greater public participation in its deliberations. The Legislative Services Commission shall grant adequate meeting space to the Study Committee in the State Legislative Building or the Legislative Office Building.

SECTION 27.6.(k) Report. – The report of the study shall be made to the Joint Legislative Transportation Oversight Committee no later than April 1, 2002. Upon the filing of its final report, the Study Committee shall terminate.

SECTION 27.6.(l) Funding. – The Study Committee shall be funded from funds available to the Joint Legislative Transportation Oversight Committee, in accordance with G.S. 120-70.52.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

CHARLOTTE DOWNTOWN INTERMODAL STATION

SECTION 27.7. The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee by February 15, 2002, on the status of the development of the downtown intermodal station in Charlotte. The report shall include (i) the total cost, projected schedule, and scope of the project, (ii) how the costs of the project will be met, including the shares of the costs borne by: the State of North Carolina, participating local governments, federal funds, the Norfolk Southern Corporation, private funding, and any other sources of funds, and (iii) identification of at least three parcels of land that could be purchased for the station.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DIVISION 3 HEADQUARTERS COMPLEX FUNDS

SECTION 27.8. The requirement in Section 27.14 of S.L. 1999-237 that the Highway Fund reimburse the Highway Trust Fund by June 30, 2004, for the capital

costs required to relocate the Division 3 headquarters complex in Wilmington, North Carolina, is rescinded.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ACCEPT ELECTRONIC BIDS

SECTION 27.9.(a) G.S. 136-28.1 is amended by adding a new subsection to read:

"(k) The Department of Transportation may accept bids under this section by electronic means and may issue rules governing the acceptance of these bids. For purposes of this subsection 'electronic means' is defined as means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities."

SECTION 27.9.(b) G.S. 136-28.1(a) reads as rewritten:

"(a) All contracts over eight hundred thousand dollars ($800,000) that the Department of Transportation may let for construction or repair necessary to carry out the provisions of this Chapter shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation.

Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions of work ordered by the ~~engineer~~ engineer, or significant changes in the character of the work. For those federal aid projects, the ~~The~~ Department of Transportation shall use ~~only~~ the contract provisions provided in the North Carolina Department of Transportation, Standard Specifications for Roads and Structures, January 1, 1984, except as each may be changed or provided for by rule adopted by the Board of Transportation in accordance with the Administrative Procedure Act."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION AUTHORIZED TO ESTABLISH AN ESCORT DRIVER CERTIFICATION PROGRAM/ISSUANCE OF INITIAL IDENTIFICATION CARDS, LEARNER'S PERMITS, AND DRIVERS LICENSES

SECTION 27.10.(a) G.S. 20-119 is amended by adding a new subsection to read:

"(f) The Department of Transportation shall issue rules to establish an escort driver training and certification program for escort vehicles accompanying oversize/overweight loads. Any driver operating a vehicle escorting an oversize/overweight load shall meet any training requirements and obtain certification under the rules issued pursuant to this subsection. These rules may provide for reciprocity with other states having similar escort certification programs. Certification credentials for the driver of an escort vehicle shall be carried in the vehicle and be readily available for inspection by law enforcement personnel."

SECTION 27.10.(b) G.S. 20-7(b1) reads as rewritten:

"(b1) Application. – To obtain a drivers license from the Division, a person must complete an application form provided by the Division, present at least two forms of identification approved by the Commissioner, be a resident of this State, and demonstrate his or her physical and mental ability to drive safely a motor vehicle included in the class of license for which the person has applied. The Division may copy

the identification presented or hold it for a brief period of time to verify its authenticity. To obtain an endorsement, a person must demonstrate his or her physical and mental ability to drive safely the type of motor vehicle for which the endorsement is required.

The application form must request all of the following information, and it must contain the disclosures concerning the request for an applicant's social security number required by section 7 of the federal Privacy Act of 1974, Pub. L. No. 93-579:

(1) The applicant's full name.
(2) The applicant's mailing address and residence address.
(3) A physical description of the applicant, including the applicant's sex, height, eye color, and hair color.
(4) The applicant's date of birth.
(5) The applicant's social security number. The Division shall not issue a license to an applicant who fails to provide the applicant's social security number.
(6) The applicant's signature.

All initially issued identification cards, learner's permits, or drivers licenses shall be mailed to the address supplied by the applicant on the application, by first-class mail, within 10 days of the application date. The Division shall issue to applicants temporary identification cards, learner's permits, or drivers licenses valid for 15 days.

The notice that the initial identification card, learner's permit, or drivers license will be mailed to a successful applicant at the address the applicant supplied shall be prominently displayed at the local Division office in English and in Spanish."

SECTION 27.10.(c) The Division may use funds available during the 2001-2002 fiscal year to pay any additional expenses resulting from the issuance of temporary initial identification cards, learner's permits, or drivers licenses and the subsequent mailing of those documents as required by subsection (b) of this section.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

TRANSFER RESPONSIBILITIES OF GOVERNOR'S HIGHWAY SAFETY PROGRAM TO THE OFFICE OF THE SECRETARY OF TRANSPORTATION.

SECTION 27.11.(a) G.S. 143B-360 reads as rewritten:

"**§ 143B-360. Powers and duties of Department and Secretary.**

The Department of Transportation is hereby empowered to contract ~~in~~ on behalf of the State with the government of the United States to the extent allowed by the laws of North Carolina for the purpose of securing the benefits available to this State under the Federal Highway Safety Act of 1966. To that end, the Secretary of Transportation shall coordinate, with the Governor's approval, the activities of any and all departments and agencies of the State and its subdivisions relating thereto.

All of the duties and responsibilities of the Governor's Highway Safety Program, established pursuant to this section, are transferred to the Office of the Secretary of Transportation."

SECTION 27.11.(b) This section becomes effective July 1, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DRIVERS LICENSE/MOTOR VEHICLE REGISTRATION SECTION CONSOLIDATION STUDY

SECTION 27.14. The Department of Transportation shall study the consolidation and integration of the functions of the Driver License Section and the Vehicle Registration Section of the Division of Motor Vehicles to provide more accessible, efficient, and cost-effective service to the public. The Department of

Transportation shall report the results of this study to the Joint Legislative Transportation Oversight Committee by March 1, 2002.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

APPROPRIATION TO THE DEPARTMENT OF TRANSPORTATION TO FUND AVIATION GRANTS

SECTION 27.15. Notwithstanding the provisions of G.S. 136-16.4 for determining the amount of continuing aviation appropriations, there is appropriated from the General Fund to the Department of Transportation the sum of seven million two hundred fifty thousand dollars ($7,250,000) for the 2001-2002 fiscal year to fund aviation grants.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DOT REGULATION OF THE TRANSIT OF MODULAR HOMES

SECTION 27.17.(a) G.S. 20-356 reads as rewritten:

"**§ 20-356. Definitions.**

"Person" as used in this Article shall mean an individual, corporation, partnership, association or any other business entity. The word "house" as used in this Article shall mean a dwelling, building, or other structure in excess of 14 feet in ~~width.~~ width; provided that neither mobile homes, nor modular homes or portions thereof, are within this definition when being transported from the manufacturer to the first set-up site. The word "Department" as used in this Article shall mean the North Carolina Department of Transportation."

SECTION 27.17.(b) G.S. 150B-21.1 is amended by adding a new subsection to read:

"(a8) Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules concerning the permitted height of mobile and modular homes. After having the proposed temporary rule published in the North Carolina Register and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall:

(1) Notify persons on its mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of its intent to adopt a temporary rule.

(2) Accept oral and written comments on the proposed temporary rule.

(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary must submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.17.(c) Subsection (b) of this section expires on June 30, 2003.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

AVIATION DIVISION STUDY THE TRANSFER OF THE GLOBAL TRANSPARK AIRPORT

SECTION 27.19. The Department of Transportation's Aviation Division shall study the transfer of the Global TransPark airport fixed assets and operations from the Global TransPark Authority to another appropriate entity. The Aviation Division

shall report the results of this study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE BOARD OF COMMUNITY COLLEGES TO STUDY TRANSFER OF GLOBAL TRANSPARK EDUCATION AND TRAINING CENTER

SECTION 27.20. The State Board of Community Colleges shall study the transfer of the Education and Training Center from the Global TransPark Authority to an appropriate public educational entity. The State Board of Community Colleges shall report the results of the study to the Joint Legislative Transportation Oversight Committee by December 15, 2001.

Requested by: Representatives Sutton, Easterling, Oldham, Redwine, Thompson

CONTRACT AGENT RATE INCREASE

SECTION 27.21. G.S. 20-63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration ~~certificates~~ certificates, and certificates of title issued by the Division, outside of those issued from the Raleigh offices of the ~~said~~ Division and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of ~~such~~ the plates and certificates in localities throughout North Carolina with persons, firms, corporations or governmental subdivisions of the State of North ~~Carolina and the~~ Carolina. The Division shall make a reasonable effort in every locality, except as ~~hereinbefore noted,~~ noted above, to enter into a commission contract for the issuance of ~~such~~ the plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission ~~contracts as hereinbefore set out~~ contracts, it shall ~~then~~ issue ~~said~~ the plates and certificates through the regular employees of the Division. Whenever registration plates, registration ~~certificates~~ certificates, and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of ~~such~~ the distribution. ~~Commission contracts entered under this subsection shall provide for the payment of compensation for all transactions as set forth below.~~ Nothing contained in this subsection will allow or permit the operation of fewer outlets in any county in this State than are now being operated.

Commission contracts entered into by the Division under this subsection shall provide for the payment of compensation on a per transaction basis. The collection of the highway use tax shall be considered a separate transaction for which one dollar and twenty-seven cents ($1.27) compensation shall be paid. The performance at the same time of one or more of the remaining transactions listed in this subsection shall be considered a single transaction for which one dollar and forty-three cents ($1.43) compensation shall be paid.

A transaction is any of the following activities:

(1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
(2) Issuance of a handicapped placard or handicapped identification card.
(3) Acceptance of an application for a personalized registration plate.
(4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
(5) Cancellation of a title because the vehicle has been junked.

(6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
(7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
(8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
(8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
(8b) Sale of one or more inspection stickers in a single transaction to a licensed inspection station.
(9) Collection of the highway use tax.
(10) Acceptance of a temporary lien filing.

~~Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8b) of this section is a single transaction for which a dollar and thirty-five cent ($1.35) compensation shall be paid. Performance of the item listed in subdivision (9) of this subsection in combination with any other items listed in this subsection is a separate transaction for which a one dollar and twenty cent ($1.20) compensation shall be paid.~~"

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

ISSUANCE OF TEMPORARY RULES GOVERNING MINIMUM CRITERIA TRANSPORTATION PROJECTS

SECTION 27.22.(a) G.S. 150B-21.1(a6) reads as rewritten:

"(a6) ~~Reserved for future codification purposes.~~ Notwithstanding the provisions of subsection (a) of this section, the Secretary of Transportation may adopt temporary rules pursuant to G.S. 113A-11(b) to establish a class of minimum criteria projects.

After having the proposed temporary rule published in the North Carolina Register, and at least 30 days prior to adopting a temporary rule pursuant to this subsection, the Secretary shall do all of the following:

(1) Notify persons on its mailing list, maintained pursuant to G.S. 150B-21.2(d), and any other interested parties, of his intent to adopt a temporary rule.
(2) Accept oral and written comments on the proposed temporary rule.
(3) Hold at least one public hearing on the proposed temporary rule.

When the Secretary adopts a temporary rule pursuant to this subsection, the Secretary shall submit a reference to this subsection as the Secretary's statement of need to the Codifier of Rules.

Notwithstanding any other provision of this Chapter, the Codifier of Rules shall publish in the North Carolina Register a proposed temporary rule received from the Secretary in accordance with this subsection."

SECTION 27.22.(b) Subsection (a) of this section expires on June 30, 2003.

Requested by: Representative Saunders

DEPARTMENT OF TRANSPORTATION PRODUCTIVITY PILOT PROGRAMS

SECTION 27.22A. The Department of Transportation may establish two pilot programs to test incentive pay for employees as a means for increasing efficiency and productivity.

One of the pilot programs shall involve the highway resurfacing program using road oil. Up to one-fourth of one percent (0.25%) of the budget allocation for this program may be used to provide employee incentive payments.

The other pilot project may be selected by the Department of Transportation, and up to twenty-five thousand dollars ($25,000) may be used from existing budgets for incentives.

Incentive payments shall be based on quantifiable measures and production schedules determined prior to the implementation of the pilot programs that shall last no more than two years.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee on the pilot programs at least 30 days prior to their implementation.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION CASH FLOW MANAGEMENT

SECTION 27.23.(a) The Department of Transportation is directed to reorganize its cash management procedures consistent with the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report.

The Department is directed to:

(1) Utilize cash flow financing to the maximum extent possible to fund highway construction projects, with the goal of reducing the combined average daily cash balance of the Highway Trust Fund and the Highway Fund to an amount equal to twelve percent (12%) of combined estimate of the yearly receipts of the Funds, exclusive of municipal aid funds.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financial report, establishment of appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Strengthen the project delivery process by reorganization of preconstruction functions in order to expedite project delivery and maximize use of cash flow financing of projects. The Department shall designate one person responsible for project delivery, develop project delivery reports, and continually assess which projects can be accelerated using cash flow financing.

(4) Report quarterly for a period of two years, beginning in September 2001, to the Joint Legislative Transportation Oversight Committee on its efforts to reorganize the cash management and project delivery process and the results of those efforts.

SECTION 27.23.(b) Article 6A of Chapter 147 of the General Statutes is amended by adding a new section to read:

"**§ 147-86.15. Cash Management of the Highway Fund and the Highway Trust Fund.**

The State Treasurer may combine the balances of the Highway Fund and the Highway Trust Fund for cash management purposes. The State Treasurer may make short term loans between the Funds to accomplish the purposes of this section."

SECTION 27.23.(c) The Department of Transportation and the State Treasurer are directed to jointly:

(1) Evaluate the recommendations of the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report concerning authorization for the State Treasurer to borrow funds on a short term basis in order to allow the Department of Transportation to maintain lower target cash balances and expedite highway construction projects;

(2) Develop recommendations concerning short term borrowing for cash management purposes, including any needed legislation; and

(3) Submit findings and recommendations to the Joint Legislative Transportation Oversight Committee by February 1, 2002.

SECTION 27.23.(d) G.S. 136-176 is amended by adding a new subsection to read:

"(a1) The Department may use two hundred million dollars ($200,000,000) in fiscal year 2001-2002 and one hundred fifty million dollars ($150,000,000) in each fiscal year 2002-2003 and 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

(1) For primary route pavement preservation. – One hundred seventy million dollars ($170,000,000) in fiscal year 2001-2002, and one hundred twenty million ($120,000,000) in each of the fiscal years 2002-2003 and 2003-2004.

(2) For preliminary engineering costs not included in the current year Transportation Improvement Plan. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004.

(3) For computerized traffic signal systems and signal optimization projects. – Fifteen million dollars ($15,000,000) in each of the fiscal years 2001-2002, 2002-2003, and 2003-2004."

SECTION 27.23.(e) G.S. 136-176 is amended by adding a new subsection to read:

"(a2) The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the Highway Trust Fund cash balances for these purposes will not adversely affect the delivery schedule of Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE TIRE RETREADING CONTRACT

SECTION 27.24. The Purchase and Contract Division of the Department of Administration shall take steps to insure that the bid process for the State contract for tire retreading is fair and open and that it complies with State purchasing laws.

Before soliciting bids, the Purchase and Contract Division shall:

(1) Research technologies for tire retreading and tire retread testing to determine which technologies are most consistent with State needs and safety requirements.

(2) Circulate proposed specifications for the retread tire contract to tire retread vendors, tire retreading industry associations, and State users of retread tires.

(3) Solicit comments and feedback from the entities listed in subdivision (2) of this section.

(4) Provide a copy of the final specifications for the retread tire contract to the Joint Legislative Transportation Oversight Committee at least six weeks prior to soliciting bids.

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

STATE HIGHWAY PATROL TO REPORT TO LEGISLATIVE OVERSIGHT COMMITTEES ON BUDGETARY MATTERS

SECTION 27.25. The State Highway Patrol shall report to the Joint Legislative Transportation Oversight Committee and to the Joint Legislative

Corrections, Crime Control, and Juvenile Justice Oversight Committee on its revenues, expenditures, and other budget related matters. These financial reports shall be made in writing to the cochairs of the oversight committees and to the Fiscal Research Division by November 15, February 15, May 15, and August 15 of each year to be taken up, if necessary, at the next meetings of the oversight committees following those dates.

Requested by: Representatives Cole, J. Crawford, Bowie, Nesbitt, Easterling, Oldham, Redwine, Thompson

LEGISLATIVE RESEARCH COMMISSION TO STUDY NONBETTERMENT UTILITY RELOCATION COSTS IN HIGHWAY CONSTRUCTION

SECTION 27.26. The Legislative Research Commission may study the issue of nonbetterment utility relocation costs. As a part of its study, the LRC shall consider all of the following:

(1) The current statutory procedure for allocation of relocation costs, found in G.S. 136-27.1.

(2) The current population ceiling of 5,500 for municipalities to receive utility relocation assistance from the Department of Transportation, and the appropriateness of this ceiling.

(3) The history of exceptions to the general policy on the nonpayment by the Department of Transportation for nonbetterment utility relocation costs and the rationales for these exceptions.

(4) The development of a rational and equitable policy for the payment for nonbetterment utility relocation costs.

(5) Any other issue related to nonbetterment utility relocation costs.

Requested by: Representatives Cole, J. Crawford, Bowie, Redwine, Easterling, Oldham, Thompson

DEPARTMENT OF TRANSPORTATION TO EVALUATE THE LOCATIONS OF PROPOSED PUBLIC AND PRIVATE SCHOOLS TO ENHANCE TRAFFIC OPERATIONS AND SAFETY

SECTION 27.27. G.S. 136-18 reads as rewritten:

"**§ 136-18. Powers of Department of Transportation.**

The said Department of Transportation shall be vested with the following powers:

...

(29a) To coordinate with all public and private entities planning schools to provide written recommendations and evaluations of driveway access and traffic operational and safety impacts on the State highway system resulting from the development of the proposed sites. All public and private entities shall, upon acquiring land for a new school or prior to beginning construction of a new school, relocating a school, or expanding an existing school, coordinate with the Department to obtain a written evaluation and written recommendations to ensure that all proposed access points comply with the criteria in the current North Carolina Department of Transportation 'Policy on Street and Driveway Access'. The Department shall provide the written evaluation and recommendations within a reasonable time, which shall not exceed 60 days. This subdivision shall not be construed to require the public or private entities planning schools to meet the recommendations made by the Department."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

REGIONAL PUBLIC TRANSPORTATION AUTHORITY CAPITAL RESERVE FUND ACCUMULATION

SECTION 27.28. G.S. 160A-613 is amended by adding a new subsection to read:

"(c) Notwithstanding any provision of G.S. 159-18, the Board of Trustees may accumulate moneys from any source authorized by this Article or by Article 50 of Chapter 105 of the General Statutes in a capital reserve fund for any authorized purpose of the Authority. Notwithstanding any provision of G.S. 159-19 or G.S. 159-22, the Board of Trustees may, by amendment to the resolution establishing a capital reserve fund, withdraw moneys accumulated in a fund for noncapital purposes if the capital outlay purpose for which the fund was created is no longer viable, as determined by a majority of the Board of Trustees. Except as otherwise provided in this subsection, the provisions of Part 2 of Article 3 of Chapter 159 of the General Statutes shall control the establishment of capital reserve funds by the Authority."

Requested by: Representatives Cole, J. Crawford, Bowie, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA RAILROAD FUNDS

SECTION 27.29.(a) Of funds appropriated to the Department of Transportation Public Transportation Division for new start projects for fiscal year 2001-2002, up to one million dollars ($1,000,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

SECTION 27.29.(b) Of funds appropriated to the Department of Transportation Rail Division for fiscal year 2001-2002, up to five million three hundred thousand dollars ($5,300,000) shall be used by the Department for projects designated by the North Carolina Railroad Board of Directors.

PART XXVIII. PUBLIC SCHOOLS

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LITIGATION RESERVE FUNDS DO NOT REVERT

SECTION 28.1.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July 1, 2001, but shall remain available for expenditure until June 30, 2002.

SECTION 28.1.(b) Subsection (a) of this section becomes effective June 30, 2001.

SECTION 28.1.(c) The State Board of Education may expend up to five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHILDREN WITH DISABILITIES

SECTION 28.2. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand six hundred sixty-two dollars and eighty-seven cents ($2,662.87) per child for a maximum of 158,825 children for the 2001-2002 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2001-2002 allocated average daily membership in the local school administrative unit.

The dollar amounts allocated under this section for children with disabilities shall also increase in accordance with legislative salary increments for personnel who serve children with disabilities.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ACADEMICALLY GIFTED STUDENTS

SECTION 28.3. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of eight hundred seventy-nine dollars and ten cents ($879.10) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2001-2002 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 52,042 children for the 2001-2002 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also increase in accordance with legislative salary increments for personnel who serve academically or intellectually gifted children.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AT-RISK STUDENT SERVICES/ALTERNATIVE SCHOOLS

SECTION 28.4. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds in the Alternative Schools/At-Risk Student allotment each year for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to implement G.S. 115C-12(24).

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNIFORM EDUCATION REPORTING SYSTEM (UERS)

SECTION 28.5.(a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years, but shall remain available until expended.

SECTION 28.5.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 28.6.(a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to State Aid to Local School Administrative Units for the 2001-2002 fiscal year and the 2002-2003 fiscal year to be used for supplemental funds for schools.

SECTION 28.6.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks, (ii) for salary supplements for instructional personnel and instructional support personnel, and (iii) to pay up to ten thousand dollars ($10,000) of the plant operation contract cost charged by the Department of Public Instruction for services.

Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or

mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools, such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

SECTION 28.6.(c) Definitions. – As used in this section:

(1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.

(2) "Anticipated total county revenue availability" means the sum of the:
   a. Anticipated county property tax revenue availability,
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
   c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
   d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
   e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277.001,
   f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-275.2, and
   g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.

(4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) "County-adjusted property tax base" shall be computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
   c. Add to the resulting amount the:
      1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
      2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and

3. Personal property value for the county.

(7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) "County wealth as a percentage of State average wealth" shall be computed as follows:

a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,

b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,

c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,

d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

(10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

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

(13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(14) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales

assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.6.(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 28.6.(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

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

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

SECTION 28.6.(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 28.6.(g) Minimum Effort Required. – Counties that had effective tax rates in the 1996-97 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1997-98 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

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

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

SECTION 28.6.(h) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a

finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

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

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

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

SECTION 28.6.(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.6.(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 28.7.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,175 students and (ii) to each county school administrative unit with an average daily membership of from 3,175 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,175 to 4,000 students. The allocation formula shall:

(1) Round all fractions of positions to the next whole position.

(2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.

(3) Provide additional program enhancement teachers adequate to offer the standard course of study.

(4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.

(5) Provide a base for the consolidated funds allotment of at least four hundred sixty-six thousand dollars ($466,000) excluding textbooks.

(6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit

on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

SECTION 28.7.(b) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2001-2003 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

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

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

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

SECTION 28.7.(c) Phase-Out Provisions. – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the county-adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive one-half of that amount.

If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in the population of the county in which the local school administrative unit is located, funding for that unit shall be continued for five years after the unit becomes ineligible.

SECTION 28.7.(d) Definitions. – As used in this section:

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

(2) "County-adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

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

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

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

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

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued during the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 28.7.(e) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 2002, if it determines that counties have supplanted funds.

SECTION 28.7.(f) Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose and the State Board shall report this information to the Joint Legislative Education Oversight Committee. These reports shall specify how these funds were targeted and used to implement specific improvement strategies of each local school administrative unit and its schools such as teacher recruitment, closing the achievement gap, improving student accountability, addressing the needs of at-risk students, and establishing and maintaining safe schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM

SECTION 28.8.(a) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2000-2001 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 28.8.(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDENTS WITH LIMITED ENGLISH PROFICIENCY

SECTION 28.9.(a) The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2 1/2%) of the average daily membership of the unit or charter school. For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development of teachers for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds.

SECTION 28.9.(b) The Department of Public Instruction shall prepare a current headcount of the number of students classified with limited English proficiency by December 1 of each year.

Students in the head count shall be assessed at least once every three years to determine their level of English proficiency. A student who scores "superior" on the standard English language proficiency assessment instrument used in this State shall not be included in the head count of students with limited English proficiency.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURES FOR DRIVING EDUCATION CERTIFICATES

SECTION 28.10. The State Board of Education may use funds appropriated for drivers education for the 2001-2002 fiscal year and for the 2002-2003 fiscal year for driving eligibility certificates.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER SALARY SCHEDULES

SECTION 28.11.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according

to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.11.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2001-2002 MONTHLY SALARY SCHEDULE
"A" TEACHERS

Years of Experience	"A" Teachers	NBPTS Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" TEACHERS

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A

2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203
11	$3,807	$4,264
12	$3,862	$4,325
13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.11.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

INSTRUCTIONAL SUPPORT PERSONNEL SALARY SCHEDULES

SECTION 28.12.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increases for the 2001-2002 fiscal year funds necessary to implement the instructional support personnel salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2001, for all instructional

support personnel whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 28.12.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as instructional support personnel. The schedule contains 30 steps with each step corresponding to one year of experience as a certificated employee of the public schools.

2001-2002 MONTHLY SALARY SCHEDULE
"A" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"A" Instructional Support Personnel	NBPTS Certification
0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2001-2002 MONTHLY SALARY SCHEDULE
"M" INSTRUCTIONAL SUPPORT PERSONNEL

Years of Experience	"M" Instructional Support Personnel	NBPTS Certification

0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741
6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203
11	$3,807	$4,264
12	$3,862	$4,325
13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 28.12.(c) Certified public school instructional support personnel with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified public school instructional support personnel with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" instructional support personnel.

SECTION 28.12.(d) Effective for the 2001-2002 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" instructional support personnel. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as instructional support personnel.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified

psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 28.12.(e) Effective for the 2001-2002 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 28.12.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

SECTION 28.12.(g) G.S. 115C-325(a)(6) reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(6) "Teacher" means a person who holds at least a current, not provisional or expired, Class A certificate or a regular, not provisional or expired, vocational certificate issued by the Department of Public Instruction; whose major responsibility is to teach or directly supervises teaching or who is classified by the State Board of Education or is paid either as a classroom ~~teacher;~~teacher or instructional support personnel; and who is employed to fill a full-time, permanent position."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SCHOOL ADMINISTRATOR SALARY SCHEDULES

SECTION 28.13.(a) Funds appropriated to the Reserve for Compensation Increases shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 28.13.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

2001-2002
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	$3,226	–	–	–	–
5	$3,373	–	–	–	–
6	$3,515	–	–	–	–
7	$3,629	–	–	–	–

8	$3,681	$3,681	–	–	–	
9	$3,735	$3,735	–	–	–	
10	$3,791	$3,791	$3,845	–	–	
11	$3,845	$3,845	$3,901	–	–	
12	$3,901	$3,901	$3,956	$4,015	–	
13	$3,956	$3,956	$4,015	$4,074	$4,135	
14	$4,015	$4,015	$4,074	$4,135	$4,197	
15	$4,074	$4,074	$4,135	$4,197	$4,259	
16	$4,135	$4,135	$4,197	$4,259	$4,324	
17	$4,197	$4,197	$4,259	$4,324	$4,388	
18	$4,259	$4,259	$4,324	$4,388	$4,456	
19	$4,324	$4,324	$4,388	$4,456	$4,524	
20	$4,388	$4,388	$4,456	$4,524	$4,596	
21	$4,456	$4,456	$4,524	$4,596	$4,666	
22	$4,524	$4,524	$4,596	$4,666	$4,737	
23	$4,596	$4,596	$4,666	$4,737	$4,811	
24	$4,666	$4,666	$4,737	$4,811	$4,886	
25	$4,737	$4,737	$4,811	$4,886	$4,963	
26	$4,811	$4,811	$4,886	$4,963	$5,042	
27	$4,886	$4,886	$4,963	$5,042	$5,143	
28	$4,963	$4,963	$5,042	$5,143	$5,246	
29	$5,042	$5,042	$5,143	$5,246	$5,351	
30	$5,143	$5,143	$5,246	$5,351	$5,458	
31	$5,246	$5,246	$5,351	$5,458	$5,567	
32	–	$5,351	$5,458	$5,567	$5,678	
33	–	–	$5,567	$5,678	$5,792	
34	–	–	$5,678	$5,792	$5,908	
35	–	–	–	$5,908	$6,026	
36	–	–	–	$6,026	$6,147	
37	–	–	–	–	$6,270	

2001-2002

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	$4,259	–	–	–
15	$4,324	–	–	–
16	$4,388	$4,456	–	–
17	$4,456	$4,524	$4,666	–
18	$4,524	$4,596	$4,737	$4,811
19	$4,596	$4,666	$4,811	$4,886
20	$4,666	$4,737	$4,886	$4,963
21	$4,737	$4,811	$4,963	$5,042
22	$4,811	$4,886	$5,042	$5,143
23	$4,886	$4,963	$5,143	$5,246
24	$4,963	$5,042	$5,246	$5,351
25	$5,042	$5,143	$5,351	$5,458
26	$5,143	$5,246	$5,458	$5,567
27	$5,246	$5,351	$5,567	$5,678

28	$5,351	$5,458	$5,678	$5,792
29	$5,458	$5,567	$5,792	$5,908
30	$5,567	$5,678	$5,908	$6,026
31	$5,678	$5,792	$6,026	$6,147
32	$5,792	$5,908	$6,147	$6,270
33	$5,908	$6,026	$6,270	$6,395
34	$6,026	$6,147	$6,395	$6,523
35	$6,147	$6,270	$6,523	$6,653
36	$6,270	$6,395	$6,653	$6,786
37	$6,395	$6,523	$6,786	$6,922
38	$6,523	$6,653	$6,922	$7,060
39	–	$6,786	$7,060	$7,201
40	–	$6,922	$7,201	$7,345
41	–	–	$7,345	$7,492

SECTION 28.13.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	**Number of Teachers Supervised**
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 28.13.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 28.13.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 28.13.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years

that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

SECTION 28.13.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 28.13.(h)

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

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

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

SECTION 28.13.(i) Participants in an approved full-time Masters in School Administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal Fellows Program or a school of education where the intern participates in a full-time Masters in School Administration.

SECTION 28.13.(j) During the 2001-2002 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CENTRAL OFFICE SALARIES

SECTION 28.14.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

School Administrator I	$2,932	$5,214
School Administrator II	$3,112	$5,534
School Administrator III	$3,303	$5,873
School Administrator IV	$3,436	$6,110
School Administrator V	$3,574	$6,358
School Administrator VI	$3,792	$6,747
School Administrator VII	$3,945	$7,020

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2001.

SECTION 28.14.(b) The monthly salary ranges that follow apply to public school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001. The top of these ranges shall be increased by six hundred twenty-five dollars ($625.00) annually for full-time employees.

Superintendent I	$4,187	$7,451
Superintendent II	$4,445	$7,904
Superintendent III	$4,716	$8,389
Superintendent IV	$5,005	$8,901
Superintendent V	$5,312	$9,447

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 28.13(f) of this act.

SECTION 28.14.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

SECTION 28.14.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for under this section.

SECTION 28.14.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 28.14.(f) The Director of the Budget shall transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, beginning July 1, 2001, funds necessary to provide an average annual salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

SECTION 28.14.(g) The State Board of Education shall develop a new formula for allocating to local school administrative units funds appropriated for salaries for public school central office administrators for the 2002-2003 fiscal year. This formula shall not include a permanent hold-harmless provision for local school administrative units.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NONCERTIFIED PERSONNEL SALARIES

SECTION 28.15.(a) The Director of the Budget may transfer from the Reserve for Compensation Increases created in this act for fiscal year 2001-2002, commencing July 1, 2001, funds necessary to provide a salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social

security contributions, commencing July 1, 2001, for all noncertified public school employees whose salaries are supported from the State's General Fund.

SECTION 28.15.(b) Local boards of education shall increase the rates of pay for all such employees who were employed for all or part of fiscal year 2000-2001 and who continue their employment for fiscal year 2001-2002 by at least six hundred twenty-five dollars ($625.00), commencing July 1, 2001. For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 28.15.(c) These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

SECTION 28.15.(d) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of six hundred twenty-five dollars ($625.00) for the 2001-2002 fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

HIGH SCHOOL EXIT EXAMS

SECTION 28.16. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to three million dollars ($3,000,000) for the 2001-2002 fiscal year to:

(1) Continue to develop a high school exit examination;
(2) Purchase equipment for scoring tests, including the new computer adaptive exam for eligible students with disabilities; and
(3) Revise the reading and writing assessments.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FAIRNESS IN TESTING PROGRAM

SECTION 28.17.(a) The State Board of Education shall provide the Joint Legislative Education Oversight Committee with a detailed analysis of the current resources allocated to meet the needs of all students subject to the Statewide Student Accountability Standards, and in addition, shall submit recommendations regarding other resources that would best assist students in meeting these new standards.

SECTION 28.17.(b) G.S. 115C-288(a) reads as rewritten:

"(a) To Grade and Classify Pupils. – The principal shall have authority to grade and classify ~~pupils except a~~ pupils. In determining the appropriate grade for a pupil who is already attending a public school, the principal shall consider the pupil's classroom work and grades, the pupil's scores on standardized tests, and the best educational interests of the pupil. The principal shall not make the decision solely on the basis of standardized test scores. If a principal's decision to retain a child in the same grade is partially based on the pupil's scores on standardized tests, those test scores shall be verified as accurate.

A principal shall not require additional testing of a student entering a public school from a school governed under Article 39 of this Chapter if test scores from a nationally standardized test or nationally standardized equivalent measure that are adequate to determine the appropriate placement of the child are available."

SECTION 28.17.(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"**§ 115C-47. Powers and duties generally.**

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

...

(39) To Provide a Right to Appeal the Decision to Retain a Child. – If local board policy requires that a child be retained at a grade level or that a child attend summer school, based on the child's standardized test scores, that local policy shall also provide the child's parent or guardian the right to appeal the decision to that local board. The right to appeal shall provide, at a minimum, for clear notice of the parent's rights, the right to have an advocate present at the hearing, the right to ask questions of school officials, the right to obtain records and information from the school, and the right to present information and evidence on behalf of the child."

SECTION 28.17.(d) The State Board of Education shall study the benefits of providing students' parents or guardians with copies of tests administered to their children under the Statewide Testing Program. The Board shall also consider the costs of maintaining the integrity and reliability of the tests if such a policy is implemented. The Board shall report the results of this study to the Joint Legislative Education Oversight Committee by March 31, 2002.

SECTION 28.17.(e) Part 3 of Article 8B of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-105.41. Students who have been placed at risk of academic failure; personal education plans.**

Local school administrative units shall identify students in all grades who have been placed at risk for academic failure and implement a personal education plan for academic improvement with focused intervention and performance benchmarks. Identification shall occur as early as can reasonably be done and can be based on grades, observations, State assessments, and other factors that impact student performance that teachers and administrators consider appropriate, without having to await the results of end-of-grade or end-of-course tests. At the beginning of the school year, a personal education plan shall be developed for any student not performing at least at grade level, as identified by the State end-of-grade test. Focused intervention and accelerated activities should include research-based best practices that meet the needs of students and may include coaching, mentoring, tutoring, summer school, Saturday school, and extended days. Local school administrative units shall provide these activities and transportation free of charge to students. Parents should be included in the implementation and ongoing review of personal education plans."

SECTION 28.17.(f) G.S. 115C-174.12(a) reads as rewritten:

"(a) ~~The State Board of Education shall review the tests being administered through State and local testing programs and shall select the tests that it believes are necessary to provide the best measures of the levels of academic achievement attained by students in various subject areas.~~ The State Board of Education shall ~~also~~ establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing programs and for otherwise carrying out the provisions of this Article. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and Section 504 plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption."

SECTION 28.17.(g) Schools shall devote no more than two days of instructional time per year to the taking of practice tests that do not have the primary purpose of assessing current student learning.

SECTION 28.17.(h) Students in a local school shall not be subject to field tests or national tests during the two-week period preceding the administration of the end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams. No school shall participate in more than two field tests at any one grade level during a school year.

SECTION 28.17.(i) The Joint Legislative Education Oversight Committee shall study the State's testing program. As part of this study, the Committee shall consider:

(1) The number of tests currently mandated at the State level and the process and cost of developing, validating, and scoring them.

(2) The extent to which the provisions of the Excellent Schools Act regarding testing have been implemented, and this shall be reported to the General Assembly. In determining whether the State should consider the use of nationally developed tests as a substitute for State-developed testing, the Committee shall consider the testing provisions of the Excellent Schools Act. In particular, the Committee shall determine whether this use would (i) affect the ABCs Program, (ii) adequately measure student achievement and performance, (iii) provide more than minimum levels of achievement, (iv) provide a better comparison to student achievement and performance in other states, (v) be practical for high school courses or higher level courses, (vi) reduce the need for field testing, and (vii) offer any cost savings to the State.

(3) The number of grades in which State tests are given. The Committee shall determine the necessity for testing all grades in third through eighth grades, whether a reduction in the grades tested would affect the receipt of federal money, and the extent to which a reduction would impair the State's ability to identify schools under the ABCs Program.

(4) The high school courses for which State tests are given and whether there is an appropriate distribution of tests across grades nine through 12 and that test an appropriate array of the minimum courses required for admission to the constituent institutions of The University of North Carolina. In addition, the Committee shall examine whether students who take higher level courses and students in 12th grade are held accountable for their academic growth and performance.

(5) The advantages and disadvantages of using a composite of end-of-course tests or other tests such as the SAT, AP tests, or other nationally standardized tests in high school rather than developing a high school exit exam. If the Committee finds a high school exit exam is preferable, then it shall determine whether it must be administered to all students or limited to certain students, for example, those who don't take the SAT or a certain number of courses for which there are end-of-course tests.

(6) The extent to which additional testing, including field testing, practice testing, and locally mandated testing, is occurring and whether this should be limited or prohibited.

(7) Any other issue the Committee considers relevant.

The Committee shall report its findings and any recommendations, including recommended legislation, to the 2002 Regular Session of the 2001 General Assembly.

SECTION 28.17.(j) The State Board of Education shall develop and report to the Joint Legislative Education Oversight Committee on its objectives for the Statewide Testing Program and on the implementation of that Program. The report shall include:

(1) A statement of the relationship between these objectives and the tests currently administered under the Program;
(2) An analysis of whether the current tests appropriately achieve these objectives;
(3) A statement of any actions that may be needed to coordinate the objectives and the tests more effectively; and
(4) Strategies for communicating the objectives of the Program, the tests administered under the Program, and the relationship between these objectives and tests to principals, teachers, parents, and students throughout the State.

SECTION 28.17.(k) G.S. 115C-105.48 is amended by adding the following new subsection to read:

"(c) When a student is placed in an alternative school or an alternative learning program, the referring school shall continue to be held accountable under Part 3 of Article 8B of this Chapter for that student's educational performance and growth. The alternative school or school in which the alternative learning program is located may also be held accountable under Part 3 of Article 8B of this Chapter for that student's educational performance and growth."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME MENTORS

SECTION 28.18.(a) The State Board of Education shall establish a pilot program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County School Administrative Unit, and the Wake County School Administrative Unit to use funds allocated for mentors for full-time mentors.

Funds allocated for mentors in these units shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

(1) Salary supplements to teachers and instructional support personnel who are serving as mentors. The amount of the salary supplement shall not be based on the number of teachers or instructional support personnel to whom the mentor is assigned; or
(2) Payments to teachers or instructional support personnel who are employed solely to serve as mentors. An individual employed solely to serve as a mentor shall receive a payment for each individual, up to 15 individuals, to whom the mentor is assigned. The amount of each such payment shall be the same as the amount of the salary supplement for a mentor.

SECTION 28.18.(b) The Charlotte-Mecklenburg Board of Education, the Forsyth County Board of Education, and the Wake County Board of Education shall report to the State Board of Education on an annual basis on the impact that the mentor program has had on retention of teachers. The State Board shall report on this information to the Joint Legislative Education Oversight Committee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONAL SUPPORT FOR INITIALLY CERTIFIED TEACHERS

SECTION 28.19. The State Board of Education shall modify the Performance-Based Licensure Program to provide additional support for initially

certified teachers. Initially certified teachers shall receive up to three days of approved paid leave during their second year of employment to work on their performance-based products or to consult with their mentors. If teachers have not successfully completed the performance-based requirements by their third year of employment, the teachers shall receive up to three days of approved paid leave to complete all requirements. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PHASE IN ADM REDUCTIONS DUE TO CHARTER SCHOOLS

SECTION 28.20.(a) If a local school administrative unit experiences a loss in projected average daily membership of greater than five percent (5%) due to the opening of a new charter school within the unit, the State Board of Education may use funds from the Reserve for Average Daily Membership Adjustments to assure that the funding loss to the local school administrative unit does not exceed five percent (5%) in the first fiscal year of the charter school's operation.

The State Board of Education shall phase out this special allotment in subsequent fiscal years by decreasing the amount of the special allotment each year by the amount of the prior year's funding loss.

SECTION 28.20.(b) A local school administrative unit that received funds for the 2000-2001 fiscal year pursuant to Section 8.5 of S.L. 2000-67 to reduce the loss of funds due to shifts of enrollment to charter schools shall continue to receive funds for the 2001-2002 fiscal year in the amount of one hundred percent (100%) of the 2000-2001 allotment and for the 2002-2003 fiscal year in the amount of fifty percent (50%) of the 2000-2001 allotment.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MEDICAID OUTREACH

SECTION 28.21. If a claim for Medicaid outreach reimbursement that was submitted by a local school administrative unit and paid by a federal agency is later found by that agency to be inappropriate, the Department of Public Instruction shall request that the federal agency offset the overpaid amount against the next quarterly reimbursement due to the local school administrative unit. If the federal agency does not allow the offset, the Department of Public Instruction shall request repayment from the local school administrative unit, as provided for in agreements between the Department of Public Instruction and the local school administrative unit or, in the case of a local interagency agreement, agreements among local school administrative units. If the local school administrative unit that received the overpayment fails to repay the overpaid moneys within the time permitted under such agreements, the Department of Public Instruction may withhold the overpaid amount from State funds allocated for the central office of the local school administrative unit.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR NONINSTRUCTIONAL SUPPORT PERSONNEL MAY BE USED FOR STAFF DEVELOPMENT

SECTION 28.22. G.S. 115C-105.25(b) reads as rewritten:

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

(1) In accordance with a school improvement plan accepted under G.S. 115C-105.27, State funds allocated for teacher assistants may be

transferred only for personnel (i) to serve students only in kindergarten through third grade, or (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve the whole school. Funds allocated for teacher assistants may be transferred to reduce class size or to reduce the student-teacher ratio in kindergarten through third grade so long as the affected teacher assistant positions are not filled when the plan is amended or approved by the building-level staff entitled to vote on the plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.

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

(2a) Up to three percent (3%) of State funds allocated for noninstructional support personnel may be transferred for staff development.

(3) No funds shall be transferred into the central office allotment category.

(4) Funds allocated for children with special needs, for students with limited English proficiency, and for driver's education shall not be transferred.

(5) Funds allocated for classroom teachers may be transferred only for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the textbooks allotment category and the classroom materials/instructional supplies/equipment allotment category.

(6) Funds allocated for vocational education may be transferred only in accordance with any rules that the State Board of Education considers appropriate to ensure compliance with federal regulations.

(7) Funds allocated for career development shall be used in accordance with Section 17.3 of Chapter 324 of the 1995 Session Laws.

(8) Funds allocated for academically or intellectually gifted students may be used only (i) for academically or intellectually gifted students; (ii) to implement the plan developed under G.S. 115C-150.7; or (iii) in accordance with an accepted school improvement plan, for any purpose so long as that school demonstrates it is providing appropriate services to academically or intellectually gifted students assigned to that school in accordance with the local plan developed under G.S. 115C-150.7.

(9) Funds allocated in the Alternative Schools/At-Risk Student allotment shall be spent only for alternative learning programs, at-risk students, and school safety programs."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY TEXTBOOK DISTRIBUTION SYSTEM

SECTION 28.24. The State Board of Education shall contract for an analysis of the best and most efficient method to manage textbook distribution to the local schools. The Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis required and select a private consultant to perform the analysis. The analysis shall include such issues as the advisability of eliminating or restructuring the Textbook Commission to improve local control of textbooks, ways to minimize errors in textbooks, timely delivery of textbooks to schools, total costs to the local school systems of providing textbooks to school buildings, use of currently available technology in the process, pricing practices among the textbook publishing industry, and other issues the Board considers relevant to a comprehensive review of the system.

Prior to award of a contract, the State Board shall present the Request for Proposals to the Joint Legislative Education Oversight Committee for comment. The State Board shall report to the Joint Legislative Education Oversight Committee on the results of the consultant's analysis, including the Board's recommendations for changes in the current system. The Board shall make its final report to the Committee by April 1, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ABOLISH THE NORTH CAROLINA STANDARDS BOARD FOR PUBLIC SCHOOL ADMINISTRATION

SECTION 28.25.(a) G.S. 115C-290.2 reads as rewritten:

"**§ 115C-290.2. Definitions.**

The following definitions apply in this Article:

(1) Repealed by Session Laws 1995, c. 116, s. 1.

(2) Exam. – The North Carolina Public School Administrator Exam.

(3) School administrator. – Public school superintendents, deputy superintendents, associate superintendents, assistant superintendents, principals, and assistant principals.

~~(4) Standards Board. – The North Carolina Standards Board for Public School Administration.~~"

SECTION 28.25.(b) G.S. 115C-290.3 is repealed.

SECTION 28.25.(c) G.S. 115C-290.4 is repealed.

SECTION 28.25.(d) G.S. 115C-290.5 reads as rewritten:

"**§ 115C-290.5. Powers and duties of the Board; development of the North Carolina Public School Administrator Exam.**

(a) The ~~Standards Board~~ State Board of Education shall administer this Article. In fulfilling this duty, the ~~Standards~~ Board shall:

(1) In accordance with subsection (c) of this section, develop and implement a North Carolina Public School Administrator ~~Exam, based on the professional standards established by the Standards Board.~~ Exam.

(2) Establish and collect an application fee not to exceed fifty dollars ($50.00). Fees collected under this Article shall be credited to the General Fund as nontax revenue.

(3) Review the educational achievements of an applicant to take the exam to determine whether the achievements meet the requirements set by G.S. 115C-290.7.

~~(4) Notify the State Board of Education of the names and addresses of the persons who passed the exam and are thereby recommended to be certified as public school administrators by the State Board of Education.~~

(5) Maintain accounts and records in accordance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

(6) Adopt rules in accordance with Chapter 150B of the General Statutes to implement this Article.

~~(7) Submit an annual report by December 1 of each year to the Joint Legislative Education Oversight Committee of its activities during the preceding year, together with any recommendations and findings regarding improvement of the profession of public school administration.~~

~~(b) The Board may adopt a seal and affix it to any documents issued by the Board.~~

~~(c) The Standards Board shall submit its proposed exam to the State Board. The State Board shall adopt or reject the proposal. The State Board shall not make any substantive changes to any exam that it adopts. If the State Board rejects the proposal, it shall state with specificity its reasons for rejection; the Standards Board then may prepare another proposed exam and submit it to the State Board. If the State Board rejects the proposed exam on its second submission, the State Board may develop and adopt an exam by December 1, 1997. The General Assembly urges the State Board to utilize the Standards Board's proposed exam to the maximum extent that it is consistent with the State Board's policies if the State Board develops and adopts an exam. After an exam has been adopted, the Standards Board may submit suggested changes to the State Board for its approval."~~

SECTION 28.25.(e) G.S. 115C-290.6 reads as rewritten:

"**§ 115C-290.6. Application to the ~~Standards Board.~~State Board of Education.**

An individual who seeks to be recommended by the Standards Board for certification by the State Board of Education, shall file a written application ~~with the Standards Board. The application must be~~ on a form provided by the ~~Standards Board, must~~ State Board of Education. The application shall be accompanied by the required application and exam fees ~~established by the Standards Board, and must~~ and shall include any information required by the ~~Standards~~ Board."

SECTION 28.25.(f) G.S. 115C-290.7 reads as rewritten:

"**§ 115C-290.7. ~~Recommendation by the Standards Board.~~Qualifications for certification.**

~~(a) The Standards Board shall for certification by the State Board an individual who submits a complete application to the Standards Board and satisfies all of the following requirements:~~

~~(1) Pays the application fee established by the Standards Board.~~

~~(2) Repealed by Session Laws 1998-16, s. 1.~~

~~(3) Has~~

(b) To qualify for certification as a school administrator, an individual must:

(1) Submit a complete application to the State Board.

(2) Pay the applicable fee.

(3) Have a ~~bachelors~~ bachelors degree from an accredited college or accredited ~~university and (i) has~~ university.

(4) Either (i) have a graduate degree from a public school administration program that meets the public school administrator program approval standards set by the State Board of Education, or (ii) ~~has~~ have a masters degree from an accredited college or accredited university and ~~has~~ have completed by December 31, 1999, a public school administration program that meets the public school administration approval standards set by the State Board of ~~Education.~~Education, and

~~(4) Passes~~

(5) Pass the exam adopted by the State Board.

~~(b) The State Board of Education may not certify an individual as a public school administrator unless it has received notice from the Standards Board that the person is recommended by the Standards Board under this Article.~~ The State Board may designate initial certification as a ~~license; advanced~~license. Advanced training may be designated as a certified area of practice."

SECTION 28.25.(g) G.S. 115C-290.8 reads as rewritten:

"**§ 115C-290.8. Exemptions from requirements.**

(a) The requirements of this Article do not apply to a person who, at any time during the five years preceding January 1, 1998, obtained or renewed a State administrator/supervisor certificate.

(b) The State Board may adopt policies governing the requirements for the certification of individuals who hold a certificate issued in any other state that authorizes them to be employed as school administrators in that state. These policies may exempt some or all of these individuals from the requirements of this Article.

(c) A person who is exempt from the requirements of this Article but ~~applies to the Standards Board~~for certification under this Article shall be subject to the Article."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

GUIDELINES FOR CHARTER SCHOOL ENROLLMENT

SECTION 28.26. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed five years and may renew the charter upon the request of the chartering entity for subsequent periods not to exceed five years each. A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education. ~~Beginning with the charter school's second year of operation and annually thereafter, the State Board shall allow a charter school to increase its enrollment by ten percent (10%) of the school's previous year's enrollment or as is otherwise provided in the charter. This enrollment growth shall not be considered a material revision of the charter application and shall not require the prior approval of the State Board.~~

~~An enrollment growth of greater than ten percent (10%) shall be considered a material revision of the charter application. The State Board may approve an enrollment growth of greater than ten percent (10%) only if the State Board finds that:~~

It shall not be considered a material revision of a charter application and shall not require the prior approval of the State Board for a charter school to increase its enrollment during the charter school's second year of operation and annually thereafter (i) by up to ten percent (10%) of the school's previous year's enrollment or (ii) in accordance with planned growth as authorized in the charter. Other enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than ten percent (10%) only if the State Board finds that:

(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;

(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;

(3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;

(4) The charter school is not currently identified as low-performing;

(5) The charter school meets generally accepted standards of fiscal management; and

(6) It is otherwise appropriate to approve the enrollment growth."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARTER SCHOOL ADVISORY COMMITTEE/CHARTER SCHOOL EVALUATION

SECTION 28.27. The State Board of Education may spend up to fifty thousand dollars ($50,000) a year from State Aid to Local School Administrative Units for the 2001-2002 and 2002-2003 fiscal years to continue support of a charter school advisory committee and to continue to evaluate charter schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ACADEMY

SECTION 28.28.(a) G.S. 116-30.01(a) reads as rewritten:

"(a) The North Carolina Teacher Academy Board of Trustees shall establish a statewide network of high quality, integrated, comprehensive, collaborative, and substantial professional development for teachers, which shall be provided through summer programs. This network shall include professional development programs that focus on teaching strategies for teachers assigned to at-risk schools."

SECTION 28.28.(b) The State Board of Education shall specify professional development programs for teachers assigned to smaller classes in kindergarten through fifth grade. The Teacher Academy shall use at least ten percent (10%) of its budget for the 2001-2002 fiscal year to deliver these programs to teachers.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine

MODIFY LAW REGARDING CHILDREN WITH DISABILITIES

SECTION 28.29.(a) Part 5 of Article 9 of Chapter 115C of the General Statutes reads as rewritten:

"Part 5. Council on Educational Services for Exceptional Children.

"**§ 115C-121. Establishment; organization; powers and duties.**

(a) There is hereby established an Advisory Council to the State Board of Education to be called the Council on Educational Services for Exceptional Children.

(b) The Council shall consist of 23 members to be appointed as follows: ~~five~~ four ex officio members; ~~two members~~ one individual with a disability and one representative of a private school appointed by the Governor; ~~two members~~ one member of the Senate and one parent of a child with a disability appointed by the President Pro Tempore; ~~two members~~ one member of the House of Representatives and one parent of a child with a disability appointed by the Speaker of the House; and ~~12~~ 13 members appointed by the State Board of Education. ~~Of those members of the Council appointed by the State Board one member shall be selected from each congressional district within the State, and the members so selected shall be composed of at least one person representing each of the following: handicapped individuals, parents or guardians of children with special needs, teachers of children with special needs, and State and local education officials and administrators of programs for children with special needs.~~ The State Board shall appoint members who represent individuals with disabilities, teachers, local school administrative units, institutions of higher education that prepare special education and related services personnel, administrators of programs for children with disabilities, charter schools, parents of children with disabilities, and vocational, community, or business organizations concerned with the provision of transition

services. The majority of members on the Council shall be individuals with disabilities or parents of children with disabilities. The Council shall designate a chairperson from among its members. The designation of the chairperson is subject to the approval of the State Board of Education. ~~The board shall promulgate rules or regulations~~ The Board shall adopt rules to carry out this subsection.

Ex officio members of the Council shall be the following:

(1) The Secretary of ~~the Department of~~ Health and Human Services or the Secretary's ~~designee;~~ designee.

~~(1a)~~(2) ~~A representative of the Department~~ The Secretary of Juvenile Justice and Delinquency ~~Prevention, appointed by the Governor;~~ Prevention or the Secretary's designee.

~~(2)~~(3) The Secretary ~~of the Department~~ of Correction or the Secretary's ~~designee;~~ designee.

~~(3) A representative from The University of North Carolina Planning Consortium for Children with Special Needs; and~~

(4) The Superintendent of Public Instruction or the Superintendent's designee.

The term of appointment for all members except those appointed by the State Board of Education ~~shall be for~~ is two years. The term for members appointed by the State Board of Education ~~shall be for~~ is four years. No person shall serve more than two consecutive four-year terms. ~~The initial term of office of the person appointed from the 12th Congressional District shall commence on January 3, 1993, and expire on June 30, 1996.~~

Each Council member shall serve without pay, but shall receive travel allowances and per diem in the same amount provided for members of the North Carolina General Assembly.

(c) The Council shall meet in offices provided by the Department of Public Instruction on a date to be agreed upon by the members of the Council from meeting to ~~meeting: Provided, however, that the~~ meeting. The Council shall meet no less than once every three months. The Department of Public Instruction shall provide the necessary secretarial and clerical staff and supplies to accomplish the objectives of the Council.

(d) The ~~duties of the Council shall be to:~~ Council shall:

(1) Advise the Board with respect to unmet needs within the State in the education of children with ~~special needs, as defined in this Chapter.~~ disabilities.

(2) Comment publicly on ~~rules and regulations~~ rules, policies, and procedures proposed ~~for issuance~~ by the Board regarding ~~special education and related services and the procedures for issuing State and federal funds for special education and related services.~~ the education of children with disabilities.

(3) Assist the Board in developing ~~and reporting such data and evaluations as may assist the Commissioner of Education in the performance of his duties under Part B, Education of the Handicapped Act, as amended by Public Law 94-142.~~ evaluations and reporting on data to the Secretary of Education under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(4) ~~Comment publicly on State special education plans developed pursuant to Public Law 94-142 and State law.~~ Advise the State Board in developing corrective action plans to address findings identified in federal monitoring reports required under the federal Individuals with Disabilities Education Act (IDEA), as amended.

(5) Advise the State Board in developing and implementing policies relating to the coordination of services for children with disabilities.

(6) Carry out any other responsibility as designated by federal law or the State Board."

SECTION 28.29.(b) The Joint Legislative Education Oversight Committee, in consultation with the Department of Public Instruction, shall examine the State laws governing special education and related services for children with disabilities to identify and recommend statutory changes needed to bring State law in conformity with recent changes in the federal Individuals with Disabilities Education Act (IDEA). The Committee shall report to the 2002 Regular Session of the 2001 General Assembly on its recommended changes.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLOSING THE ACHIEVEMENT GAP

SECTION 28.30.(a) G.S. 115C-105.35 reads as rewritten:

"**§ 115C-105.35. Annual performance goals.**

The School-Based Management and Accountability Program shall (i) focus on preparing children to read at grade level and to enjoy reading before they enter second grade, (ii) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, ~~(ii)~~ (iii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and ~~(iii)~~ (iv) hold schools accountable for the educational growth of their students. To those ends, the State Board shall design and implement an accountability system that sets annual performance standards for each school in the State in order to measure the growth in performance of the students in each individual school. For purposes of this Article, beginning school year 2002-2003, the Board shall include a 'closing the achievement gap' component in its measurement of educational growth in student performance for each school. The 'closing the achievement gap' component shall measure and compare the performance of each subgroup in a school's population to ensure that all subgroups are meeting State standards."

SECTION 28.30.(b) The State Board of Education shall report its plan to include measurement of "closing the achievement gap" in educational growth in student performance for each school to the Joint Legislative Education Oversight Committee by September 1, 2001.

SECTION 28.30.(c) G.S. 115C-105.20(a) reads as rewritten:

"(a) The General Assembly believes that all children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. To accomplish that mission, the public schools must prepare children to read at grade level and to enjoy reading before they enter second grade. With ~~that mission~~ these facts as its guide, the State Board of Education shall develop a School-Based Management and Accountability Program. The primary goal of the Program shall be to improve student performance."

SECTION 28.30.(d) G.S. 115C-105.27 is amended by adding a new subdivision to read:

"(1a) Shall, if the school is an elementary school or other school that serves students in kindergarten or first grade, include a plan for ensuring that all children are prepared to read at grade level and to enjoy reading before they enter second grade. This plan shall include the use of assessment instruments to monitor students' progress in learning to read."

SECTION 28.30.(e) Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.37. **Identification of schools in which kindergarten and first grade students are not being adequately prepared to read.**

(a) The State Board of Education shall design and implement a procedure to identify, on an annual basis, schools in which kindergarten and first grade students are not being adequately prepared to read and do not enjoy reading when they enter the second grade. Such schools are those at which more than five percent (5%) of the kindergarten students are not performing at grade level on assessments of readiness to read and/or first grade students are not performing at grade level on reading assessments.

(b) By July 10 of each year, each local school administrative unit shall do a preliminary analysis of assessment results to determine which of its schools the State Board may identify under this section, and whether any teachers are particularly effective or ineffective at teaching reading.

(c) Whenever a child is identified as making less than normal progress in reading, the parents or guardians shall be promptly notified of the specific need and the school's plan to address that need."

SECTION 28.30.(f) G.S. 115C-12 is amended by adding a new subdivision to read:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(30) Duty to Adopt Model Guidelines and Policies for the Establishment of Local Task Forces on Closing the Academic Achievement Gap. – The State Board shall adopt a Model for local school administrative units to use as a guideline to establish local task forces on closing the academic achievement gap at the discretion of the local board. The purpose of each task force is to advise and work with its local board of education and administration on closing the gap in academic achievement and on developing a collaborative plan for achieving that goal. The State Board shall consider the recommendations of the Commission on Improving the Academic Achievement of Minority and At-Risk Students to the 2001 Session of the General Assembly in establishing its guidelines."

SECTION 28.30.(g) G.S. 115C-12(27) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(27) Reporting Dropout ~~Rates and Expelled Students.~~Rates, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report annually to the Joint Legislative Education Oversight Committee and the Commission on Improving the Academic Achievement of Minority and At-Risk Students on the numbers of students who have dropped out of school, been suspended, been expelled, or been placed in an alternative program. The data shall be reported in a disaggregated manner and be readily available to the public. The State Board shall

not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school."

SECTION 28.30.(h) Section 15.1(b) of S.L. 1999-395 reads as rewritten:

"(b) Initial appointments to the Commission shall be made before September 15, 1999. The first meeting of the Commission shall be held no later than October 15, 1999. Terms on the Commission are for two years and begin on the convening of the General Assembly in each odd-numbered year. Members may complete a term of service on the Commission even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Commission."

SECTION 28.30.(i) Section 15.5 of S.L. 1999-395 reads as rewritten:

"Section 15.5. ~~The Commission shall make an interim report of its findings and recommendations to the General Assembly not later than the convening of the 2000 Regular Session of the 1999 General Assembly. The Commission shall submit to the General Assembly a final report of its findings and recommendations of this study not later than the convening of the 2001 General Assembly.~~ The Commission shall make an interim report to the Joint Legislative Education Oversight Committee and to the General Assembly by April 1, 2002. The Commission shall submit a final report of its findings and recommendations to the Joint Legislative Education Oversight Committee and to the General Assembly by January 10, 2003. Upon filing its final report, the Commission shall terminate."

SECTION 28.30.(j) The Commission, as reauthorized under this section, shall, in addition to its other responsibilities, determine the extent to which additional fiscal resources are needed to close the academic achievement gap and keep it closed. The Commission shall report its findings under this subsection to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLARIFY LAW REGARDING MENTORS FOR SECOND-YEAR TEACHERS

SECTION 28.31. State funds appropriated to provide mentors for teachers during their second year of teaching may be used to provide mentors for teachers whose first year of teaching was in a public school in North Carolina, a public school in another state, a private school, or a charter school.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW STUDENT INFORMATION SYSTEM

SECTION 28.32. The State Board of Education may transfer up to one million dollars ($1,000,000) in funds appropriated for the Uniform Education Reporting System for the 2001-2002 fiscal year to the Department of Public Instruction to lease or purchase equipment necessary for the testing and implementation of NC WISE, the new student information system in the public schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

SECTION 28.33.(a) Funds appropriated for the 2001-2002 fiscal year and the 2002-2003 fiscal year for Student Accountability Standards shall be used to assist students in performing at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall

allocate these funds to local school administrative units based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in this allocation category shall be used to improve the academic performance of (i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and (ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Continuation budget funds previously appropriated for NC Helps and for the middle school pilot project shall be transferred to this allocation category.

Local boards of education are encouraged to use federal funds such as Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

These funds shall be allocated to local school administrative units for the 2001-2002 fiscal year within 30 days of the date this act becomes law.

SECTION 28.33.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY THE SALARIES OF SCHOOL FOOD SERVICE WORKERS AND CUSTODIANS

SECTION 28.34. The Joint Legislative Education Oversight Committee shall study the salaries of food service workers and custodians employed by the public schools. The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHARACTER EDUCATION

SECTION 28.36. The State Board of Education shall use funds appropriated in this act for character education to develop a model character education curriculum for the public schools. The Board may contract with an outside consultant to implement the provisions of this act.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL PERSONNEL AND FOR INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 28.37.(a) The Joint Legislative Education Oversight Committee shall study salary differentials for instructional personnel. In the course of the study, the Committee shall consider the correlation between student performance and salary differentials in the current teacher compensation system, including differentials based on degrees, national certification, and years of service. The Committee shall report its

findings and recommendations to the 2002 Regular Session of the 2001 General Assembly.

SECTION 28.37.(b) The Joint Legislative Education Oversight Committee shall study salary differentials for instructional support personnel. In the course of the study, the Committee shall consider salary differentials based on degrees and other educational credentials, licensure or certification by State agencies, licensure or certification by private entities, and other factors. The Committee shall report its findings and recommendations to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FLEXIBILITY TO IMPLEMENT BASE BUDGET REDUCTION

SECTION 28.38. Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds in the Department's continuation budget to transfer and reclassify positions as necessary to implement the base budget reductions for the 2001-2003 fiscal biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NC WISEOWL WEB SITE

SECTION 28.40.(a) The Department of Public Instruction shall use funds appropriated to continue the subscriptions currently available on the Department's NC WISEOWL web site for the 2001-2002 fiscal year. The Department of Public Instruction shall work collaboratively with the Department of Cultural Resources' NC LIVE Program to most efficiently use the funds appropriated and to facilitate the process of accessing the subscriptions through the NC LIVE web site effective in fiscal year 2002-2003.

SECTION 28.40.(b) The Department of Public Instruction and the Department of Cultural Resources shall report the results of their collaboration and recommendations to the Joint Information Technology Appropriations Subcommittee by March 15, 2002. The Joint Information Technology Appropriations Subcommittee shall review all North Carolina State Government Internet sites that are designed for children and consider if the consolidation of resources or access is appropriate.

Requested by: Representative Russell, Easterling, Oldham, Redwine, Thompson

OVERTIME FOR SCHOOL EMPLOYEES

SECTION 28.42. If a person employed as both a teacher assistant and a school bus driver works for a combined total of more than 40 hours per week, the employee shall receive overtime compensation at a rate of one and a half times the normal rate of pay. The appropriate number of hours shall be paid for teacher assistant duties from the teacher assistant allotment, and the appropriate number of hours shall be paid for bus driver duties from the transportation allotment. If agreed upon by both the employer and the employee, up to 240 hours may be granted as compensatory time off instead of overtime pay. Hours of compensatory time shall accrue at a rate of time and a half. Overtime compensation, in the form of overtime pay or compensatory time, shall be provided after 40 hours of work and shall not be waived by agreement between the employer and employee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR TEACHER RECRUITMENT INITIATIVES

SECTION 28.43. The State Board of Education may use up to two hundred thousand dollars ($200,000) of the funds appropriated for State Aid to Local School Administrative Units for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to enable teachers who have received NBPTS certification or who have otherwise received special recognition to advise the State Board of Education on teacher recruitment and other strategic priorities of the State Board.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LIMITATION ON USE OF KINDERGARTEN FUNDS

SECTION 28.44. Local school administrative units shall use teacher positions allocated to reduce class size in kindergarten only to hire classroom teachers for kindergarten.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPLORNET AUDIT

SECTION 28.45. The State Auditor shall audit ExplorNet, Incorporated, for fiscal year 1999-2000 and fiscal year 2000-2001 under G.S. 143-6.1(f). No State funds appropriated for distribution to ExplorNet, Incorporated, shall be disbursed until the State Auditor and the Office of State Budget and Management certify that ExplorNet, Incorporated, is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. A copy of the State Auditor's report shall be sent to the Joint Legislative Education Oversight Committee and to the Joint Legislative Commission on Governmental Operations.

PART XXIX. HIGH PRIORITY SCHOOL ASSISTANCE AND ACCOUNTABILITY

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ASSISTANCE TO THE HIGHEST PRIORITY ELEMENTARY SCHOOLS

SECTION 29.1. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of ten million eight hundred seventy-six thousand four hundred thirty-eight dollars ($10,876,438) for the 2001-2002 fiscal year and the sum of twelve million two hundred thirty-seven thousand nine hundred thirteen dollars ($12,237,913) for the 2002-2003 fiscal year shall be used to provide the State's lowest-performing elementary schools with the tools needed to dramatically improve student achievement. These funds shall be used for the 37 elementary schools at which, for the 1999-2000 school year, over eighty percent (80%) of the students qualified for free or reduced-price lunches and no more than fifty-five percent (55%) of the students performed at or above grade level. Of these funds:

(1) The sum of $8,062,603 for the 2001-2002 fiscal year and the sum of $8,062,603 for the 2002-2003 fiscal year shall be used to reduce class size at each of these schools to ensure that no class in kindergarten through third grade has more than 15 students;

(2) The sum of $973,455 for the 2001-2002 fiscal year shall be used to extend teachers' contracts at these schools by five days for staff development, including staff development on methods to individualize instruction in smaller classes, and preparation for the 2001-2002 school year and the sum of $2,334,930 for the 2002-2003 fiscal year shall be used to extend teachers' contracts for a total of 10 days,

including five additional days of instruction with related costs for other than teachers salaries, for the 2002-2003 school year; and

(3) The sum of $1,840,380 for the 2001-2002 fiscal year and the sum of $1,840,380 for the 2002-2003 fiscal year shall be used to provide one additional instructional support position at each priority school.

Any teacher assistants displaced from jobs in these highest priority elementary schools shall be given preferential consideration for vacant teacher assistant positions at other schools in the local school administrative unit, provided their job performance has been satisfactory.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

IMMEDIATE ACTIONS TO ADDRESS TEACHER SHORTAGE

SECTION 29.2.(a) Of the funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of two million five hundred thousand dollars ($2,500,000) for the 2001-2002 fiscal year and the sum of two million five hundred thousand dollars ($2,500,000) for the 2002-2003 fiscal year shall be used to expand the pool of qualified teachers and to provide recruitment and retention incentives to attract and retain high-quality teachers to low-performing schools and schools with shortages of teachers in certain areas of certification. Of these funds:

(1) The sum of $1,000,000 for the 2001-2002 fiscal year and the sum of $1,000,000 for the 2002-2003 fiscal year shall be used to provide additional scholarship funds for teacher assistants taking courses that are prerequisites for teacher certification programs; and

(2) The sum of $1,500,000 for the 2001-2002 fiscal year and the sum of $1,500,000 for the 2002-2003 fiscal year shall be used to provide annual bonuses of $1,800 to teachers certified in and teaching in the fields of mathematics, science, or special education at middle and high schools with 80% or more of the students eligible for free or reduced lunch or with 50% or more of students performing below grade level in Algebra I and Biology. The bonus shall be paid monthly with matching benefits. Teachers shall remain eligible for the bonuses so long as they continue to teach in one of these disciplines at a school that was eligible for the bonus program when the teacher first received the bonus.

SECTION 29.2.(b) The Joint Legislative Education Oversight Committee shall study the effectiveness of providing benefits to part-time teachers as a means to recruit certified teachers back into the classroom. The Committee shall examine the effectiveness of different methods of providing these benefits. The Committee shall also examine the cost of the recruitment effort, including the cost of incorporating existing part-time teachers into the plan. The Committee shall make a report to the General Assembly by April 1, 2002.

SECTION 29.2.(c) The Joint Legislative Education Oversight Committee shall study the potential effectiveness of increasing the size of the Teaching Fellows Program to improve the supply of qualified teachers for the public schools. In its analysis the Committee shall consider the retention of Teaching Fellows in the teaching profession.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMPREHENSIVE ASSISTANCE TO CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.3. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.37A. Continually low-performing schools; definition; assistance and intervention; reassignment of students.**

(a) Definition of Continually Low-Performing Schools. – A continually low-performing school is a school that has received State-mandated assistance and has been designated by the State Board as low performing for at least two of three consecutive years. If the State Board identifies a school as continually low performing, the school improvement team at that school shall review its school improvement plan to ensure consistency with the plan adopted pursuant to G.S. 115C- 105.38(3).

(b) Assistance to Schools That Are Low Performing for Two Years. – If a school that has received State-mandated assistance is designated by the State Board as low performing for two consecutive years or for two of three consecutive years, the State Board shall provide a series of progressive assistance and intervention strategies to that school. These strategies shall be designed to improve student achievement and to maintain student achievement at appropriate levels and may include, to the extent that funds are available for this purpose, assistance such as reductions in class size, extension of teacher and assistant principal contracts, extension of the instructional year, and grant-based assistance.

(c) Intervention in Schools That Are Low Performing for Three or More Years. – The State Board of Education shall develop and implement a series of actions for providing assistance and intervention to schools that have previously received State-mandated assistance and have been designated by the State Board as low performing for three or more consecutive years or for at least three out of four years. These actions shall be the least intrusive actions that are consistent with the need to improve student achievement at each such school and shall be adapted to the unique characteristics of each such school and the effectiveness of other actions developed or implemented to improve student achievement at each such school."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONS TO THE LOCAL SUPERINTENDENT'S PLAN TO IMPROVE A LOW-PERFORMING SCHOOL

SECTION 29.4. G.S. 115C-105.37(a1) reads as rewritten:

"(a1) By July 10 of each year, each local school administrative unit shall do a preliminary analysis of test results to determine which of its schools the State Board may identify as low-performing under this section. The superintendent then shall proceed under G.S. 115C-105.39. In addition, within 30 days of the initial identification of a school as low-performing by the local school administrative unit or the State Board, whichever occurs first, the superintendent shall submit to the local board a preliminary plan for addressing the needs of that ~~school.~~ school, including how the superintendent and other central office administrators will work with the school and monitor the school's progress. Within 30 days of its receipt of this plan, the local board shall vote to approve, modify, or reject this plan. Before the board makes this vote, it shall make the plan available to the public, including the personnel assigned to that school and the parents and guardians of the students who are assigned to the school, and shall allow for written comments. The board shall submit the plan to the State Board within five days of the board's vote. The State Board shall review the plan expeditiously and, if appropriate, may offer recommendations to modify the plan. The local board shall consider any recommendations made by the State Board."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 29.5. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars ($1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars ($1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

(1) The sum of $471,366 for the 2001-2002 fiscal year and the sum of $471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and

(2) The sum of $1,207,595 for the 2001-2002 fiscal year and the sum of $1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and

(3a) The sum of $128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of $10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and

(3b) The sum of $307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of $24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EVALUATION OF INITIATIVES TO ASSIST HIGH-PRIORITY SCHOOLS

SECTION 29.6.(a) In order for the high-priority schools identified in Section 29.1 of this act to remain eligible for the additional resources provided in this section, the schools must meet the expected growth for each year and must achieve high growth for at least two out of three years, based on the State Board of Education's annual performance standards set for each school. No adjustment in the allotment of resources based on performance shall be made until the 2004-2005 school year.

SECTION 29.6.(b) All teaching positions allotted for students in high-priority schools and continually low-performing schools in those grades targeted for smaller class sizes shall be assigned to and teach in those grades and in those schools. In grades K-3 in high-priority schools and in grades K-5 in continually low-performing schools, the maximum class size shall be no more than one student

above the allotment ratio in that grade. The Department of Public Instruction shall monitor class sizes at these schools at the end of the first month of school and report to the State Board of Education on the actual class sizes in these schools. If the local school administrative unit notifies the State Board of Education that they do not have sufficient resources to adhere to the class size maximum requirements, the State Board shall verify the accuracy of the request. If additional resources are determined necessary, the State Board of Education may allocate additional teaching positions to the unit from the Reserve for Average Daily Membership Adjustments.

SECTION 29.6.(c) Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of five hundred thousand dollars ($500,000) for fiscal year 2001-2002 and the sum of five hundred thousand dollars ($500,000) for fiscal year 2002-2003 shall be used by the State Board of Education to contract with an outside organization to evaluate the initiatives set forth in this act.

The evaluation shall include:

(1) An assessment of the overall impact these initiatives have had on student achievement;

(2) An assessment of the effectiveness of each individual initiative set forth in this act in improving student achievement;

(3) An identification of changes in staffing patterns, instructional methods, staff development, and parental involvement as a result of these initiatives;

(4) An accounting of how funds and personnel resources made available for these schools were utilized and the impact of varying patterns of utilization on changes in student achievement; and

(5) Recommendations for the continuance and improvement of these initiatives.

The State Board of Education shall make an initial report to the Joint Legislative Education Oversight Committee regarding the results of this evaluation by December 1, 2002, and annually thereafter. The State Board of Education shall submit its recommendations for changes to these initiatives to the Committee at any time.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ALLOCATION OF FEDERAL FUNDS FOR PRIORITY SCHOOLS

SECTION 29.7. The State Board of Education shall make every effort to coordinate the use of State and federal funds to avoid duplication or overlap of services, and to ensure that the benefits of smaller class sizes accrue to as many at-risk students as possible.

PART XXX. COMMUNITY COLLEGES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGE FUNDING FLEXIBILITY

SECTION 30.1. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs.

No more than two percent (2%) systemwide shall be transferred from faculty salaries without the approval of the State Board of Community Colleges. The State

Board shall report on any such transfers above two percent (2%) systemwide to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PERMIT TRANSFERS OF FUNDS TO THE NEW AND EXPANDING INDUSTRY TRAINING PROGRAM

SECTION 30.2. Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other provision of law, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from any agency or program funded from the General Fund to the New and Expanding Industry Training Program to supplement the needs of this Program during the 2001-2003 biennium.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF THE HUMAN RESOURCES DEVELOPMENT PROGRAM

SECTION 30.3.(a) The State Board of Community Colleges shall establish a committee to develop and recommend to the Board a core series of employability skills training classes that should be coded in the Continuing Education Master Course List as Human Resources Development.

SECTION 30.3.(b) The State Board of Community Colleges may waive tuition and fees for enrollment in classes coded in the Continuing Education Master Course List as Human Resources Development if the individual enrolling:

(1) Is unemployed;
(2) Has received notification of a pending layoff;
(3) Is working and is eligible for the Federal Earned Income Tax Credit (FEITC); or
(4) Is working and earning wages at or below two hundred percent (200%) of the federal poverty guidelines.

Individuals for whom tuition and fees are waived must sign a form adopted by the State Board of Community Colleges verifying that they meet one of these criteria.

SECTION 30.3.(c) The State Board of Community Colleges shall study the feasibility of integrating the delivery of human resources development services into the framework of the JobLink Career Centers. The Board shall report its recommendations to the Joint Legislative Education Oversight Committee by May 1, 2002.

SECTION 30.3.(d) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on its reorganization of the Human Resources Development Program by January 1, 2003.

SECTION 30.3.(e) The State Board of Community Colleges may adopt temporary rules to implement reorganization of the Human Resources Development Program.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MANAGEMENT INFORMATION SYSTEM FUNDS

SECTION 30.4. Funds appropriated for the Community Colleges System Office Management Information System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years but shall remain available until expended.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EMPLOYMENT SECURITY COMMISSION FUNDS

SECTION 30.5.(a) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Community Colleges System Office the sum of twenty-eight million fifty-four thousand two hundred ninety-eight dollars ($28,054,298) for the 2001-2002 fiscal year. These funds shall be used as follows:

	2001-2002
1. Equipment Funds	$19,154,298
2. Regional and Cooperative Initiatives	400,000
3. New and Expanding Industry Training Programs	7,000,000
4. Focused Industrial Training Programs	1,500,000
TOTAL	$28,054,298

Funds allocated for Equipment, New and Expanding Industry Training Programs, and Focused Industrial Training Programs shall be nonreverting.

Funds allocated for equipment shall be placed in the Equipment Reserve Fund and shall be allocated in accordance with the State Board's equipment allocation formula.

Funds allocated for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, public schools, universities, and private business and industry.

SECTION 30.5.(b) Of the funds appropriated by this act from the Employment Security Commission Training and Employment Account for Focused Industrial Training, the sum of two hundred fifty thousand dollars ($250,000) is allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the operation of the Hosiery Technology Center and the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical Community College for the operation of the Piedmont Triad Center for Advanced Manufacturing.

SECTION 30.5.(c) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Employment Security Commission the sum of seven million thirteen thousand five hundred seventy-four dollars ($7,013,574) for the 2001-2002 fiscal year for the cost of collecting and administrating the training and reemployment contribution and for enhanced re-employment services.

SECTION 30.5(d). To the extent that the State receives more in the Employment Security Commission Training and Employment Account than the funds appropriated in subsections (a) and (c) of this section:

(1) Eighty percent (80%) of these funds are hereby appropriated for the 2001-2002 fiscal year to the Community Colleges System Office for the purposes set out in subsection (a) of this section and the State Board of Community Colleges may allocate the additional funds for those purposes; and

(2) Twenty percent (20%) of these funds are hereby appropriated to the Employment Security Commission for the 2001-2002 fiscal year, and it may allocate the additional funds for those purposes.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MODIFY TERM OF COMMUNITY COLLEGE FACULTY CONTRACTS

SECTION 30.6. The General Assembly finds that standardization of the term of contracts with community college faculty members will provide the General Assembly with the data necessary to make informed decisions regarding faculty salaries and funding for the summer term. Therefore, the State Board of Community Colleges shall require community colleges to convert all faculty contracts to nine-month contracts covering the fall and spring semesters. Faculty members currently employed for more than nine months shall be placed on supplemental contracts for the summer term. These modifications in faculty contracts shall not change the salary of any faculty member.

All faculty members employed after the date this act becomes law shall be placed on nine-month contracts with supplemental contracts for the summer term.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REALIGNMENT OF ACCOUNTS FOR INSTITUTIONAL AND ADMINISTRATIVE SUPPORT

SECTION 30.7. In prior fiscal years, funds for Institutional and Administrative Support in the following have been appropriated in four separate accounts. Since these funds are allotted to community colleges on a formula basis, this level of detail is unnecessary. Therefore, beginning with the 2001-2002 fiscal year, State aid accounts 536938 through 536941 shall be consolidated into a single State aid account for Institutional and Academic Support to match actual practice.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF DISCREPANCIES IN FACULTY SALARIES

SECTION 30.8. The Joint Legislative Education Oversight Committee shall study discrepancies in community college faculty salaries. In the course of the study, the Committee shall examine faculty salaries at various colleges to determine why salaries at some colleges are above the State average while others are well below it.

The Committee shall report its findings to the 2002 Regular Session of the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STATE BOARD RESERVE ALLOCATIONS

SECTION 30.9. The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars ($100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TRANSFER OF CASH BALANCES

SECTION 30.11. The remaining cash balance on June 30, 2001, and any interest credited to the account in the 2001-2002 fiscal year in the North Carolina Community Colleges System Budget Code 66800, Fund Code 6101 DCC Scholarships, shall be transferred to Budget Code 66800, Fund Code 6102 CCS Financial Assistance to support Need Based Financial Aid programs.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS DO NOT REVERT

SECTION 30.12.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 2000-2001 fiscal year, but shall remain available for expenditure in the 2001-2002 fiscal year. These funds may be used for the capital facilities and operating expenses of the Small Business Center.

SECTION 30.12.(b) This section becomes effective June 30, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MAINTENANCE OF PLANT OPERATIONS

SECTION 30.13. G.S. 115D-31.2 reads as rewritten:

"**§ 115D-31.2. Maintenance of plant.**

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of "operations of plant". ~~These funds shall not exceed eighty five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose.~~ Each college that qualifies for these funds shall receive a pro rata amount of the funds that are appropriated for this purpose."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FOCUSED INDUSTRIAL TRAINING PROGRAM

SECTION 30.15. Of the funds appropriated to the North Carolina Community Colleges System for the 2001-2003 fiscal biennium, the State Board of Community Colleges may use up to one hundred thousand dollars ($100,000) each year to pay registration fees and material costs for Occupational Continuing Education or Focused Industrial Training safety courses provided to companies that (i) are eligible to participate in the Focused Industrial Training Program, (ii) have less than 150 employees, and (iii) are found by community college representatives and regional customized training directors to face challenges in paying these fees and costs.

These funds shall not be expended without the prior approval of the North Carolina Community Colleges System Office, Division of Economic and Workforce Development.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES SYSTEM OFFICE FLEXIBILITY

SECTION 30.16. G.S. 115D-3 is amended by designating the existing language as subsection (a) and by adding two new subsections to read as follows:

"(b) The State Board shall receive General Fund appropriations made by the General Assembly for the continuing operations of the North Carolina Community Colleges System Office that are administered by the President and the President's staff complement established pursuant to this section. The President, notwithstanding G.S. 143-23, and with respect to the foregoing appropriations, may move funds between budget purposes and may use up to ten percent (10%) from lapsed salary and fringe accounts for nonsalary purposes. The Community Colleges System Office (Budget Code 16800) may retain one hundred percent (100%) of its overhead receipts for nonrecurring expenditures that do not impose a continuing obligation upon the State. These retained overhead receipts shall not revert to the State's General Fund.

As used in this section, "indirect receipts" means indirect cost funds earned on federal contracts and grants.

(c) The President, in consultation with the State Auditor and the Director of the Office of State Personnel, shall ascertain that the management staff and internal financial controls are in place and continue in place to successfully administer the additional authority authorized herein. All actions taken by the President are subject to audit by the State Auditor."

Requested by: Representative Thompson, Easterling, Oldham, Redwine

HOME SCHOOLED HIGH SCHOOL STUDENTS MAY TAKE DEVELOPMENTAL COURSES AT COMMUNITY COLLEGES

SECTION 30.17. G.S. 115D-5 is amended by adding a new subsection to read:

"(n) Individual high school students who are sixteen years old or older and who attend a home school, as defined in G.S. 115C-563(a), may register as space is available in developmental courses offered by a community college to prepare them for college-level courses. Notwithstanding subsection (b) of this section and G.S. 115D-20(4), community colleges shall charge tuition to individual students who are enrolled in a developmental course under this subsection."

PART XXXI. UNIVERSITIES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE COLLEGES

SECTION 31.1.(a) Part 2 of Article 1 of Chapter 116 of the General Statutes is amended by adding the following new sections to read:

"**§ 116-21.1. Financial aid for North Carolina students attending private institutions of higher education in North Carolina.**

(a) Funds shall be appropriated each fiscal year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for aid to institutions and shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22.

(b) The funds appropriated in compliance with this section shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in the account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in G.S. 116-21.2.

"**§ 116-21.2. Legislative tuition grants to aid students attending private institutions of higher education.**

(a) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to institutions, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, to be determined by the General Assembly for each academic year which shall be distributed to the student as provided by this subsection.

(b) The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon

receipt of the certification, the State Education Assistance Authority shall remit at the times as it prescribes the grant to the approved institution on behalf, and to the credit, of the student.

(c) In the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on behalf of the students.

(d) In the event there are not sufficient funds to provide each eligible student with a full grant:

(1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

(2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

(e) Any remaining funds shall revert to the General Fund.

(f) Expenditures made pursuant to this section may be used only for secular educational purposes at institutions. Expenditures made pursuant to this section shall not be used for any student who:

(1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or

(2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years.

(g) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(h) The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program.

"**§ 116-21.3. Legislative tuition grant limitations.**

(a) No legislative tuition grant funds shall be expended for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1), established after May 15, 1987, unless (i) the private institution offering the program has previously notified and secured agreement from other private institutions operating degree programs in the county in which the off-campus program is located or operating in the counties adjacent to that county or (ii) the degree program is neither available nor planned in the county with the off-campus site or in the counties adjacent to that county.

(b) For purposes of this section, an 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

(c) Any member of the armed services, as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a legislative tuition grant pursuant to this section if the member is enrolled as a full-time student. The

member's legislative tuition grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer."

SECTION 31.1.(b) Funds are appropriated in this act to the Board of Governors of The University of North Carolina to be allocated and disbursed as provided by G.S. 116-19, 116-21, 116-21.1, and 116-22. These funds shall provide up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2001, for the 2001-2002 fiscal year and up to one thousand one hundred dollars ($1,100) per full-time equivalent North Carolina undergraduate student enrolled at an institution as of October 1, 2002, for the 2002-2003 fiscal year.

SECTION 31.1.(c) Funds appropriated in this act to the Board of Governors of The University of North Carolina shall be allocated and disbursed for legislative tuition grants in compliance with G.S. 116-21.2. The funds shall be allocated as follows: to each full-time North Carolina undergraduate student a sum, not to exceed one thousand eight hundred dollars ($1,800) for the 2001-2002 academic year and one thousand eight hundred dollars ($1,800) for the 2002-2003 academic year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ACADEMIC COMMON MARKET PILOT PROGRAM

SECTION 31.2.(a) The Southern Regional Education Board currently operates an Academic Common Market program. Under this program, qualified students from participating states may apply to attend programs at public universities in participating states that are not available in their home state's university system. North Carolina's participation for graduate programs would provide a cost-effective means of offering educational access for North Carolina residents. North Carolinians would be able to attend graduate programs that are not available at The University of North Carolina at reduced rates, and the State would avoid the cost associated with the development of new academic programs.

SECTION 31.2.(b) The Board of Governors of The University of North Carolina may establish a pilot program for participation in the Southern Regional Education Board's Academic Common Market at the graduate program level. The Board of Governors shall examine the graduate programs offered in The University of North Carolina system and select for participation only those graduate programs that are likely to be unique or are not commonly available in other Southern Regional Education Board states. Out-of-state tuition shall be waived for students who are residents of other Southern Regional Education Board states and who are participating in the Academic Common Market program. If accepted into The University of North Carolina graduate programs that are part of the Academic Common Market, these students shall pay in-State tuition and shall be treated for all purposes of The University of North Carolina as residents of North Carolina. Prior to the beginning of this pilot, the Board of Governors shall submit its list of graduate programs selected to be a part of the pilot program to the Joint Legislative Education Oversight Committee.

SECTION 31.2.(c) The pilot programs established under this section shall terminate July 1, 2005. However, once a student is enrolled in The University of North Carolina system under the Academic Common Market program, the student shall be entitled to pay in-State tuition as long as the student is enrolled in that graduate program. The Board of Governors shall report the success of the Academic Common Market program to the Joint Legislative Education Oversight Committee by December 31, 2003, and by January 31, 2005, and the Committee may recommend changes, if any are appropriate, to the pilot program at either of those times.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE MEDICAL SCHOOLS/FUNDING FORMULA

SECTION 31.3. Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-21.3. Private medical schools–assistance funding formula.**

(a) Funds shall be appropriated each year in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University. The funds shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of the appropriate fiscal year.

(b) Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars ($8,000) for each medical student who is a North Carolina resident, one thousand dollars ($1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

(c) Disbursement to Duke University shall be made in the amount of five thousand dollars ($5,000) for each medical student who is a North Carolina resident, five hundred dollars ($500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student may be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars ($1,000) shall be made for each medical student who is a North Carolina resident in the first-year, second-year, third-year, and fourth-year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.

(d) The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board of Governors shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(e) If the funds appropriated in the Current Operations Appropriations Act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY PROFESSIONAL DEVELOPMENT PROGRAMS FOR PUBLIC SCHOOL PROFESSIONALS

SECTION 31.4.(a) G.S. 115C-12(26) reads as rewritten:

"**§ 115C-12. Powers and duties of the Board generally.**

The general supervision and administration of the free public school system shall be vested in the State Board of Education. The State Board of Education shall establish policy for the system of free public schools, subject to laws enacted by the General Assembly. The powers and duties of the State Board of Education are defined as follows:

...

(26) Duty to Monitor and Make Recommendations Regarding Professional Development Programs. – The State Board of ~~Education, in collaboration with the Board of Governors of The University of North Carolina, shall identify and make recommendations regarding meaningful professional development programs for professional public school employees. The programs shall be aligned with State education goals and directed toward improving student academic achievement.~~ Education shall identify State and local needs for professional development for professional public school employees based upon the State's educational priorities for improving student achievement. The State Board also shall recommend strategies for addressing these needs. The strategies must be research-based, proven in practice, and designed for data-driven evaluation. The State Board shall report its findings and recommendations to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Board of Governors of The University of North Carolina prior to January 15, 2002, and shall review, revise, and resubmit those findings and recommendations annually thereafter. The State Board shall ~~annually~~ evaluate ~~and, after consultation with the Board of Governors, make recommendations regarding professional development programs based upon~~ the reports submitted by the Board of Governors under ~~G.S. 116-11(12a).~~ G.S. 116-11(12a) to determine whether the programs for professional development provided by the Center for School Leadership Development address the State and local needs identified by the State Board and whether the programs are using the strategies recommended by the State Board. Prior to January 15th of each year, the State Board shall report the results of its analysis to the Board of Governors and to the Joint Legislative Education Oversight Committee.

...."

SECTION 31.4.(b) G.S. 116-11(12a) reads as rewritten:

"**§ 116-11. Powers and duties generally.**

The powers and duties of the Board of Governors shall include the following:

...

(12a) ~~The~~ Notwithstanding any other law, the Board of Governors of The University of North Carolina shall implement, administer, and revise programs for meaningful professional development for professional public school employees ~~based upon~~ in accordance with the evaluations and recommendations made by the State Board of Education under G.S. 115C-12(26). The programs shall be aligned with State education goals and directed toward improving student academic achievement. ~~The Board of Governors shall submit to the State Board of Education an annual report evaluating the professional development programs administered by the Board of Governors.~~ The

Board of Governors shall submit to the State Board of Education an annual written report that uses data to assess and evaluate the effectiveness of the programs for professional development offered by the Center for School Leadership Development. The report shall clearly document how the programs address the State needs identified by the State Board of Education and whether the programs are utilizing the strategies recommended by the State Board. The Board of Governors also shall submit this report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives prior to September 15th of each year."

SECTION 31.4.(c) The Joint Legislative Education Oversight Committee shall hire an independent consultant to study and make recommendations regarding professional development for public school professionals in North Carolina. The consultant shall study:

(1) The professional development programs administered under the UNC Center for School Leadership Development with regard to their mission, governance structure, efficiency, and objectively measurable effectiveness in increasing student achievement.

(2) The feasibility and merits of consolidating and reducing the number of professional development programs.

(3) The possibility of regionalizing professional development programs and using a cooperative arrangement between higher educational institutions and community colleges in a region to achieve the goal.

(4) The professional development support offered by the Department of Public Instruction.

(5) The use of professional development funds allocated to local school administrative units and individual schools.

(6) National research regarding effective methods for delivering professional development that is shown to improve student achievement.

The consultant shall report these findings to the Joint Legislative Education Oversight Committee and also shall make recommendations regarding how existing State funds should be utilized to provide effective and efficient professional development for public school professionals.

SECTION 31.4.(d) The Joint Legislative Education Oversight Committee shall review the consultant's findings and recommendations and shall submit to the 2002 Regular Session of the 2001 General Assembly recommendations to streamline, reorganize, and improve the delivery of professional development for public school professionals. The recommendations may address revisions to program governance and mission, reallocation of funds, methods of program delivery, and methods to institute ongoing program evaluation.

SECTION 31.4.(e) The Joint Legislative Education Oversight Committee shall review the reports that are required to be made to the Committee. The purpose of the review is to determine which reports must include information that is research-based, proven in practice, and designed for data-driven research. The Committee may make recommendations for changes in these reports based upon the Committee's findings.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER ASSISTANT SCHOLARSHIP FUND

SECTION 31.5.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-209.35. Teacher Assistant Scholarship Fund.**

(a) There is established the Teacher Assistant Scholarship Fund. The purpose of the Fund is to provide scholarships to teacher assistants who are pursuing college degrees to become teachers. The State Education Assistance Authority shall administer the Fund.

(b) Criteria for awarding the scholarships shall be developed by the Board of Governors of The University of North Carolina in consultation with the State Board of Education and the State Board of Community Colleges and shall include all of the following:

(1) An applicant shall be employed full time as a teacher assistant in North Carolina.

(2) An applicant shall be enrolled in an accredited bachelors degree program in an institution of higher education in North Carolina.

(3) An applicant shall be a resident of North Carolina. For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

(4) Any additional criteria that the Board of Governors considers necessary to administer the Fund effectively, including all of the following:

a. Consideration of the appropriate numbers of minority applicants and applicants from diverse socioeconomic backgrounds to receive scholarships pursuant to this section.

b. Consideration of the academic qualifications of the individuals applying to receive funds.

c. Consideration of the commitment an individual applying to receive funds demonstrates to the profession of teaching.

(c) The scholarships shall be available for part-time or full-time course work through all off-campus or distance education teacher education programs.

(d) The Board of Governors of The University of North Carolina, the State Board of Education, and the State Board of Community Colleges shall: (i) prepare a clear written explanation of the Teacher Assistant Scholarship Fund and the information regarding the availability and criteria for awarding the scholarships, and (ii) shall provide that information to the appropriate counselors in each local school system and shall charge those counselors to inform teacher assistants about the scholarships and to encourage teacher assistants to apply for the scholarships.

(e) The Board of Governors of The University of North Carolina shall adopt rules to implement this section.

(f) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1 each year regarding the Fund and scholarships awarded from the Fund."

SECTION 31.5.(b) Of the funds appropriated by this Act to the Board of Governors of The University of North Carolina the sum of one million dollars ($1,000,000) shall be allocated to the State Education Assistance Authority to implement this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNC BUDGET FLEXIBILITY/MUST HONOR BUDGET REDUCTIONS

SECTION 31.6.(a) Notwithstanding G.S. 116-30.2 or G.S. 116-30.3, neither the Office of General Administration of The University of North Carolina or any special

responsibility constituent institution shall expend or use any of the following funds to modify the budget reductions imposed by this act:

(1) General Fund moneys appropriated by this act.

(2) General Fund current operations appropriations credit balances remaining at the end of any fiscal year that are carried forward to the next fiscal year.

SECTION 31.6.(b) Except as provided in subsection (a) of this section, G.S. 116-30.2 and G.S. 116-30.3 remain in full force and effect.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

OFFER TEACHER EDUCATION PROGRAMS THROUGH DISTANCE EDUCATION

SECTION 31.7.(a) It is the intent of the General Assembly to make teacher education programs easily accessible statewide through distance education. The General Assembly finds that the "2 + 2" program is an excellent model for teacher credential programs and encourages its use as a model.

SECTION 31.7.(b) To achieve the goal of encouraging the "2 + 2" program as a model for teacher education programs and to make those model teacher education programs available and easily accessible statewide, any teacher education program that is offered by a constituent institution through distance education that does not require campus residency is eligible for funds appropriated by this act for that purpose. The Board of Governors shall determine the eligibility and amount of funds to be allocated to a constituent institution pursuant to this section. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee annually regarding the implementation of this section and the amount and use of the funds allocated pursuant to this section.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUBSTITUTION OF UNC-CH BOND PROJECTS

SECTION 31.9. Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to substitute an Information Technology Office Facility for the Comprehensive Renovation and Conversion for Information Technology and Data Processing, both at the University of North Carolina at Chapel Hill, as contained in Section 2(a) of S.L. 2000-3. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the University of North Carolina at Chapel Hill, by adding "Information Technology Office Facility....$9,170,000" and deleting "Comprehensive Renovation and Conversion for Information Technology and Data Processing....$9,170,000".

Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement project.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

MASTERS ED. ADMINISTRATION AT A&T STATE, NCCU, UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT ECSU/STUDY POSSIBLE DENTISTRY SCHOOL AT ECU AND POSSIBLE ENGINEERING SCHOOL AT ECU, WESTERN CAROLINA, AND UNC AT ASHEVILLE

SECTION 31.10.(a) G.S. 116-74.21(b) reads as rewritten:

"(b) No more than ~~nine~~ 12 school administrator programs shall be established under the competitive proposal program. In selecting campus sites, the Board of

Governors shall be sensitive to the racial, cultural, and geographic diversity of the State. Special priority shall be given to the following factors: (i) the historical background of the institutions in training educators; (ii) the ability of the sites to serve the geographic regions of the State, such as, the far west, the west, the triad, the piedmont, and the east; and, (iii) whether the type of roads and terrain in a region make commuting difficult. A school administrator program may provide for instruction at one or more campus sites."

SECTION 31.10.(b) The Board of Governors of The University of North Carolina shall include the Master of School Administration program at North Carolina Agricultural and Technical State University in Greensboro, North Carolina Central University in Durham, and the University of North Carolina at Pembroke as three of the 12 school administrator programs established pursuant to G.S. 116-74.21. These three programs shall be comparable in quality to the nine existing Master of School Administration programs and shall be operated within existing funds.

SECTION 31.10.(c) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Pharmacy at Elizabeth City State University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002.

SECTION 31.10.(d) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Dentistry and a School of Engineering at East Carolina University. The Board shall also study the feasibility of establishing a School of Engineering at the University of North Carolina at Asheville and Western Carolina University.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PROGRESS BOARD

SECTION 31.12.(a) G.S. 143B-372.1 reads as rewritten:

"**§ 143B-372.1. North Carolina Progress Board.**

(a) The North Carolina Progress Board is established. The Board shall be located administratively in the Board of Governors of The University of North Carolina and ~~is~~ may be located at ~~North Carolina State University,~~ any constituent institution within The University of North Carolina, or at any institution to which it is invited formally, but shall exercise all its prescribed statutory powers independently of the Board of ~~Governors.~~ Governors or the institution at which it resides.

(b) The North Carolina Progress Board shall consist of ~~21~~ 24 members of statewide prominence as follows:

(1) The Governor, ex officio;

(2) Eight persons appointed by the Governor, none of whom shall be State employees or officers;

(3) ~~Four~~ Five persons appointed by the Speaker of the House of Representatives, ~~one~~ two of whom shall be ~~a member~~ members of the House of Representatives;

(4) ~~Four~~ Five persons appointed by the President Pro Tempore of the Senate, ~~one~~ two of whom shall be ~~a member~~ members of the Senate; and

(5) ~~Four~~ Five persons appointed by the North Carolina Progress Board.

(c) The Governor shall be chair of the North Carolina Progress Board. The Governor shall appoint a vice-chair from among the membership of the North Carolina Progress Board to serve at the pleasure of the Governor. The North Carolina Progress Board may elect such other officers as it sees fit.

(d) The North Carolina Progress Board shall meet at least twice annually on the call of the chair or as additionally provided by the North Carolina Progress Board. A

quorum is ~~11~~ 12 members of the Board. Members may not send designees to board meetings, nor may they vote by proxy.

(e) Board appointments shall be for terms to begin July 1, 1999, with subsequent appointments to be made as terms expire or resignations occur. Of the Governor's appointments, two shall be for one-year terms, two shall be for two-year terms, two shall be for three-year terms, and two shall be for four-year terms. Of the appointments made by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the North Carolina Progress Board, one member appointed by each shall be appointed for a one-year term, one member appointed by each shall be appointed for a two-year term, one member appointed by each shall be appointed for a three-year term, and ~~one~~ two ~~member~~ members appointed by each shall be appointed for a four-year term. As terms expire, successors shall be appointed for four-year terms.

(f) No member may be appointed to more than two consecutive terms. A member of the House of Representatives appointed by the Speaker of the House vacates membership on the North Carolina Progress Board when that person is no longer a member of the House of Representatives, except that if that person is in office at the expiration of the term of office in the House of Representatives but has not been elected to the next term, that person shall continue to serve until the convening of the regular session. A member of the Senate appointed by the President Pro Tempore of the Senate vacates membership on the North Carolina Progress Board when that person is no longer a member of the Senate, except that if that person is in office at the expiration of the term of office in the Senate but has not been elected to the next term, that person shall continue to serve until the convening of the regular session."

SECTION 31.12.(b) G.S. 143B-372.2 reads as rewritten:

"**§ 143B-372.2. Responsibilities.**

(a) The General Assembly notes that the Commission for a Competitive North Carolina developed goals in the following categories:

(1) Healthy Children and Families;
(2) Quality Education for All;
(3) A High Performance Workforce;
(4) A Prosperous Economy;
(5) A Sustainable Environment;
(6) Technology and Infrastructure Development;
(7) Safe and Vibrant Communities; and
(8) Active Citizenship/Accountable Government.

The Commission for a Competitive North Carolina adopted a report which established major goals and ways to measure progress toward these goals.

(a1) The General Assembly finds that the North Carolina Progress Board developed a report that focused on four of the Commission's recommended topics and issued 16 major targets for 2010. The objectives of the targets are to drive the State toward (i) a more expansive vision of education and environmental protection, (ii) strengthening families, and (iii) bringing more people into the economic mainstream.

(b) The General Assembly finds ~~that:~~ the following:

(1) The North Carolina economy of the future can provide unparalleled opportunity while maintaining North Carolina's traditional values, if the State pursues the future with clarity of purpose and ~~perseverance;~~ perseverance.

(2) The North Carolina economy is in the midst of a massive transition created by technological changes, global competition, and new production ~~practices; and~~ practices.

(3) In order to maintain employment opportunities, increase income levels, reduce poverty, and generate the public revenues necessary to provide public services, North Carolina must increasingly rely on an

economy which adds value to its natural and human resources and provides a diverse mix of products.

(4) Regional Progress Boards, modeled after the North Carolina Progress Board, should be encouraged, and to the extent practicable, funded from local sources, public and private, to ensure that the several regions of North Carolina describe a clear regional vision, with measures, targets, and methods for keeping track of progress toward that regional vision, and each forming a strategic alliance with the North Carolina Progress Board.

(c) The North Carolina Progress Board shall:

(1) Encourage ~~the~~ a discussion ~~and~~ toward understanding ~~of~~ the critical ~~global~~ global, national, statewide, regional, and local demographic, social, economic, and environmental ~~and~~ trends and conditions that exist or are emerging in North Carolina today, and how those issues will impact living in North Carolina in 10 to 20 years. ~~national social and economic trends that will affect North Carolina in the coming decades;~~

(2) Examine the report of the Commission for a Competitive North Carolina and the 1997 and February 2000 reports of the North Carolina Progress Board to the General Assembly. ~~the 1997 report of the North Carolina Progress Board to the General Assembly;~~

(3) Track the eight issue areas set out in subsection (a) of this section and the objectives set out in subsection (a1) of this section and other issues identified by the Progress Board. The Progress Board may, upon vote of the Board, add to those issues identified by its predecessor Commission and ~~Board;~~ Board.

(4) Hold public hearings and other methods of public participation, including educational and outreach programs, to secure the views of citizens on priority goals for North Carolina and to disseminate findings and recommendations to ~~policymakers;~~ policymakers.

(5) Formulate and submit to North Carolinians a report every five years, beginning 2001, that updates the ~~20~~ 10- to ~~30~~ 20- year vision for North Carolina and that describes and explains a vision for North Carolina's progress over the next ~~20~~10 to ~~30~~20 ~~years;~~years.

(6) Submit a report to the General Assembly prior to its convening the regular session every odd-numbered year, which reports on demographic, ~~social and~~ social, ~~economic~~ economic, or environmental trends and ~~issues~~ recommends specific targets and milestones to accomplish its ~~mission;~~ mission.

(7) ~~Recommend~~ Recommend, by reporting special legislative provisions, in draft form only, how ~~the~~ targets and milestones can be applied to increase ~~the~~ accountability of government to the people of this ~~State;~~ State.

(8) Report periodically to the people of North Carolina on progress toward meeting goals, targets, and ~~milestones;~~ milestones, together with an assessment of the failure to meet the same and, where possible, an estimate of the potential costs associated with failure to act.

(9) Undertake new and ongoing policy research and benchmarking ~~studies;~~ studies.

(10) Publish and distribute periodic reports on policies, performance improvement, and best practices for ~~meeting~~ achieving the ~~long-term~~ long-term, strategic goals for the ~~State; and~~ State.

(11) May apply for and accept gifts or ~~grants.~~ grants or engage in consulting activities, or other contractual assignments, consistent with its mission, for which applicable staff or Board members may expect to receive reasonable fees and expenses in exchange for specific work products.

(d) ~~The~~ Any Regular Session of the General Assembly shall further define the mission of the North Carolina Progress Board in continuing its ~~work.~~ work and may from time to time, and to the extent practicable, request staff assistance from the Board to standing, select, or independent legislative study committees or commissions.

(e) The General Assembly, after adopting the initial set of goals and measures as proposed or amended, may alter the goals and measures."

SECTION 31.12.(c) G.S. 143B-372.3 reads as rewritten:

"**§ 143B-372.3. Staff.**

(a) ~~The Chancellor of North Carolina State University~~ Upon the recommendation of the Board, the Governor shall appoint an Executive Director who shall serve at the pleasure of the ~~Chancellor.~~ Board and the Governor but, for administrative purposes, shall report to the Board of Governors of The University of North Carolina. The Executive Director shall report to the North Carolina Progress Board and the ~~Chancellor.~~ Governor. The Executive Director shall hire or contract with support staff, who shall work at the pleasure of the Executive Director.

(b) The Office of State Budget, Planning, and Management shall also provide support, information, reports, and other assistance to the North Carolina Progress Board as requested.

(c) Repealed by Session Laws 1999-237, s. 10.12(a), effective June 30, 1999."

Requested by: Representative Cole

TRANSFER CHINQUA-PENN PLANTATION FUNDS

SECTION 31.13. All "Friends of Chinqua-Penn" funds and gift shop funds on deposit with The University of North Carolina shall be transferred to the Chinqua-Penn Foundation, Inc.

Requested by: Representative Creech

UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS

SECTION 31.14. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1, 2002, and annually thereafter, on the amount of overhead receipts for The University System and the use of those receipts.

PART XXXII. SALARIES AND EMPLOYEE BENEFITS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GOVERNOR AND COUNCIL OF STATE/NO SALARY INCREASES

SECTION 32.1.(a) For the 2001-2002 and 2002-2003 fiscal years, the salary of the Governor shall remain the amount set by G.S. 147-11(a).

SECTION 32.1.(b) Effective July 1, 2001, the annual salaries for the members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003 fiscal years are:

Council of State	**Annual Salary**
Lieutenant Governor	$104,523
Attorney General	104,523
Secretary of State	104,523
State Treasurer	104,523
State Auditor	104,523

Superintendent of Public Instruction	104,523
Agriculture Commissioner	104,523
Insurance Commissioner	104,523
Labor Commissioner	104,523

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NONELECTED DEPARTMENT HEAD/NO SALARY INCREASES

SECTION 32.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2001-2002 and 2002-2003 fiscal years are:

Nonelected Department Heads	**Annual Salary**
Secretary of Administration	$102,119
Secretary of Correction	102,119
Secretary of Crime Control and Public Safety	102,119
Secretary of Cultural Resources	102,119
Secretary of Commerce	102,119
Secretary of Environment and Natural Resources	102,119
Secretary of Health and Human Services	102,119
Secretary of Juvenile Justice and Delinquency Prevention	102,119
Secretary of Revenue	102,119
Secretary of Transportation	102,119

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CERTAIN EXECUTIVE BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.3. The annual salaries, payable monthly, for the 2001-2002 and 2002-2003 fiscal years for the following executive branch officials are:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$92,946
State Controller	130,078
Commissioner of Motor Vehicles	92,946
Commissioner of Banks	104,523
Chairman, Employment Security Commission	129,913
State Personnel Director	102,119
Chairman, Parole Commission	84,871
Members of the Parole Commission	78,356
Chairman, Utilities Commission	116,405
Members of the Utilities Commission	104,523
Executive Director, Agency for Public Telecommunications	78,356
General Manager, Ports Railway Commission	70,755
Director, Museum of Art	95,240
Executive Director, North Carolina Housing Finance Agency	115,031
Executive Director, North Carolina Agricultural Finance Authority	90,470
State Chief Information Officer	130,000

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

JUDICIAL BRANCH OFFICIALS/NO SALARY INCREASES

SECTION 32.4.(a) The annual salaries, payable monthly, for specified judicial branch officials for the 2001-2002 and 2002-2003 fiscal years are:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$118,430
Associate Justice, Supreme Court	115,336
Chief Judge, Court of Appeals	112,452
Judge, Court of Appeals	110,530

Judge, Senior Regular Resident Superior Court	107,527
Judge, Superior Court	104,523
Chief Judge, District Court	94,912
Judge, District Court	91,909
Administrative Officer of the Courts	107,527
Assistant Administrative Officer of the Courts	98,216

SECTION 32.4.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed sixty thousand one hundred ninety-one dollars ($60,191), and the minimum salary of any assistant district attorney or assistant public defender is at least thirty-one thousand thirty-five dollars ($31,035), effective July 1, 2001.

SECTION 32.4.(c) The salaries in effect for the 2001-2002 and 2002-2003 fiscal years for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by six hundred twenty-five dollars ($625.00), effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLERK OF SUPERIOR COURT SALARY INCREASES

SECTION 32.5. Effective July 1, 2001, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary
Less than 100,000	~~$69,286~~$69,911
100,000 to 149,999	~~77,827~~78,452
150,000 to 249,999	~~86,369~~86,994
250,000 and above	~~94,912~~95,537

The salary schedule in this subsection is intended to represent the following approximate percentage of the salary of a chief district court judge:

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

SECTION 32.6. Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	~~$25,890~~$26,515
Maximum	~~45,839~~ 46,464

Deputy Clerks	Annual Salary
Minimum	~~$21,940~~$22,565
Maximum	~~35,309.~~35,934."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MAGISTRATES' SALARY INCREASES

SECTION 32.7. Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	~~$26,264~~$26,889
Step 1	~~28,900~~29,525
Step 2	~~31,764~~32,393
Step 3	~~34,898~~35,523
Step 4	~~38,327~~38,952
Step 5	~~42,096~~42,721
Step 6	~~46,239~~46,864

(2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on

the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

Less than 1 year of service	~~$20,700~~$21,325
1 or more but less than 3 years of service	~~21,764~~22,389
3 or more but less than 5 years of service	~~23,905.~~24,530.

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 32.8. Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~eighty-seven thousand six hundred eighty-one dollars ($87,681)~~ eighty-eight thousand three hundred six dollars ($88,306) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 32.9. Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred eighty-six dollars ($286.00)~~ two hundred ninety-two dollars ($292.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

LEGISLATIVE EMPLOYEES

SECTION 32.10. The Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 2000-2001 by six hundred twenty-five dollars ($625.00). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

SECTION 32.11. The Director of the Budget shall transfer from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, funds to the North Carolina Community Colleges System Office necessary to provide an annual salary increase of six hundred twenty-five dollars ($625.00) including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all permanent full-time community college institutional personnel supported by State funds. Salary funds shall be used to provide an annual salary increase of six hundred twenty-five dollars ($625.00) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

SECTION 32.12.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for

Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual salary increase of six hundred twenty-five dollars ($625.00), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

SECTION 32.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increases, created in this act for fiscal years 2001-2002 and 2002-2003, to provide an annual salary increase of two and eighty-six hundredths percent (2.86%), including funds for the employer's retirement and social security contributions, commencing July 1, 2001, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST STATE EMPLOYEES

SECTION 32.13.(a) The salaries in effect June 30, 2001, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 2001, unless otherwise provided by this act, by six hundred twenty-five dollars ($625.00) per year.

SECTION 32.13.(b) Except as otherwise provided in this act, the fiscal year 2001-2002 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by six hundred twenty-five dollars ($625.00) per year, commencing July 1, 2001.

SECTION 32.13.(c) The salaries in effect for fiscal year 2001-2002 for all permanent part-time State employees shall be increased on and after July 1, 2001, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered under subsection (a) of this section.

SECTION 32.13.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase, on and after July 1, 2001, in accordance with subsection (a), (b), or (c) of this section including funds for the employer's retirement and social security contributions, for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

SECTION 32.13.(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the six hundred twenty-five dollars ($625.00) per year salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ALL STATE SUPPORTED PERSONNEL

SECTION 32.14.(a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

SECTION 32.14.(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

SECTION 32.14.(c) The salary increases provided in this act are to be effective July 1, 2001, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2001.

Payroll checks issued to employees after July 1, 2001, which represent payment of services provided prior to July 1, 2001, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

SECTION 32.14.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increases in this act for fiscal year 2001-2002 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

SECTION 32.14.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION SALARIES

SECTION 32.15. For the 2001-2002 and 2002-2003 fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund to fund the cost of any legislative salary increase for employees of the Wildlife Resources Commission.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CLEAN WATER MANAGEMENT TRUST FUND PERSONNEL

SECTION 32.16.(a) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(21) Employees of the Clean Water Management Trust Fund."

SECTION 32.16.(b) G.S. 113-145.7 reads as rewritten:

"**§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

The Clean Water Management Trust Fund Board of Trustees, as soon as practicable after its organization, shall select and appoint a competent person in accordance with this section as Executive Director of the Clean Water Management Trust Fund Board of Trustees. The Executive Director shall be charged with the supervision of all activities under the jurisdiction of the Trustees and shall serve as the chief administrative officer of the Trustees. Subject to the approval of the Trustees and the Director of the Budget, the Executive Director may employ such clerical and other assistants as may be deemed necessary.

The person selected as Executive Director shall have had training and experience in conservation, protection, and management of surface water resources. The salary of the Executive Director shall be fixed by the Trustees, and the Executive Director shall be allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive

Director's salary and expenses shall be paid from the Fund. The term of office of the Executive Director shall be at the pleasure of the Trustees.

These employees shall be exempt from the State Personnel Act, as provided in G.S. 126-5(c1)."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERANCE PAY/SALARY ADJUSTMENT FUND

SECTION 32.19.(a) Funds from the Salary Adjustment Fund shall first be used for severance wages for eligible separated employees.

SECTION 32.19.(b) The sum of up to five million dollars ($5,000,000) of any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds may be used for reclassifications of positions already approved by the Office of State Personnel. Any funds in excess of five million dollars ($5,000,000) shall revert. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of salary adjustment funds for any State agency.

Requested by: Representatives Wright, Redwine, Easterling, Oldham, Thompson

STATE EMPLOYEE HEALTH PLAN CHANGES

SECTION 32.20.(a) G.S. 135-40.1(2) reads as rewritten:

"(2) Deductible. – Deductible shall mean an amount of covered expenses during a fiscal year which must be incurred after which benefits (subject to the deductible) becomes payable. The deductible for an employee, retired employee and/or his or her dependents shall be ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) for each fiscal year.

The deductible applies separately to each covered individual in each fiscal year, subject to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family (employee or retiree and his or her covered dependents)~~employee and child(ren) or employee and family coverage contract in any fiscal year.

If two or more family members are injured in the same accident only one deductible is required for charges related to that accident during the benefit period."

SECTION 32.20.(b) G.S. 135-40.4(a) reads as rewritten:

"(a) In the event a covered person, as a result of accidental bodily injury, disease or pregnancy, incurs covered expenses, the Plan will pay benefits up to the amounts described in G.S. 135-40.5 through G.S. 135-40.9.

The Plan is divided into two parts. The first part includes certain benefits which are not subject to a deductible or coinsurance. The second part is a comprehensive plan and includes those benefits which are subject to both a ~~two hundred fifty dollars ($250.00)~~three hundred fifty dollar ($350.00) deductible for each covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract and coinsurance of 80%/20%. There is a limit on out-of-pocket expenses under the second part.

Notwithstanding the provisions of this Article, the Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan may contract with providers of institutional and professional medical care and services to established preferred provider networks. The Plan shall, however, honor a Plan member's assignment of benefits under the Plan to a provider of health care services that does not contract with the Plan. The design, adoption, and implementation

of such preferred provider contracts and networks are not subject to the requirements of Chapter 143 of the General Statutes, provided that for any hospital preferred provider network all hospitals will have an opportunity to contract with the Plan if they meet the contract requirements. Any contract entered into between a hospital and the Plan shall become effective as soon as practicable after the execution of the contract and, in any event, not later than 10 calendar days after the hospital's delivery of the executed contract to the Plan. The Executive Administrator and Board of Trustees shall, under the provisions of G.S. 135-39.5(12), pursue such preferred provider contracts on a timely basis and shall make reports as requested to the President of the Senate, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Committee on Employee Hospital and Medical Benefits on its progress in negotiating such preferred provider contracts. The Executive Administrator and Board of Trustees shall implement a refined diagnostic-related grouping or diagnostic-related grouping-based reimbursement system for hospitals as soon as practicable, but no later than January 1, 1995."

SECTION 32.20.(c) G.S. 135-40.5(d) is repealed.

SECTION 32.20.(d) G.S. 135-40.5(g) reads as rewritten:

"(g) Prescription Drugs. – The Plan's allowable charges for prescription legend drugs to be used outside of a hospital or skilled nursing facility are to be determined by the Plan's Executive Administrator and Board of Trustees. The Plan will pay allowable charges for each outpatient prescription drug less a copayment to be paid by each covered individual equal to the following amounts: pharmacy charges up to ten dollars ($10.00) for each generic prescription, ~~fifteen dollars ($15.00)~~ twenty-five dollars ($25.00) for each branded prescription, and ~~twenty dollars ($20.00)~~thirty-five dollars ($35.00) for each branded prescription with a generic equivalent drug, and ~~twenty-five dollars ($25.00)~~ forty dollars ($40.00) for each branded or generic prescription not on a formulary used by the Plan. Allowable charges shall not be greater than a pharmacy's usual and customary charge to the general public for a particular prescription. Prescriptions shall be for no more than a 34-day supply for the purposes of the copayments paid by each covered individual. By accepting the copayments and any remaining allowable charges provided by this subsection, pharmacies shall not balance bill an individual covered by the Plan. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: "Caution: Federal Law Prohibits Dispensing Without Prescription." Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though a prescription is not required. The Plan may use a pharmacy benefit manager to help manage the Plan's outpatient prescription drug coverage. In managing the Plan's outpatient prescription drug benefits, the Plan and its pharmacy benefit manager shall not provide coverage for erectile dysfunction, growth hormone, antiwrinkle, weight loss, and hair growth drugs unless such coverage is medically necessary to the health of the member. The Plan and its pharmacy benefit manager shall not provide coverage for growth hormone and weight loss drugs and antifungal drugs for the treatment of nail fungus and botulinium toxin without approval in advance by the pharmacy benefit manager. Any formulary used by the Plan's Executive Administrator and pharmacy benefit manager shall be an open formulary. Plan members shall not be assessed more than two thousand five hundred dollars ($2,500) per person per fiscal year in copayments required by this subsection."

SECTION 32.20.(e) The first paragraph of G.S. 135-40.6 reads as rewritten:

"The ~~following~~ benefits provided in this section are subject to a deductible of ~~two hundred fifty dollars ($250.00)~~ three hundred fifty dollars ($350.00) per covered individual to an aggregate maximum of ~~seven hundred fifty dollars ($750.00)~~ one thousand fifty dollars ($1,050) per ~~family~~ employee and child(ren) or employee and family coverage contract per fiscal year and are payable on the basis of eighty percent

(80%) by the Plan and twenty percent (20%) by the covered individual up to a maximum of one thousand ~~dollars ($1,000)~~ five hundred dollars ($1,500) out-of-pocket per fiscal ~~year:~~year. The aggregate maximum out-of-pocket required of individuals covered by this section shall not be more than four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year."

SECTION 32.20.(f) G.S. 135-40.6(1)f. reads as rewritten:

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

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

...

f. ~~Physical~~ Physical, speech, and occupational therapy."

SECTION 32.20.(g) G.S. 135-40.6(3) reads as rewritten:

"(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a skilled nursing facility licensed under applicable State laws for not more than 100 days per fiscal year for the same reason, as follows:

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

Credit will be allowed toward private room charges in an amount equal to the facility's most prevalent charge for semiprivate accommodations. Charges will also be paid for general nursing care and other services which would ordinarily be covered in a general hospital. In order to be eligible for these benefits, admission must occur within 14 days of discharge from the hospital.

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

a. The services are medically required to be given on an inpatient basis because of the covered individual's need for medically necessary skilled nursing care on a continuing daily basis for any of the conditions for which he or she was receiving inpatient hospital services prior to transfer from a hospital to the skilled nursing facility or for a condition requiring such services which arose after such transfer and while he or she was still in the facility for treatment of the condition or conditions for which he or she was receiving inpatient hospital services,

b. Only on prior referral by and so long as, the patient remains under the active care of an attending doctor and the patient requires continual hospital confinement without the care and treatment of the skilled nursing facility, and

c. Approved in advance by the Claims Processor.

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

SECTION 32.20.(h) G.S. 135-40.6(8)e. reads as rewritten:

"e. Prosthetic and Orthopedic Appliances and Durable Medical Equipment: Appliances and equipment including corrective and supportive devices such as artificial limbs and eyes, wheelchairs, traction equipment, inhalation therapy and suction machines, hospital beds, braces, orthopedic corsets and trusses, not more than three hundred fifty dollars ($350.00) for therapeutic shoes for diabetes and other high-risk conditions, and other prosthetic appliances or ambulatory apparatus which are provided solely for the use of the participant. Eligible charges include repair and replacement when medically necessary. Benefits will be provided on a rental or purchase basis at the sole discretion of the Claims Processor and agreements to rent or purchase shall be between the Claims Processor and the supplier of the appliance.

For the purposes of this subdivision, the term "durable medical equipment" means standard equipment normally used in an institutional setting which can withstand repeated use, is primarily and customarily used to serve a medical purpose, is generally not useful to a person in the absence of an illness or injury and is appropriate for use in the home. Decisions of the Claims Processor, the Executive Administrator and Board of Trustees as to compliance with this definition and coverage under the Plan shall be final."

SECTION 32.20.(i) G.S. 135-40.6(8)m. reads as rewritten:

"m. Cardiac Rehabilitation: Charges not to exceed ~~six hundred fifty dollars ($650.00)~~ the lesser of one thousand eight hundred dollars ($1,800) or 90 days per fiscal ~~year for cardiac testing and exercise therapy, when determined medically necessary by an attending physician and approved by the Claims Processor for patients with a medical history of myocardial infarction, angina pectoris, arrhythmias, cardiovascular surgery, hyperlipidemia, or hypertension,~~year. Coverage is limited to patients with Coronary Artery Bypass Graft (CABG), status/post myocardial infarction, Percutaneous Transliminal Coronary Angioplasty (PTCA) or stent, valve replacement, heart transplant, or chronic and disabling angina provided such ~~charges are incurred~~services are provided within six months of the qualifying event and in a medically supervised facility fully certified by the North Carolina Department of Health and Human Services."

SECTION 32.20.(j) G.S. 135-40.6(9)f. reads as rewritten:

"(9) Limitations and Exclusions to Other Covered Charges. – No benefits are available under this section of the Plan until full utilization is made of similar benefits available under other sections of this Plan.

No benefits will be payable for:

...

f. Eyeglasses or other corrective lenses (except for cataract lenses certified as medically necessary for aphakia persons), hearing aids, braces for teeth, dental plates or bridges or other dental prostheses, air-conditioners, vaporizers, humidifiers, mattresses (other than as supplied with a hospital bed) and specially built shoes (other than attached to artificial limbs or orthopedic ~~braces);~~braces, and other than therapeutic shoes for diabetes or other high-risk conditions);".

SECTION 32.20.(k) G.S. 135-40.6A(b) reads as rewritten:

"(b) The Executive Administrator and Board of Trustees may establish procedures to require prior medical approvals for the following services:

(1) Skilled Nursing Facility ~~Care (after the initial 30 days);~~Care.
(2) Private Duty ~~Nursing;~~Nursing.
(3) Speech Therapy (unless rendered in an inpatient ~~hospital);~~hospital).
(4) Physical Therapy (in the ~~home);~~home).
(7) Surgical Procedures:
a. Blepharoplasties
b. Surgery for Hermaphroditism
c. Excision of Keloids
d. Reduction Mammoplasty
e. Morbid Obesity Surgery
f. Penile Prosthesis
g. Excision of Gynecomastia
h. Cochlear Implants
i. Revision of the Nasal Structure
j. Abdominoplasty
k. Fimbrioplasty
l. Tubotubal ~~Anastomasis.~~Anastomasis
m. Varicose Vein Surgery.
(8) Subcutaneous injection of "filling" material (Example: zyderm, ~~silicone); and~~ silicone).
(8a) Botulinium toxin.
(9) Suction Lipectomy.
(10) Outpatient prescription drugs requiring prospective review under the Plan's pharmacy benefit management program.
(11) Outpatient prescription drugs for growth hormone, weight loss, and antifungal drugs for the treatment of nail fungus."

SECTION 32.20.(l) G.S. 135-40.8 reads as rewritten:

"**§ 135-40.8. Out-of-pocket expenditures.**

(a) For the balance of any fiscal year after each eligible employee, retired employee, or dependent satisfies the cash deductible, the Plan pays eighty percent (80%) of the eligible expenses outlined in G.S. 135-40.6. ~~The covered individual is then responsible for the remaining twenty percent (20%) until one thousand dollars ($1,000), in excess of the deductible, has been paid out of pocket.~~ The remaining twenty percent (20%) is paid by the covered individual until one thousand five hundred dollars ($1,500) per covered individual up to an aggregate of four thousand five hundred dollars ($4,500) per employee and child(ren) or employee and family coverage contract per fiscal year in excess of the deductible has been paid out of pocket. The Plan then pays one hundred percent (100%) of the remaining covered expenses.

~~(b) Where a covered individual fails to obtain a second surgical opinion as required under the Plan, or where a covered individual elects to have a surgery performed that conflicts with a majority opinion of the rendered consultations that the surgery requiring a second or third surgical opinion is not necessary, the covered~~

~~individual shall be responsible for fifty percent (50%) of the eligible expenses, provided, however, that no covered individual shall be required to pay, in addition to the expenses in subsection (a) above out-of-pocket in excess of five hundred dollars ($500.00) per fiscal year.~~

(c) Notwithstanding any other provision of this Article, on the first day of each confinement the Plan does not pay the first ~~seventy-five dollars ($75.00)~~ one hundred dollars ($100.00) of the room accommodation charge allowable under G.S. 135-40.6(1). Any readmission within 60 days after discharge for the same reason shall be considered the same confinement for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c1) Notwithstanding any other provision of this Article, the Plan does not pay the first fifty dollars ($50.00) of the facility fees and ancillary charges for allowable charges exceeding five hundred dollars ($500.00) per episode of care for hospital outpatient departments and ambulatory surgical facilities under G.S. 135-40.6(4). Readmission within 30 days after discharge for the same reason shall be considered the same episode of care for the purpose of this subsection. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c2) Notwithstanding any other provision of this Article, the Plan does not pay the first one hundred dollars ($100.00) of allowable emergency room charges when admission to a hospital pursuant to the emergency room use does not immediately follow. This subsection shall apply only when less costly alternative means of emergency medical care are reasonably available as determined by the Executive Administrator and Board of Trustees. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(c3) Notwithstanding any other provision of this Article, the Plan does not pay for the first fifteen dollars ($15.00) of allowable charges for each home, office, or skilled nursing facility visit under the provisions of G.S. 135-40.6(7)a. and b., G.S. 135-40.6(4), G.S. 135-40.6(8)e.(IV therapy), i., j., k., n., r., and s., and G.S. 135-40.5(e). The copayment assessed by this subsection shall be assessed only once per person per provider per day and shall not apply to laboratory, pathology, and radiology services. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs.

(d) Where a network of qualified preferred providers of inpatient and outpatient hospital care is reasonably available for use by those individuals covered by the Plan, use of providers outside of the preferred network shall be subject to a twenty percent (20%) coinsurance rate up to five thousand dollars ($5,000) per fiscal year per covered individual up to an aggregate of fifteen thousand dollars ($15,000) per employee and child(ren) or employee and family coverage contract per fiscal year in addition to the general coinsurance percentage and maximum fiscal year amount specified by G.S. 135-40.4 and G.S. 135-40.6."

SECTION 32.20.(m) G.S. 135-40.9 reads as rewritten:

"**§ 135-40.9. Maximum benefits.**

The maximum lifetime benefit for each covered individual ~~will be two million dollars ($2,000,000).~~ is unlimited."

SECTION 32.20.(n) G.S. 135-40.6(2)g. is repealed.

SECTION 32.20.(o) G.S. 135-40.6(7)a. reads as rewritten:

"(7) Medical Benefits. –

a. Services of Doctors. – The Plan pays the usual, reasonable and customary charges for covered inpatient medical (nonsurgical) services. Services are covered if the individual is

hospital-confined and is eligible for hospitalization benefits as described in this section. Benefits are provided for exactly the same number of days as the individual is entitled to under this section, except that medical benefits are provided on both the day of admission and the day of discharge.

In the event a covered individual is treated by two or more co-attending doctors during the same hospital confinement for a medical (nonsurgical) condition, benefits are limited to payment for services provided by the primary attending doctor, except where need is established for supplementary skills for treatment of separate and distinct diagnoses or conditions.

Home, office, and skilled nursing facility visits including (i) charges for injected medications, (ii) inpatient care by attending medical doctors, radiologists, pathologists, and consultants during such time as hospital benefits are paid under any section of this Plan, (iii) care in the outpatient department of a hospital, and (iv) administration of shock therapy (drug or electric) including the services of anesthesiologists provided on an office or hospital outpatient basis for treatment of acute psychotic reaction or severe depression. ~~The Plan does not cover the first ten dollars ($10.00) of allowable charges for each home, office, or skilled nursing facility visit.~~"

SECTION 32.20.(p) Effective January 1, 2002, G.S. 135-39.5(12) reads as rewritten:

"**§ 135-39.5. Powers and duties of the Executive Administrator and Board of Trustees.**

The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall have the following powers and duties:

...

"(12) Determining basis of payments to health care providers, including payments in accordance with G.S. 58-50-56. The Plan shall comply with G.S. 58-3-225."

SECTION 32.20.(q) G.S. 135-39.8 reads as rewritten:

"**§ 135-39.8. Rules and regulations.**

The Executive Administrator and Board of Trustees may issue rules and regulations to implement Parts 2, 3, 4, and 5 of this Article. The Executive Administrator and Board of Trustees shall provide to interested persons written notice and an opportunity to comment not later than 30 days prior to adopting, amending, or rescinding a rule or regulation, unless immediate adoption of the rule or regulation without notice is necessary in order to fully effectuate the purpose of the rule or regulation. Rules and regulations of the Board of Trustees shall remain in effect until amended or repealed by the Executive Administrator and Board of Trustees. The Executive Administrator and Board of Trustees shall provide a written description of the rules and regulations issued under this section to all employing units, all health benefit representatives, the oversight team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or regulation, and to any other ~~parties~~ persons requesting a written description and approved by the Executive Administrator and Board of Trustees to receive a description on a timely basis."

SECTION 32.20.(r) Not later than January 1, 2003, the Plan shall have developed a prospective payment system for the payment of hospital outpatient services and the services of ambulatory surgical facilities. In developing this prospective payment system, the Plan shall make use of the expertise of the North Carolina Hospital

Association, including any advisory committees of member hospitals that the Association may name, and ambulatory surgical facilities in this State. In addition, not later than January 1, 2003, the Plan shall have developed a medical fee schedule for the payment of professional health care services. The fee schedule shall be developed with the participation of the North Carolina Medical Society, the North Carolina Academy of Family Physicians, and any other groups of professional medical service providers that the Society may wish to include. Any prospective payment system for hospital outpatient services and the services of ambulatory surgical facilities and a medical fee schedule for the providers of professional medical services shall not be implemented by the Plan before July 1, 2003.

SECTION 32.20.(s) Except as otherwise provided, this section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

SECTION 32.21.(a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salaries. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 32.21.(b) The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the 2001-2002 fiscal year and the 2002-2003 fiscal year are (i) five and two hundredths percent (5.02%) - Teachers and State Employees; (ii) ten and two hundredths percent (10.02%) - State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) - University Employees' Optional Retirement System; (iv) sixteen and forty hundredths percent (16.40%) - Consolidated Judicial Retirement System; and (v) twenty-five and fifty-five hundredths percent (25.55%) - Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income.

SECTION 32.21.(c) Notwithstanding any other provision of law, the Board of Trustees of the Teachers' and State Employees' Retirement System shall adopt such assumptions as necessary to remove the asset cap of seventy-seven percent (77%) of market value and to allow for a five-year smooth market method of asset value.

SECTION 32.21.(d) The General Assembly directs the State Treasurer to adopt a fixed amortization period of nine years for the purposes of the unfunded accrued liability for the North Carolina National Guard Pension Fund.

SECTION 32.21.(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2001-2002 fiscal year

to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - two thousand one hundred four dollars ($2,104), and (ii) non-Medicare-eligible employees and retirees - two thousand seven hundred sixty-four dollars ($2,764).

SECTION 32.21.(f) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2002-2003 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees – two thousand two hundred thirty-three dollars ($2,233); and (ii) non-Medicare-eligible employees and retirees - two thousand nine hundred thirty-three dollars ($2,933).

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 32.22.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(iii) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(v) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(p) In accordance with subsection (a) of this section, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2001, shall be increased by two percent (2%) of the allowance payable on June 1, 2001. Furthermore, from and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2001, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2001, and June 30, 2001."

SECTION 32.22.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) From and after July 1, 2001, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2000, shall be increased by two percent (2%) of the allowance payable on June 1, 2001, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2001, the retirement

allowance to or on account of beneficiaries whose retirement commenced after July 1, 2000, but before June 30, 2001, shall be increased by a prorated amount of two percent (2%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2000, and June 30, 2001."

SECTION 32.22.(e) This section becomes effective July 1, 2001.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Tucker

INCREASE LOCAL RETIREMENT BENEFITS

SECTION 32.23.(a) G.S. 128-27(b18) reads as rewritten:

"(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000.~~ 2000, but Before July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his

retirement allowance shall be computed as in G.S. 128-27(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b18)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2001, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b19)(1)a. reduced by one-third of one percent

(1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.23.(c) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.,~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.

(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.23.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(zz) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2001. – From and after July 1, 2001, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2001, shall be increased by one and seven-tenths percent (1.7%) of the allowance payable on June 1, 2001. This allowance shall be calculated on the allowance payable and in effect on June 30, 2001, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2001 General Assembly."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

OPTIONAL RETIREMENT PROGRAM STUDY COMMISSION

SECTION 32.24.(a) The Optional Retirement Program Study Commission is created. The Commission shall consist of 15 voting members as follows:

(1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;

(2) Four members of the Senate to be appointed by the President Pro Tempore of the Senate;

(3) The State Treasurer or the State Treasurer's designee;

(4) A member of the faculty of a constituent institution of The University of North Carolina, to be appointed by the Speaker of the House of Representatives;

(5) An administrator at a constituent institution of The University of North Carolina, to be appointed by the President Pro Tempore of the Senate;

(6) A member of the faculty of a constituent institution of the North Carolina Community Colleges System, to be appointed by the President Pro Tempore of the Senate;
(7) An administrator at a constituent institution of the North Carolina Community Colleges System, to be appointed by the Speaker of the House of Representatives; and
(8) Two members, one of whom is a practicing actuary and one of whom is the administrator of a private retirement system, to be appointed by the Governor.

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

SECTION 32.24.(b) The Commission shall:
(1) Examine the feasibility and desirability of expanding eligibility under the Optional Retirement System of The University of North Carolina to include all university employees that are exempt from the State Personnel Act; and
(2) Examine the feasibility and desirability of establishing an optional retirement program for employees of the North Carolina Community Colleges System.

In conducting these studies, the Commission shall work cooperatively with the Retirement System Division of the Department of State Treasurer to obtain information addressing issues such as the attraction and retention of faculty and staff at the affected institutions and the actuarial impact of the potential changes in retirement options.

SECTION 32.24.(c) The Commission may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and Senate Supervisors of Clerks. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. The Commission, while in the discharge of official duties, may exercise all the powers provided under the provisions of G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses. Members of the Commission shall receive per diem, subsistence, and travel allowances as follows:
(1) Commission members who are members of the General Assembly at the rate established in G.S. 120-3.1;
(2) Commission members who are officials or employees of the State or of local government agencies at the rate established in G.S. 138-6; and
(3) All other Commission members at the rate established in G.S. 138-5.

SECTION 32.24.(d) The Commission shall report the results of its study and its recommendations to the 2002 Regular Session of the 2001 General Assembly. The Commission shall terminate upon filing its report.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TO SHORTEN THE AMOUNT OF TIME RETIRED TEACHERS MUST BE RETIRED BEFORE THEY RETURN TO WORK

SECTION 32.25.(a) G.S. 135-3(8)c., as enacted by Section 28.24(a) of S.L. 1998-212, and rewritten by Section 67 of S.L. 1998-217 and by Section 8.24(a) of S.L. 2000-67, reads as rewritten:

"c. **(Effective until June 30, 2003)** Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least ~~12~~four months and has not been employed in any capacity, except as a substitute teacher, with a public school for at least ~~12~~four months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach on a substitute, interim, or permanent basis in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a). Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 32.25.(b) G.S. 115C-325(a)(5a), as enacted by Section 28.24(b) of S.L. 1998-212 and rewritten by Section 67.1(a) of S.L. 1998-217, reads as rewritten:

"(a) Definition of Terms. – As used in this section unless the context requires otherwise:

...

(5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least ~~12~~four months, has not been employed in any capacity, other than as a substitute teacher, with a local board of education for at least ~~12~~four months, immediately preceding the effective date of reemployment, is determined by a local board of education to have had satisfactory performance during the last year of employment by a local board of education, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher

shall be treated the same as a probationary teacher except that a retired teacher is not eligible for career status."

SECTION 32.25.(c) This section becomes effective July 1, 2001, and expires June 30, 2003.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Gibson, Pope, Russell

REMOVE THE CAP ON SICK LEAVE CREDITABLE TO RETIREMENT FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.28.(a) G.S. 135-4(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by him since he last became a member, and also if he has a prior service certificate which is in full force and effect, the amount of service certified on his prior service certificate; and if he has sick leave standing to his credit upon retirement on or after July 1, 1971, one month of credit for each 20 days or portion ~~thereof not to exceed 12 days of credit for each year of membership service or fraction~~ thereof, but sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance.

On and after July 1, 1971, a member whose account was closed on account of absence from service under the provisions of G.S. 135-3(3) and who subsequently returns to service for a period of five years, may thereafter repay in a lump sum the amount withdrawn plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service by the amount of creditable service lost when his account was closed.

On and after July 1, 1973, a member whose account in the North Carolina Local Governmental Employees' Retirement System was closed on account of absence from service under the provisions of G.S. 128-24(1a) and who subsequently became or becomes a member of this System with credit for five years of service, may thereafter repay in a lump sum the amount withdrawn from the North Carolina Local Governmental Employees' Retirement System plus regular interest thereon from the date of withdrawal through the year of repayment and thereby increase his creditable service in this System by the amount of creditable service lost when his account was closed.

On or after July 1, 1979, a member who has obtained 60 months of aggregate service, or five years of membership service, as an employee of the North Carolina General Assembly, except legislators, participants in the Legislative Intern Program and pages, may make a lump sum payment together with interest, and an administrative fee for such service, to the Teachers' and State Employees' Retirement System of an amount equal to what he would have contributed had he been a member on his first day of employment.

On and after January 1, 1985, the creditable service of a member who was a member of the Law-Enforcement Officers' Retirement System at the time of the transfer of law-enforcement officers employed by the State from that System to this Retirement System and whose accumulated contributions are transferred from that System to this Retirement System, shall include service that was creditable in the Law-Enforcement Officers' Retirement System; and membership service with that System shall be membership service with this Retirement System; provided, notwithstanding any provision of this Article to the contrary, any inchoate or accrued rights of such a member to purchase creditable service for military service, withdrawn service and prior service under the rules and regulations of the Law-Enforcement Officers' Retirement

System shall not be diminished and may be purchased as creditable service with this Retirement System under the same conditions which would have otherwise applied."

SECTION 32.28.(b) This section becomes effective July 1, 2001, and applies to persons retiring on or after that date.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SICK LEAVE/JUDICIAL RETIREMENT

SECTION 32.29.(a) G.S. 135-58(a2) reads as rewritten:

"(a2) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 1999, but before July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

SECTION 32.29.(b) G.S. 135-58 is amended by adding a new subsection to read:

"(a3) Any member who retires under the provisions of G.S. 135-57(a) or G.S. 135-57(c) on or after July 1, 2001, after the member has either attained the member's 65th birthday or has completed 24 years or more of creditable service, shall receive an annual retirement allowance, payable monthly, which shall commence on the effective date of

the member's retirement and shall be continued on the first day of each month thereafter during the member's lifetime, the amount of which shall be computed as the sum of the amounts in subdivisions (1), (2), (3), (4), and (5) following, provided that in no event shall the annual allowance payable to any member be greater than an amount which, when added to the allowance, if any, to which the member is entitled under the Teachers' and State Employees' Retirement System, the Legislative Retirement System, or the Local Governmental Employees' Retirement System (prior in any case to any reduction for early retirement or for an optional mode of payment) would total three-fourths of the member's final compensation:

(1) Four and two-hundredths percent (4.02%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a justice of the Supreme Court or judge of the Court of Appeals;

(2) Three and fifty-two hundredths percent (3.52%) of the member's final compensation, multiplied by the number of years of creditable service rendered as a judge of the superior court or as Administrative Officer of the Courts;

(3) Three and two-hundredths percent (3.02%) of the member's final compensation, multiplied by the number of years of creditable service, rendered as a judge of the district court, district attorney, or clerk of superior court;

(4) A service retirement allowance computed in accordance with the service retirement provisions of Article 3 of Chapter 128 of the General Statutes using an average final compensation as defined in G.S. 135-53(2a) and creditable service equal to the number of years of the member's creditable service that was transferred from the Local Governmental Employees' Retirement System to this System as provided in G.S. 135-56; and

(5) A service retirement allowance computed in accordance with the service retirement provisions of Article 1 of this Chapter using an average final compensation as defined in G.S. 135-53(2a) and creditable service, including any sick leave standing to the credit of the member, equal to the number of years of the member's creditable service that was transferred from the Teachers' and State Employees' Retirement System to this System as provided in G.S. 135-56."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AMEND MEMBERSHIP REQUIREMENTS

SECTION 32.30.(a) G.S. 120-4.11 reads as rewritten:

"§ 120-4.11. Membership.

The following members of the General Assembly and former members of the General Assembly are eligible for membership in the Retirement ~~System, provided they are not contributing to nor are qualified to contribute to the North Carolina Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System or the Consolidated Judicial Retirement System of North Carolina:~~ System:

(1) Members of the General Assembly who serve on and after June 15, 1983; and

(2) Former members of the General Assembly who served prior to June 15, 1983; and

a. Who elect to transfer current and future entitlements, or contributions, from the Legislative Retirement Fund established by Chapter 1269 of the 1969 Session Laws; or

b. Who have five or more years of service as a member of the General Assembly."

SECTION 32.30.(b) G.S. 120-4.21(c) reads as rewritten:

"(c) Limitations. – In no event shall any member receive a service retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any service retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, or the Consolidated Judicial Retirement System. If he should become a member of any of these systems, payment of his service retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(c) G.S. 120-4.22(d) reads as rewritten:

"(d) Limitations. – In no event shall any member receive a disability retirement allowance greater than seventy-five percent (75%) of his 'highest annual ~~salary"~~ salary'. ~~nor shall he receive any disability retirement allowance whatever while employed in a position that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Retirement System, the Uniform Judicial Retirement System of North Carolina, the Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of Court Retirement System of North Carolina. If he should become a member of any of these systems payment of his disability retirement allowance shall be suspended until he withdraws from membership in that system.~~"

SECTION 32.30.(d) This section is effective when it becomes law.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

DUES DEDUCTION FOR RETIREES

SECTION 32.31. Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"**§ 128-38.3. Deduction for payment to certain employees' associations allowed.**

Any member who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of employers as defined in G.S. 128-21(11), may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum to be paid to the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Nesbitt

ALLOW THE PURCHASE OF WITHDRAWAL SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.32.(a) G.S. 135-4(k) reads as rewritten:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of ~~10~~ five years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service prior to July 1,~~

~~1974.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. ~~Any person who leaves service after June 30, 1974, and who withdraws his contributions in accordance with G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of 10 years of membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover the full cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s).~~ These provisions shall apply equally to retired members who had attained ~~10~~ five years of membership service prior to retirement. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase. ~~Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made.~~

Notwithstanding any provision to the contrary, a law enforcement officer who was transferred from the Law Enforcement Officers' Retirement System to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has ~~10~~ five years or more of membership service standing to his credit may repay in a total lump sum the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one-half the cost of providing such additional credits plus a fee to cover the expense of handling which shall be determined by the Board of Trustees and receive credit for the creditable service forfeited at the time of withdrawal.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase."

SECTION 32.32.(b) G.S. 135-4(m) reads as rewritten:

"(m) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees

upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (k) of this section."

SECTION 32.32.(c) G.S. 135-4(x) is repealed.

SECTION 32.32.(d) This section becomes effective July 1, 2001.

Requested by: Representative Grady

ALLOW PAYMENT OF DEATH BENEFITS TO LEGAL REPRESENTATIVE

SECTION 32.33.(a) G.S. 135-5(l) reads as rewritten:

"(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

(1) The compensation on which contributions were made by the member during the calendar year preceding the year in which his death occurs, or

(2) The greatest compensation on which contributions were made by the member during a 12-month period of service within the 24-month period of service ending on the last day of the month preceding the month in which his last day of actual service occurs;

(3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

subject to a minimum of twenty-five thousand dollars ($25,000) and to a maximum of fifty thousand dollars ($50,000). Such death benefit shall be payable apart and separate from the payment of the member's accumulated contributions under the System on his death pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be deemed to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service.

The death benefit provided in this subsection (l) shall not be payable, notwithstanding the member's compliance with all the conditions set forth in the preceding paragraph, if his death occurs

(1) After December 31, 1968 and after he has attained age 70; or
(2) After December 31, 1969 and after he has attained age 69; or
(3) After December 31, 1970 and after he has attained age 68; or
(4) After December 31, 1971 and after he has attained age 67; or
(5) After December 31, 1972 and after he has attained age 66; or
(6) After December 31, 1973 and after he has attained age 65; or
(7) After December 31, 1978, but before January 1, 1987, and after he has attained age 70.

Notwithstanding the above provisions, the death benefit shall be payable on account of the death of any member who died or dies on or after January 1, 1974, but before January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or

she had not yet attained age 66, was at the time of death completing the work year for those individuals under specific contract, or during the fiscal year for those individuals not under specific contract, in which he or she attained 65, and otherwise met all conditions for payment of the death benefit.

Notwithstanding the above provisions, the Board of Trustees may and is specifically authorized to provide the death benefit according to the terms and conditions otherwise appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of Trustees is authorized, empowered and directed to investigate the desirability of utilizing group life insurance by either of the foregoing methods for the purpose of providing the death benefit. If a separate trust fund is established, it shall be operated in accordance with rules and regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall be credited to such fund.

In administration of the death benefit the following shall apply:

(1) For the purpose of determining eligibility only, in this subsection "calendar year" shall mean any period of 12 consecutive months or, if less, the period covered by an annual contract of employment. For all other purposes in this subsection "calendar year" shall mean the 12 months beginning January 1 and ending December 31.

(2) Last day of actual service shall be:

a. When employment has been terminated, the last day the member actually worked.

b. When employment has not been terminated, the date on which an absent member's sick and annual leave expire, unless he is on approved leave of absence and is in service under the provisions of G.S. 135-4(h).

(3) For a period when a member is on leave of absence, his status with respect to the death benefit will be determined by the provisions of G.S. 135-4(h).

(4) A member on leave of absence from his position as a teacher or State employee for the purpose of serving as a member or officer of the General Assembly shall be deemed to be in service during sessions of the General Assembly and thereby covered by the provisions of the death benefit. The amount of the death benefit for such member shall be the equivalent of the salary to which the member would have been entitled as a teacher or State employee during the 12-month period immediately prior to the month in which death occurred, not to be less than twenty-five thousand dollars ($25,000) nor to exceed fifty thousand dollars ($50,000).

The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service. The basis of the death benefit payable hereunder shall be the higher of the death benefit computed as above or a death benefit based on compensation used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to the maximum dollar limitation as provided above. A member in

receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse."

SECTION 32.33.(b) G.S. 135-64(h) reads as rewritten:

"(h) Upon the death of a retired member on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment

in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse, or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse."

SECTION 32.33.(c) G.S. 128-27(l3) reads as rewritten:

"(l3) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse."

SECTION 32.33.(d) G.S. 120-4.27 reads as rewritten:

"**§ 120-4.27. Death benefit.**

The designated beneficiary of a member who dies while in service after completing one year of creditable service shall receive a lump-sum payment of an amount equal to the deceased member's highest annual salary, to a maximum of fifteen thousand dollars ($15,000). For purposes of this death benefit "in service" means currently serving as a member of the North Carolina General Assembly.

The death benefit provided by this section shall be designated a group life insurance benefit payable under an employee welfare benefit plan that is separate and apart from the Retirement System but under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Board of Trustees is authorized to provide the death benefit in the form of group life insurance either by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in the State of North Carolina for the purpose of insuring the lives of qualified members in service, or by establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse."

SECTION 32.33.(e) This section becomes effective July 1, 2001.

PART XXXIII. CAPITAL APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	**2001-2002**
Department of Environment and Natural Resources	$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project		**2001-2002**
(1)	Wilmington Harbor Deepening	$22,000,000
(2)	Morehead City Harbor Maintenance	500,000
(3)	Wilmington Harbor Maintenance	200,000
(4)	Manteo (Shallowbag) Bay Channel Maintenance	2,500,000
(5)	B. Everett Jordan Lake Water Supply	100,000
(6)	John H. Kerr Reservoir Operations Evaluation	400,000
(7)	Brunswick County Beaches Nourishment Supplement	927,000
(8)	Wrightsville Beach Nourishment	518,000
(9)	Dare County Beaches design	338,000
(10)	Indian Beach – Salter Path Nourishment	900,000
(11)	Bogue Banks Beach Protection Study	350,000
(12)	Surf City/North Topsail Beach Protection Study	150,000
(13)	West Onslow Beach Protection Re-analysis (Topsail Beach)	116,000
(14)	Currituck Sound Water Management Study	200,000
(15)	Deep Creek Yadkin County	500,000
(16)	State Local Projects	2,000,000
	a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000
	b. Pungo River Snagging, Hyde County	22,000
	c. Muddy Creek Stream Restoration, McDowell County	50,000

	d.	Town of Chadbourn Water Management, Columbus County	38,000	
	e.	Perquimans River and Mill Creek Drainage, Perquimans County	38,000	
	f.	Mitchell River Restoration, Surry County	111,875	
	g.	Town of Candor Park Drainage, Montgomery County	18,000	
	h.	Chowan River Restoration and Pembroke and Rocky Hock Creeks Drainage, Chowan County	67,000	
	i.	Town of Pine Knoll Shores Westport Marina Maintenance Dredging, Carteret County	25,000	
	j.	Town of Kenly Flood Control, Wilson and Johnston Counties	268,100	
	k.	Southern Pines Drainage Improvements, Moore County	118,575	
	l.	Other Projects	1,240,450	
(17)	Aquatic Weed Control Lake Gaston and Statewide			200,000
(18)	Adkin Branch Flood Control			120,000
(19)	Neuse River Basin Flood Control Feasibility Study			100,000
(20)	Little Sugar Creek Restoration Projects			360,000
(21)	Emergency Flood Control Projects			187,000
(22)	Projected Feasibility Studies			120,000
(23)	Planning Assistance to Communities			150,000
Total				$32,936,000

SECTION 33.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2001-2002.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2002-2003 fiscal year.

SECTION 33.3.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach

renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 33.4. The appropriations made by the 2001 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2001 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2001 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS

SECTION 33.5. When each capital improvement project appropriated by the 2001 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

(1) That the project was designed and bid within the scope as authorized by the General Assembly;

(2) That the funds to supplement the project are from the same source as authorized for the original project;

(3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and

(4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts

above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

Requested by: Representative Miner

SAMARKAND TIMBER SALE

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency

Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund.

PART XXXIV. NOT APPLICABLE

PART XXXV. NOT APPLICABLE

PART XXXVI. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

The General Assembly revised the recurring baseline budget for the 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the Budget, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The recurring baseline budget was revised in accordance with reductions and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

SECTION 36.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM

SECTION 36.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2001-2003 fiscal biennium.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 36.4. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 36.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 36.6. Except as otherwise provided, this act becomes effective July 1, 2001.

HOUSE APPROPRIATIONS COMMITTEE REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS

June 26, 2001

Rep. Ruth Easterling

Rep. Warren Oldham

Rep. David Redwine

Rep. Gregg Thompson

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BUDGET REFORM STATEMENT

	FY 2001-02 ($ million)	FY 2002-03 ($ million)
1. Composition of the FY 2001-02 beginning availability:		
a. Unappropriated balance	0.0	
b. Revenue collections in FY 2000-01 in excess of authorized estimates	0.0	
c. Unexpended appropriations during 2000-01 (Reversions)	0.0	
Beginning Unreserved Credit Balance	0.0	
2. Revenues Based on Existing Tax Structure	13,473.8	14,451.2
3. Non Tax Revenues:		
Investment Income	152.0	167.0
Judicial Fees	109.5	111.7
Disproportionate Share	107.0	107.0
Insurance	43.9	45.8
Other Non-Tax Revenues	105.0	106.2
Highway Trust Fund Transfer	170.0	170.0
Highway Fund Transfer	14.5	15.3
Subtotal	14,175.7	15,174.2
4. Other Adjustments		
North Carolina Railroad General Fund Repayment	19.0	
Senate Bill 353 Enhance Department of Revenue Collections	50.0	50.0
House Bill 232 Implementation	116.5	2.7
Scrap Tire / White Goods Transfer	3.4	
Transfer of Cash from Special, Trust, Internal Service, and Reserve Funds	167.5	0.5
Transfer to the Savings Reserve Account	(125.0)	
Subtotal	231.4	53.2
TOTAL GENERAL FUND AVAILABILITY	**14,407.1**	**15,227.4**

SUMMARY:

GENERAL FUND APPROPRIATIONS

General Fund Appropriations
Fiscal Year 2001-02
2001 Session

	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Education:							
Public Education	5,923,802,924		(111,910,068)	66,034,108	(45,875,960)	262.5	5,877,926,964
Community Colleges	648,021,974		2,489,709	0	2,489,709	(7.0)	650,511,683
University System	1,804,923,800		(7,343,013)	(500,000)	(7,843,013)	(140.5)	1,797,080,787
Total Education	**8,376,748,698**	**0**	**(116,763,372)**	**65,534,108**	**(51,229,264)**	**115.1**	**8,325,519,434**
General Government:							
General Assembly	40,567,848		(1,014,000)	(472,124)	(1,486,124)	0.0	39,081,724
Governor's Office	5,633,739		(180,834)	0	(180,834)	0.0	5,452,905
State Budget, Planning and Management	5,789,900		(466,304)	(40,000)	(506,304)	(11.0)	5,283,596
OSBPM - Special Appropriations	3,080,000		0	355,000	355,000	0.0	3,435,000
OSBPM - Flood Mapping and Surveying	1,232,845		(45,000)	0	(45,000)	0.0	1,187,845
The Lieutenant Governor	686,308		(16,763)	0	(16,763)	0.0	669,545
Administration	61,078,651	(371,302)	(212,316)	270,000	(313,618)	(33.0)	60,765,033
Office of State Controller	11,817,271		(293,403)	0	(293,403)	(2.0)	11,523,868
Office of Adminstrative Hearings	2,908,088		(112,933)	0	(112,933)	(2.0)	2,795,155
Rules Review Commission	334,085		(8,290)	0	(8,290)	0.0	325,795
Cultural Resources	60,840,696		(1,077,176)	875,000	(202,176)	(9.0)	60,638,520
Cultural Resources - Roanoke Island	1,907,245		(47,782)	0	(47,782)	0.0	1,859,463
Insurance	23,392,288		(263,000)	450,000	187,000	0.0	23,579,288
Insurance - Worker's Compensation Fund	4,500,000		(2,000,000)	(500,000)	(2,500,000)	0.0	2,000,000
Secretary of State	8,760,901		(206,394)	95,000	(111,394)	(6.0)	8,649,507
State Auditor	12,166,518		(301,845)	0	(301,845)	0.0	11,864,673
State Treasurer - Operations	7,837,007		(5,006,407)	0	(5,006,407)	0.0	2,830,600
State Treasurer - Retirement / Benefits	12,294,780		85,000	(2,077,883)	(1,992,883)	0.0	10,301,897
Revenue	76,967,284		(29,848)	626,000	596,152	38.0	77,563,436
State Board of Elections	3,271,453		(85,184)	0	(85,184)	0.0	3,186,269
Total General Government	**345,066,907**	**(371,302)**	**(11,282,479)**	**(419,007)**	**(12,072,788)**	**(25.0)**	**332,994,119**
Health and Human Services:							
Office of the Secretary	45,649,860		1,262,052	100,000	1,362,052	(57.0)	47,011,912
Aging Division	29,825,449		(305,563)		(305,563)	(4.0)	29,519,886
Child Development	349,713,681		(60,155,285)	0	(60,155,285)	(15.0)	289,558,396
Education Services	77,290,419		(7,349,986)	0	(7,349,986)	(46.0)	69,940,433
Public Health	112,142,547		(4,829,746)	2,300,276	(2,529,470)	(13.6)	109,613,077
Blind and Deaf / Hard of Hearing Services	10,334,149		(150,130)	0	(150,130)	(1.0)	10,184,019

General Fund Appropriations
Fiscal Year 2001-02
2001 Session

	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Vocational Rehabilitation	41,827,726		(58,770)	700,000	641,230	(3.0)	42,468,956
Mental Health	582,879,191		(1,330,469)	0	(1,330,469)	(76.5)	581,548,722
NC Health Choice	24,987,142		8,000,000	0	8,000,000	0.0	32,987,142
Facility Services	16,584,502		(1,107,671)	(195,267)	(1,302,938)	(5.0)	15,281,564
Social Services	192,948,114		(1,685,826)	1,000,000	(685,826)	(47.0)	192,262,288
Medical Assistance	1,987,547,863		1,873,950	0	1,873,950	(10.0)	1,989,421,813
Total Health and Human Services	**3,471,730,643**	**0**	**(65,837,444)**	**3,905,009**	**(61,932,435)**	**(278.1)**	**3,409,798,208**
Justice and Public Safety:							
Correction	931,350,075	3,411,305	(544,892)	(2,101,049)	765,364	248.0	932,115,439
Crime Control & Public Safety	37,554,148	(3,411,305)	(1,638,252)	(504,688)	(5,554,245)	(215.0)	31,999,903
Judicial Department	308,769,898		(3,857,947)	498,635	(3,359,312)	1.0	305,410,586
Judicial - Indigent Defense	66,660,467		4,975,500	0	4,975,500	11.0	71,635,967
Juvenile Justice	147,706,045		(6,023,502)	(406,280)	(6,429,782)	(92.5)	141,276,263
Justice	76,471,632		(2,599,032)	(916,818)	(3,515,850)	(23.0)	72,955,782
Total Justice and Public Safety	**1,568,512,265**	**0**	**(9,688,125)**	**(3,430,200)**	**(13,118,325)**	**(70.5)**	**1,555,393,940**
Natural And Economic Resources:							
Agriculture and Consumer Services	56,695,276		(1,500,808)	350,802	(1,150,006)	(31.5)	55,545,270
Commerce	45,027,007	371,302	(1,083,259)	1,080,642	368,685	(7.8)	45,395,692
Commerce - State Aid	5,200,000		0	2,500,000	2,500,000	0.0	7,700,000
Office of Information Technology Services					0		0
Environment and Natural Resources	164,902,678		(7,068,856)	472,327	(6,596,529)	(55.5)	158,306,149
DENR - Clean Water Mgmt. Trust Fund	30,000,000		(10,000,000)	0	(10,000,000)	0.0	20,000,000
Labor	16,617,178		(624,272)	30,241	(594,031)	(9.0)	16,023,147
NC Housing Finance Agency	5,300,000		0	0	0	0.0	5,300,000
NC Biotechnology Center	6,738,913		(468,445)	(1,000,000)	(1,468,445)	0.0	5,270,468
Rural Economic Develoment Center	4,257,338		1,213,133	(999,694)	213,439	0.0	4,470,777
Total Natural and Economic Resources	**334,738,390**	**371,302**	**(19,532,507)**	**2,434,318**	**(16,726,887)**	**(103.8)**	**318,011,503**
Transportation:	17,753,426	0	(1,062,717)	(6,660,709)	(7,723,426)		10,030,000
Statewide Reserves / Debt Service:							
Debt Service:							
Interest / Redemption	238,509,550		12,312,542	0	12,312,542		250,822,092

General Fund Appropriations
Fiscal Year 2001-02
2001 Session

	2001-02 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Federal Reimbursement	1,155,948		0	0	0		1,155,948
Subtotal Debt Service	**239,665,498**	**0**	**12,312,542**	**0**	**12,312,542**		**251,978,040**
Statewide Reserves:							
Compensation Increases			193,842,000	0	193,842,000		193,842,000
State Health Plan			150,000,000	0	150,000,000		150,000,000
Contingency and Emergency	1,125,000		3,875,000	0	3,875,000		5,000,000
Salary Adjustment Fund	500,000		0	0	0		500,000
Reserve for Hurricane Floyd Recovery			0	0	0		0
Reserve for HIPAA Implementation			0	10,000,000	10,000,000		10,000,000
Mental Health System Reform Reserve				7,525,675	7,525,675		7,525,675
ITS Rate Reduction			(4,000,000)	0	(4,000,000)		(4,000,000)
Judicial Retirement Rate Adjustment			(2,265,000)	0	(2,265,000)		(2,265,000)
Retirement Rate Adjustment			(239,568,180)	0	(239,568,180)		(239,568,180)
Fund Payroll at 98.5% of Requirements			(52,000,000)	0	(52,000,000)		(52,000,000)
Subtotal Statewide Reserves	1,625,000	0	49,883,820	17,525,675	67,409,495		69,034,495
Total Reserves and Debt Service	**241,290,498**	**0**	**62,196,362**	**17,525,675**	**79,722,037**		**321,012,535**
Total General Fund for Operations	**14,355,840,827**	**0**	**(161,970,282)**	**78,889,194**	**(83,081,088)**	**(362.4)**	**14,272,759,739**
Other General Fund Expenditures:							
Capital Improvements				32,936,000	32,936,000		32,936,000
Repairs and Renovations				100,000,000	100,000,000		100,000,000
Total Other General Fund Expenditures	**0**	**0**	**0**	**132,936,000**	**132,936,000**		**132,936,000**
Total General Fund Budget	**14,355,840,827**	**0**	**(161,970,282)**	**211,825,194**	**49,854,912**	**(362.4)**	**14,405,695,739**

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Education:							
Public Education	6,021,031,149		(93,437,139)	0	(93,437,139)	635.0	5,927,594,010
Community Colleges	648,021,974		2,489,709	0	2,489,709	(7.0)	650,511,683
University System	1,812,208,855		(7,343,013)	0	(7,343,013)	(140.5)	1,804,865,842
Total Education	**8,481,261,978**	**0**	**(98,290,443)**	**0**	**(98,290,443)**	**487.6**	**8,382,971,535**
General Government:							
General Assembly	40,567,848		(1,014,000)	0	(1,014,000)	0.0	39,553,848
Governor's Office	5,633,739		(180,834)	0	(180,834)	0.0	5,452,905
State Budget, Planning and Management	5,789,900		(856,834)	0	(856,834)	(11.0)	4,933,066
OSBPM - Special Appropriations	3,080,000		0	0	0	0.0	3,080,000
OSBPM - Flood Mapping and Surveying	1,232,845		(45,000)	0	(45,000)	0.0	1,187,845
The Lieutenant Governor	686,308		(16,763)	0	(16,763)	0.0	669,545
Administration	61,078,651	(371,302)	(966,459)	0	(1,337,761)	(54.0)	59,740,890
Office of State Controller	11,817,271		(293,403)	0	(293,403)	(2.0)	11,523,868
Office of Adminstrative Hearings	2,908,088		(112,933)	0	(112,933)	(2.0)	2,795,155
Rules Review Commission	334,085		(8,290)	0	(8,290)	0.0	325,795
Cultural Resources	60,840,696		(1,077,176)	0	(1,077,176)	(9.0)	59,763,520
Cultural Resources - Roanoke Island	1,907,245		(47,782)	0	(47,782)	0.0	1,859,463
Insurance	23,392,288		(263,000)	0	(263,000)	0.0	23,129,288
Insurance - Worker's Compensation Fund	4,500,000		(2,000,000)	0	(2,000,000)	0.0	2,500,000
Secretary of State	8,760,901		(206,394)	0	(206,394)	(6.0)	8,554,507
State Auditor	12,166,518		(301,845)	0	(301,845)	0.0	11,864,673
State Treasurer - Operations	7,837,007		(5,006,407)	0	(5,006,407)	0.0	2,830,600
State Treasurer - Retirement / Benefits	12,294,780		85,000	0	85,000	0.0	12,379,780
Revenue	76,967,284		988,420	0	988,420	38.0	77,955,704
State Board of Elections	3,271,453		(85,184)	0	(85,184)	0.0	3,186,269
Total General Government	**345,066,907**	**(371,302)**	**(11,408,884)**	**0**	**(11,780,186)**	**(46.0)**	**333,286,721**
Health and Human Services:							
Office of the Secretary	45,649,860		1,262,052	0	1,262,052	(57.0)	46,911,912
Aging Division	29,825,449		(305,563)	0	(305,563)	(4.0)	29,519,886
Child Development	349,713,681		(60,155,285)	0	(60,155,285)	(16.0)	289,558,396
Education Services	77,290,419		(7,349,986)	0	(7,349,986)	(46.0)	69,940,433
Public Health	112,142,547		(4,829,746)	0	(4,829,746)	(13.6)	107,312,801
Blind and Deaf / Hard of Hearing Services	10,334,149		(150,130)	0	(150,130)	(1.0)	10,184,019

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Vocational Rehabilitation	41,827,726		(58,770)	0	(58,770)	(3.0)	41,768,956
Mental Health	582,879,191		(1,330,469)	0	(1,330,469)	(76.5)	581,548,722
NC Health Choice	24,987,142		12,500,000	0	12,500,000	0.0	37,487,142
Facility Services	16,584,502		(1,107,671)	0	(1,107,671)	(5.0)	15,476,831
Social Services	200,021,408		(1,685,826)	0	(1,685,826)	(47.0)	198,335,582
Medical Assistance	2,234,048,385		27,402,164	0	27,402,164	(10.0)	2,261,450,549
Total Health and Human Services	**3,725,304,459**	**0**	**(35,809,230)**	**0**	**(35,809,230)**	**(279.1)**	**3,689,495,229**
Justice and Public Safety:							
Correction	931,350,075	6,268,513	2,816,511	(858,604)	8,226,420	309.0	939,576,495
Crime Control & Public Safety	37,554,148	(6,268,513)	(2,559,278)	0	(8,827,791)	(219.0)	28,726,357
Judicial Department	308,769,898		(3,536,378)	125,000	(3,411,378)	1.0	305,358,520
Judicial - Indigent Defense	66,660,467		4,975,500	0	4,975,500	11.0	71,635,967
Juvenile Justice	149,456,045		(6,425,795)	0	(6,425,795)	(92.5)	143,030,250
Justice	76,471,632		(2,943,032)	0	(2,943,032)	(23.0)	73,528,600
Total Justice and Public Safety	**1,570,262,265**	**0**	**(7,672,472)**	**(733,604)**	**(8,406,076)**	**(13.5)**	**1,561,856,189**
Natural And Economic Resources:							
Agriculture and Consumer Services	56,695,276		(1,500,808)	0	(1,500,808)	(31.5)	55,194,468
Commerce	45,027,007	371,302	(1,083,259)		(711,957)	(7.8)	44,315,050
Commerce - State Aid	5,200,000		0	0	0	0.0	5,200,000
Office of Information Technology Services					0		0
Environment and Natural Resources	164,902,678		(7,068,856)	0	(7,068,856)	(55.5)	157,833,822
DENR - Clean Water Mgmt. Trust Fund	30,000,000		(10,000,000)	0	(10,000,000)	0.0	20,000,000
Labor	16,617,178		(624,272)	0	(624,272)	(9.0)	15,992,906
NC Housing Finance Agency	5,300,000		0	0	0	0.0	5,300,000
NC Biotechnology Center	6,738,913		(468,445)	0	(468,445)	0.0	6,270,468
Rural Economic Develoment Center	4,257,338		1,213,133	0	1,213,133	0.0	5,470,471
Total Natural and Economic Resources	**334,738,390**	**371,302**	**(19,532,507)**	**0**	**(19,161,205)**	**(103.8)**	**315,577,185**
Transportation	14,486,443		(1,093,102)	0	(1,093,102)		13,393,341
Statewide Reserves and Debt Service:							
Debt Service:							
Interest / Redemption	238,509,550		113,757,310	0	113,757,310		352,266,860

General Fund Appropriations
Fiscal Year 2002-03
2001 Session

	2002-03 Base Budget	Transfers	Recurring Changes	Nonrecurring Changes	Net Changes	Position Changes	Revised Appropriation
Federal Reimbursement	1,155,948		0	0	0		1,155,948
Subtotal Debt Service	**239,665,498**	**0**	**113,757,310**	**0**	**113,757,310**		**353,422,808**
Statewide Reserves:							
Compensation Increases			193,842,000	0	193,842,000		193,842,000
State Health Plan			200,000,000	0	200,000,000		200,000,000
Contingency and Emergency	1,125,000		3,875,000	0	3,875,000		5,000,000
Salary Adjustment Fund	500,000		0	0	0		500,000
Reserve for Hurricane Flood Recovery			0	150,629,172	150,629,172		150,629,172
ITS Rate Reduction			(4,000,000)	0	(4,000,000)		(4,000,000)
Judicial Retirement Rate Adjustment			(2,265,000)	0	(2,265,000)		(2,265,000)
Retirement Rate Adjustment			(239,568,180)	0	(239,568,180)		(239,568,180)
Fund Payroll at 98.5% of Requirements			(52,000,000)	0	(52,000,000)		(52,000,000)
Subtotal Statewide Reserves	1,625,000	0	99,883,820	150,629,172	250,512,992		252,137,992
							0
Total Reserves and Debt Service	**241,290,498**	**0**	**213,641,130**	**150,629,172**	**364,270,302**		**605,560,800**
Total General Fund for Operations	**14,712,410,940**	**0**	**39,834,492**	**149,895,568**	**189,730,060**	**45.2**	**14,902,141,000**
Other General Fund Expenditures:							
Capital Improvements			0		0		0
Repairs and Renovations			0		0		0
Total Other General Fund Expenditures	**0**	**0**	**0**	**0**	**0**		**0**
Total General Fund Budget	**14,712,410,940**	**0**	**39,834,492**	**149,895,568**	**189,730,060**	**45.2**	**14,902,141,000**

EDUCATION
Section F

Public Education

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$5,923,802,924**		**$6,021,031,149**	
Legislative Changes				
A. More Accurate Projection of Budget Requirements				
1 Additional Adjustments in Average Salary Projections In addition to the annual Continuation Budget adjustment for average budgeted salary of certified personnel, a more recent review of certified personnel salaries from updated salary data, identified an additional reduction in projected salary needs for FY 2001-02.	($8,497,668)	R	($8,497,668)	R
2 School Bus Purchases Reduce funding for FY 2001-02 based on a revised school bus replacement schedule.	($23,915,892)	NR		
3 Payments for Teacher Unused Vacation Days Adjust funding to reflect recent expenditure experience.	($4,000,000)	R	($4,000,000)	R
4 Mentor Pay Reduce funding to reflect recent expenditure experience.	($3,000,000)	R	($3,000,000)	R
5 Transportation Adjustment: Bus Driver Physicals The Division of Motor Vehicles is delaying the implementation of the requirement that bus drivers must have a physical examination every two years. Twenty-five thousand ($25,000) will remain in the budget for pilot projects.	($535,000)	R	($535,000)	R
6 Transportation Adjustment: Diesel Fuel Cost The economic forecast models project a 10.5% decline in diesel fuel cost from the current year's average. The current average cost is $0.92 per gallon and the Continuation Budget was based on an estimated cost of $1.05 per gallon. This adjustment budgets diesel fuel at $0.92 which is the current level. All school buses utilize diesel fuel.	($2,990,000)	R	($3,048,890)	R
7 Transportation Adjustment: Inventory Adjustment June 30, 2000 inventory levels (oil, tires, and parts) were approximately 62% of annual needs. This one-time reduction is to reduce current inventory levels to a more optimum level.	($4,000,000)	NR		
8 Revised Projection of Average Daily Membership To eliminate the possibility of duplicating the inclusion of some students in projecting a local school administrative units average daily membership and to project a more realistic estimate of future student populations.	($20,199,068) -235.00	R	($16,227,221) -175.00	R

	FY 2001-02		FY 2002-03	
9 Classroom Materials/Instruction Supplies/Equipment Adjust the increase for inflation to a 3% growth (in line with the Consumer Price Index) from the 5% growth used in the Continuation Budget.	($1,140,499)	R	($1,140,499)	R
10 School Building Administration Estimated new public schools opening in FY 2001-02 has been revised to 35 (from 70).	($2,338,140)	R	($2,338,140)	R
11 At Risk Student Services/Alternative Schools Each high school receives funding to employ a school safety officer. The estimate of new high schools scheduled to open in FY 2001-02 has been reduced to 10 (from 20).	($529,732)	R	($529,732)	R
12 Charter School Reserve Funds in this category are used to distribute the applicable State funding to charter schools for students attending a charter school who were not previously in a public school (private or home schooled). Since the number of charter schools has reached the maximum legislated number of 100, the reserve can be reduced to $2 million in FY 2001-02 and $1 million in FY 2002-03.	($2,404,513)	R	($3,404,513)	R
13 Driver Education To reflect reductions to the Highway Fund for revised Average Daily Membership Projections and an adjustment based on average annual reversions. Reduction to Receipts: ($1,830,739)	$0	R	$0	R
B. Reduction of Administration Cost				
14 Safety Assistance Teams Eliminates funding used for Statewide consultants.	($500,000)	R	($500,000)	R
15 Central Office Administration A 1.97% reduction from FY 2000-01 allocations for each local school administrative unit. The State Board is directed to develop a revised formula for FY 2002-03 that eliminates any permanent hold harmless in the formula.	($3,300,000)	R	($3,300,000)	R
16 Uniform Education and Reporting System (UERS) Based on the current NC WISE implementation schedule, a one-year reduction in funding is possible. FY 2001-02 funding level will be $10,018,927.	($5,000,000)	NR	$0	NR

	FY 2001-02		FY 2002-03	
17 Department of Public Instruction The Department of Public Instruction will eliminate at least 25 positions and will reduce other costs. One million dollars shall be transferred from the UERS budget to DPI to reduce contractual costs by internalizing work on the new student information management system (NC WISE). 25 Identified Positions ($1,004,751) Contracted Services ($1,590,647) Cellular Phones ($11,505) Equipment ($18,056) Elimination of Stds Board ($175,041)	($2,800,000) -25.00	R	($2,800,000) -25.00	R
C. Other Budget Adjustments				
18 Vocational Education - Tech Prep Eliminates State funding for Tech Prep. Federal funds in excess of $3 million support this program.	($100,000)	R	($100,000)	R
19 Appropriations to Non-Public School Agencies Eliminate funding for AVID pilot program and reduce funding to the following Agencies by 10%: A+ Schools, TQE, Cities/Communities in Schools, NC Network, Teacher Cadet, Geographic Alliance, Public School Forum, Cued Speech Center, Schools Attuned, Global Curriculum.	($488,741)	R	($488,741)	R
20 Appropriations to Non-Public School Agencies ExplorNet Reduce appropriation by 50% in first year. Funds to be non-recurring.	($2,500,000) $1,250,000	R NR	($2,500,000)	R
D. Improving Student Performance				
21 Targeted Class Size Reduction and Instruction a. In schools with 80% or more of the students eligible for free or reduced lunch and with 45% or more of students performing below grade level, lower class size in grades K-3 to 1:15. Require teachers allotted for these grades to be assigned to teach in these grades.	$8,062,603 179.60	R	$8,062,603 179.60	R
22 Targeted Class Size Reduction and Instruction b. Extend the contract for all teachers in these targeted schools for five days (5) in 2001-02 and ten days (10) in 2002-03. The first year days will be for staff development in methods to individualize instruction in smaller classes. The second year will add 5 instructional days.	$973,455	R	$2,334,930	R
23 Targeted Class Size Reduction and Instruction c. Provide one additional instructional support position for each of these targeted schools.	$1,840,380 37.00	R	$1,840,380 37.00	R
24 Targeted Class Size Reduction and Instruction d. Eliminate regular dollar allotment for teacher assistants in grades K-3 in these targeted schools due to significantly lower class size.	($8,068,580)	R	($8,068,580)	R

	FY 2001-02		FY 2002-03	
25 Targeted Class Size Reduction and Instruction e. Provide funding for outside evaluation of targeted class size reduction initiatives.	$500,000	R	$500,000	R
26 Targeted Class Size Reduction and Instruction: Kindergarten Lower class size ratio in kindergarten to one teacher for every 19 students in 2001-02 and to one teacher for every 18 students in 2002-03.	$12,045,179 268.50	R	$26,064,241 581.00	R
27 Class Size Reduction/ Instruction: Chronically Low-Performing Schools a. Reduce class-size in schools identified by the State Board of Education as chronically low-performing in grades K-3 to 1:15 and in grades 4-5 to 1:17.	$471,366 10.50	R	$471,366 10.50	R
28 Class Size Reduction/ Instruction: Chronically Low-Performing Schools b. Reduce class-size allotment in middle schools (Grades 6-8) to 1:17 and in high schools to 1:20 for chronically low-performing schools.	$1,207,595 26.90	R	$1,207,595 26.90	R
29 Class Size Reduction/ Instruction: Chronically Low-Performing Schools c. Extend the contracts for additional teachers in elementary schools and for all teachers in middle and high schools by 5 days in 2001-02 for staff development and add an additional 5 days of instruction for middle and high schools in 2002-03. These apply for schools identified as chronically low-performing.	$128,295	R	$307,730	R
30 Teacher Recruitment Initiatives a. Have the Education Oversight Committee study methods to provide benefits to part-time teachers to attract more certified teachers back into the classroom.				
31 Teacher Recruitment Initiatives b. Teacher Assistant Scholarships Additional scholarship funds for teacher assistants taking courses at community colleges that are prerequisites for teacher certification programs. (Major initiatives in the UNC budget will improve availability of teacher education programs for teacher assistants).	$1,000,000	R	$1,000,000	R
32 Teacher Recruitment Initiatives c. To attract teachers in the shortage fields of mathematics, science and special education and to entice teachers in these specialties to teach in schools with large numbers of at-risk students. In middle schools and high schools with 80% or more of the students eligible for free or reduced lunch or with 50% or more of students performing below grade level, provide an annual bonus of $1,800 (paid monthly with matching benefits). Teachers must be certified in and teaching in these fields and will remain eligible for the bonus as long as they continue to teach in eligible schools.	$1,500,000	R	$1,500,000	R

	FY 2001-02		FY 2002-03	
33 Teacher Recruitment Initiatives: Teaching Fellows Program Increase available new scholarships by 50. The scholarships for $6,500 per year are awarded to students who agree to teach in a North Carolina public school for four years (or three years in a North Carolina low-performing public school).	$325,000	R	$325,000	R
34 ABC Bonuses Provide funding for ABC bonuses for schools meeting or exceeding expected growth in 2000-01.	($93,100,000) $93,100,000	R NR	($93,100,000)	R
35 ABC Bonuses: Pilot Districts Provide funding for school personnel in five (5) pilot school districts for additional bonuses earned under the disaggregated performance pilot project directed by the General Assembly in 1999 (Sec. 8.36, SL 1999-237: HB 168). If a school achieves the pilot program goals, all certified personnel assigned to the school will receive up to $750 and teacher assistants up to $325 (these awards are in addition to standard ABC bonuses). LEAs not eligible for low wealth or small county supplemental funding must contribute 25% of the total cost of the bonuses.	$4,600,000	NR		
36 Character Education Funding for expansion of character education program.	$200,000	R	$200,000	R
37 Children with Special Needs Increase funding per student for children with special needs. The appropriation per funded headcount increases $50.57 to $2,662.87 (before increases for salary increases).	$5,000,000	R	$5,000,000	R
38 Improving Student Accountability Increase funding for additional instruction for students performing below grade level.	$5,000,000	R	$5,000,000	R
39 Low-Wealth Funding Increase funding for school districts in counties with less ability to generate local resources for public schools. Funding is allocated on basis of current formula.	$5,000,000	R	$5,000,000	R
E. Other Increases				
40 School Accountability Report Cards Funds for the Education Cabinet to develop, publish, and distribute school accountability report cards. The cards should be designed to supply parents information on school characteristics and performance.	$200,000	R	$200,000	R
41 Average Daily Membership Contingency Reserve Provides additional funds to the State Board of Education to address transitional year funding for local school administrative units with new charter schools and for first month allotment adjustments to local school administrative units with higher than expected enrollment growth.	$500,000	R	$500,000	R

	FY 2001-02		FY 2002-03	
42 NCWISE OWL's On-Line Subscriptions NCWISE OWL is operated by the North Carolina Department of Public Instruction and offers on-line resources (periodicals, encyclopedia, etc.) for K-12 teachers and students. Federal resources that have been discontinued have covered the subscription cost. The Department of Public Instruction will work collaboratively with the Department of Cultural Resources and report to the Joint Information Technology Appropriations Subcommittee by March 15, 2002 as to the feasibility of merging NCWISE OWL with NCLIVE (which also offers on-line subscription services).	$628,000	R	$628,000	R
Total Legislative Changes	**($111,910,068)**	**R**	**($93,437,139)**	**R**
	$66,034,108	**NR**	**$0**	**NR**
Total Position Changes	262.50		635.00	
Revised Budget	**$5,877,926,964**		**$5,927,594,010**	

UNC System

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,804,923,800**		**$1,812,208,855**	
Legislative Changes				
Campus Reductions				
43 Temporary Wages and Membership Dues Reduce the funding for temporary wages and membership dues at the 16 UNC constituent institutions.	($2,500,000)	R	($2,500,000)	R
44 Community Services/General Academic Support Reduce amount appropriated for Community Services/General Academic Support for the 16 constituent institutions.	($1,500,000)	R	($1,500,000)	R
45 Reduction in SPA Positions Reduce SPA positions at the sixteen constituent institutions by 2.8%.	($10,694,131) -359.60	R	($10,694,131) -359.60	R
46 Reductions in EPA Non-Teaching Staff Positions Reduce EPA non-teaching positions at the sixteen constituent institutions by 2.8%.	($5,902,497) -95.20	R	($5,902,497) -95.20	R
47 Reductions in Various Modified Zero Based Budget Items An average 5% reduction is made in the budgets of the 16 constituent institutions for the following modified zero based budget items: Miscellaneous Contractual Services, Rental/Lease of equipment, Travel, Cellular phones, Furniture and Equipment, and other aids and grants.	($5,726,311)	R	($5,726,311)	R
48 Private Funding for Selected Summer Research in lieu of State appropriation Substitute some private funding for a portion of state appropriations for select faculty to do summer research. This will be selected at the campus level.	($1,000,000)	R	($1,000,000)	R
49 Continuing Education Receipts Increase by 10% the receipts generated through continuing education programs at UNC-CH Health Affairs.	($378,775)	R	($378,775)	R
50 Center for Alcohol Studies Endowment Eliminates the appropriation to the Center for Alcohol Studies Endowment for one year.	($500,000)	NR		
51 Institute of Southern Politics, Media & Public Life Eliminates the specific funding for this program at UNC-CH.	($225,000) -2.00	R	($225,000) -2.00	R

	FY 2001-02		FY 2002-03	
52 Scholastic Media Association Eliminate funds for the Scholastic Media Association at UNC-CH.	($94,000) -1.00	R	($94,000) -1.00	R
53 Institute for Outdoor Drama Eliminates funds for the newly-established position of Director of Communications at the Institute for Outdoor Drama at UNC-CH.	($60,000) -1.00	R	($60,000) -1.00	R
54 UNC Hospital Reduction Reduces the appropriation to the UNC Health Care System. .	($2,000,000)	R	($2,000,000)	R
55 Reduce General Fund / Overhead Receipts Budget a portion of overhead receipts generated from federal indirect cost funds from research grants.	($500,000)	R	($500,000)	R
UNC General Administration				
56 Reduce EDP Equipment Reduce Electronic Data Processing equipment infrastructure replacement efforts at UNC-GA	($80,000)	R	($80,000)	R
57 Miscellaneous contractual service and other aids and grants reduction Reduce these line items in UNC-GA by 10%.	($535,732)	R	($535,732)	R
58 Rental/Lease of Equipment Reduction Reduce line item for UNC-GA by 10%	($13,363)	R	($13,363)	R
59 Travel Reduction Reduce travel line item in UNC-GA by 10%.	($91,957)	R	($91,957)	R
60 Cellular Phones Reduce line item for cellular phones in UNC-GA by 10%.	($3,347)	R	($3,347)	R
61 Furniture and Equipment Replacement Reduce these line items in UNC-GA by 10%.	($105,726)	R	($105,726)	R
62 Board of Governor's meetings The Board of Governors recently voted to reduce the number of times it will meet during the year to eight. This is the corresponding budget reduction for meeting costs.	($30,800)	R	($30,800)	R
63 MCNC Contract Reduce the funds paid to MCNC by UNC-General Administration.	($3,750,000)	R	($3,750,000)	R

	FY 2001-02		FY 2002-03	
64 Litigation Contract Eliminate funding for litigation contract with the Department of Justice. UNC General Administration is still required to maintain contract and reimburse the Department of Justice for legal services.	($200,000)	R	($200,000)	R
65 UNC General Administration SPA Position reductions Reduces the SPA positions in UNC General Administration by 5%.	($422,345) -11.40	R	($422,345) -11.40	R
66 UNC General Administration EPA Non-Teaching Staff Position Reductions Reduces the EPA non-teaching staff positions in UNC General Administration by 5%.	($541,925) -5.25	R	($541,925) -5.25	R
67 Administrative Overhead Reduction Eliminate the administrative overhead from General Fund appropriations in the Center for School Leadership Development's central office.	($166,791) -1.60	R	($166,791) -1.60	R
68 Office Consolidation Savings Savings from the consolidation of offices for the programs under the Center for School Leadership Development.	($100,000)	R	($100,000)	R
69 Reduction in all Center for School Leadership Development programs Reduces by 5% all programs under the Center for School Leadership Development.The Joint Legislative Commission on Education Oversight Commission will study these programs for recommended savings.	($666,629)	R	($666,629)	R
70 Matching Incentive Funds Reduce Matching Incentive funds for staff development in K-16 programs.	($350,000)	R	($350,000)	R
71 Lighthouse Schools Eliminate funding for Lighthouse Schools under the Center for School Leadership Development	($260,000)	R	($260,000)	R
72 Strategic Initiative Reserve Reduce the UNC System President's Strategic Initiative Reserve that is used to fund special projects. The current reserve is funded at $3,000,000 per year. UNC-GA shall provide a detailed report to the Joint Legislative Commission on Education Oversight prior to March 1 annually on how these funds are spent. The $1 million remaining in this fund shall be used to provide transition funding to temporarily offset the effects of permanent position cuts at the Historically Black and Minority and smaller campuses.	($2,000,000)	R	($2,000,000)	R

	FY 2001-02		FY 2002-03	
University Expansion Funds				
73 Regular Term Enrollment Increase Fully funds the UNC Board of Governor's regular term enrollment increase, including the "hold-harmless" for those campuses losing enrollment. This funds an additional 2,435 full-time equivalent students.	$28,358,828 238.30	R	$28,358,828 238.30	R
74 Distance Education Enrollment Increase Fully funds the UNC Board of Governor's distance education enrollment increase requests. This funds 1,085 additional FTE students.	$12,178,135 96.30	R	$12,178,135 96.30	R
75 Faculty Productivity Increase faculty productivity by using existing tenure-stream faculty to help with projected enrollment growth. The campuses may have flexibility on the implementation. This reduction is for faculty paid from the code "1310 EPA Teaching Faculty" line.	($3,000,000)	R	($3,000,000)	R
76 Tuition Increase The Board of Governors recommended a 4% across-the-board tuition increase for the 2001-02 academic year. This adds an additional 5% across-the-board increase. The additional increase ranges from $41 to $93 a year for resident undergraduates.	($24,664,857)	R	($24,664,857)	R
77 Need-Based Student Financial Aid Adds additional funds to the existing need-based student financial aid program. The current direct appropriation for this program is $6.3 million.	$8,928,000	R	$8,928,000	R
78 Aid to Students Attending Private Colleges Provides funds to cover the projected enrollment increases in the funds for students attending private colleges. $2,346,210 is to cover the 1,192 additional students anticipated to receive the Legislative Tuition Grant (LTG). The State Contractual Scholarship (SCSF) program will increase by $880,000 to cover an additional 800 FTE students. The current appropriation for the LTG program and the SCSF is $75.7 million.	$3,226,210	R	$3,226,210	R
79 Education Cabinet/Research Council Funds This restores half of the non-recurring appropriation made during the last fiscal year for the Education Cabinet and the Education Research Council.	$250,000 2.00	R	$250,000 2.00	R
80 Scholarships for Teacher Assistants Pursuing Teaching Degrees Funds are appropriated to provide scholarships for teacher assistants	$1,000,000	R	$1,000,000	R

House Subcommittee on Education	FY 2001-02		FY 2002-03	
81 UNC Teacher Preparation Programs Through Distance Education Provides additional funds for all UNC teacher education programs across the state provided through distance education that do not have an on-campus residency requirement proportionate to their credit hour enrollment.	$2,000,000	R	$2,000,000	R
82 Genomics, Bioinfomatics, Optoelectronics, and Photonics Research Provides funds for the new genomics, bioinfomatics, optoelectronics, and photonics research programs. $500,000 of these funds shall be allocated to the Photonics Consortium.	$1,750,000	R	$1,750,000	R
83 NC A&T State University Matching Funds Provides funds to match federal funds for NC A&T State University's agricultural programs.	$530,000	R	$530,000	R
84 ECU Doctoral Status Funds Funds the last phase of the transition of ECU to Doctoral I status.	$1,500,000	R	$1,500,000	R
85 Progress Board Provides recurring funds for the Progress Board which is funded through the university system.	$250,000	R	$250,000	R
86 Closing the Achievement Gap Provides funds to support the Historically Minority College and University consortium initiative to close the achievement gap. Funds shall be allocated to UNC-General Administration for distribution to the consortium.	$250,000	R	$250,000	R
Total Legislative Changes	**($7,343,013)** **($500,000)**	R NR	**($7,343,013)**	R
Total Position Changes	-140.45		-140.45	
Revised Budget	**$1,797,080,787**		**$1,804,865,842**	

Community Colleges

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$648,021,974**		**$648,021,974**	
Legislative Changes				
A. Community College System Offices				
87 Operating Efficiencies Eliminate the library ordering and receiving services and two library clerk positions totaling $59,543. Colleges will be responsible for ordering and receiving library materials. Eliminate a vacant educational consultant position and operating funds totaling $64,432. Eliminate a vacant position in the Office of the President totaling $23,396.	($197,923) -4.00	R	($197,923) -4.00	R
B. State Aid - Community College Institutions				
88 Compensatory Education Reduce the appropriation for Compensatory Education from $1,150,537 to $1,000,000.	($150,537)	R	($150,537)	R
89 Worker's Compensation Reduce the appropriation for Worker's Compensation from $976,629 to $703,702 to reflect actual expenditures.	($272,927)	R	($272,927)	R
90 Unemployment Compensation Reduce the appropriation for Unemployment Compensation from $521,766 to $440,751 to reflect actual expenditures.	($81,015)	R	($81,015)	R
91 Reduce Liability Insurance Reduce the appropriation for Liability Insurance from $53,000 to $33,000 to match actual expenditures.	($20,000)	R	($20,000)	R
92 Eliminate Priority Programs Eliminate Priority Programs since this item was intended to support federal funds that are no longer available.	($43,812)	R	($43,812)	R
93 Reduce Human Resource Development Funds Reduce the appropriation for Human Resource Development from $6,951,895 to $4,000,000. The program will be reorganized and the classes will be offered as Occupational Continuing Education classes.	($2,951,895)	R	($2,951,895)	R
94 Community Service Block Grant Adjustment Reduce the funds allocated for hobby/leisure courses from $1,817,738 to $1,500,000. Colleges will make every effort to ensure that this reduction does not result in a lessening of senior services.	($317,738)	R	($317,738)	R

	FY 2001-02		FY 2002-03	
95 Adjustment for Over-realized Receipts Increase the budgeted amount of tuition and registration fees to more accurately reflect anticipated receipts.	($700,000)	R	($700,000)	R
96 Enrollment Adjustment Provide funds for community college enrollment growth in accordance with the enrollment funding formula.	$10,000,000	R	$10,000,000	R
97 Faculty and Professional Staff Salary Enhancements Gives the community college system an additional 1.25% for faculty and professional staff salary increases. This increase of $6.9 million in recurring funds is located in the Compensation Reserves section of the budget.				
98 Increase Curriculum Tuition Charge Increase the in-state tuition charge per credit hour by $2.50 from $27.50 to $30.00. Increase the out-of-state tuition charge per credit hour by $2.50 from $169.75 to $172.25. It is anticipated that for most students this increase will be off-set by federal and state financial assistance programs.	($6,932,665)	R	($6,932,665)	R
99 Increase Institutional and Academic Support Increase the allocation for the institutional and academic support formula to address the needs of colleges in response to student demand for services.	$3,000,000	R	$3,000,000	R
100 Other Cost Adjustment Provide a 2% inflationary increase to the "Other Cost" part of the funding formula. Increase amount allocated per FTE for "Other Cost" from $175 to $178.50.	$521,206	R	$521,206	R
101 Maintenance of Plant Increases the Maintenance of Plant appropriation from $513,668 to $787,877. The purpose of this increase is to hold harmless those colleges that had been receiving Maintenance of Plant funds when an additional school became eligible.	$274,209	R	$274,209	R
C. Specialized Technology Centers				
102 Criminal Justice Reorganization Reorganize the Criminal Justice Regional Planning and Training Program into three regions to be determined by the System Office. Reduce the appropriation for the Criminal Justice program from $689,896 to $339,896.	($350,000) -3.00	R	($350,000) -3.00	R
D. Reserves and Other Funds				
103 Reduce State Board Reserve Reduce the appropriation for the State Board Reserve from $1,150,000 to $800,000.	($350,000)	R	($350,000)	R
104 Increase Need-Based Financial Aid Increase the Need Based Financial Aid fund from $5,000,000 to $6,062,806.	$1,062,806	R	$1,062,806	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$2,489,709**	**R**	**$2,489,709**	**R**
Total Position Changes	-7.00		-7.00	
Revised Budget	**$650,511,683**		**$650,511,683**	

HEALTH
&
HUMAN SERVICES
Section G

Health and Human Services

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$3,471,730,643**		**$3,725,304,459**	
Legislative Changes				
(1.0) Division of Mental Health				
1 Various Contracts	($920,345)	R	($920,345)	R
Eliminates the following contracts:				
UNC-CH Ctr for the Study of Development and Learning 250,000				
Life Plan Trust, Inc. 45,930				
Duke University 12,006				
Reduces the following:				
NC State Center of Urban Affairs 265,227				
Governor's Institute on Alcohol and Substance Abuse, Inc. 100,000				
Council on the Accreditation of Services for Families and Children 247,182				
2 Medicaid Receipts for EATP at Wilson	($465,338)	R	($465,338)	R
Reduces state appropriations in anticipation of Medicaid receipts for the adolescent beds in the state's Eastern Adolescent Treatment Program located in Wilson.				
3 Oakview Program	($600,055)	R	($600,055)	R
Eliminates state appropriations for an apartment program for adolescents which is no longer in use.	-16.50		-16.50	
4 Medical/Surgical Unit at Dix Hospital	($420,982)	R	($420,982)	R
Reduces appropriations for a medical/surgical unit located at Dix Hospital which was closed in October 2000. Medical/surgical services will be provided via contract.				
5 Administration in Area Programs	($1,500,000)	R	($1,500,000)	R
Reduces state appropriations to area mental health programs and directs DHHS to develop and implement guidelines to bring administrative costs at area programs into a more reasonable range.				
6 Position Eliminations	($968,941)	R	($968,941)	R
	-15.00		-15.00	
7 Medical Services Director Contract	($134,695)	R	($134,695)	R
Eliminates a contract with UNC-CH for the services of a medical director for the Division.				

	FY 2001-02		FY 2002-03	
8 State Appropriations to State MR Centers Reduces state appropriations to the five (5) state mental retardation centers in accordance with the State's 4% Downsizing Plan.	($2,900,000)	R	($2,900,000)	R
9 Improved Efficiencies for Hospital Operations Transfers responsibility for Cherry Hospital laundry operations to the Department of Corrections Enterprise Industries.	($1,079,242)	R	($1,079,242)	R
10 Medicaid Receipts on Child/Adolescent Beds Reduces state appropriations in anticipation of receipts for the child and adolescent beds in state psychiatric hospitals.	($1,343,780)	R	($1,343,780)	R
11 Neurobehavioral Treatment Unit Eliminates funding for the creation of a new neurobehavioral treatment unit for individuals with traumatic brain injury (to be located at the state's Black Mountain Center).	($571,526) -51.00	R	($571,526) -51.00	R
(2.0) Division of Social Services				
12 County Program Integrity Worker Funding Eliminates a grant-in-aid to all counties for program integrity activities.	($2,500,000)	R	($2,500,000)	R
13 State/County Special Assistance Inflation Adjust. Eliminates 25% of the new inflationary increase associated with a rate adjustment. Effective 10/01/01 the monthly rate will increase to $1,084.	($565,909)	R	($565,909)	
14 Position Eliminations Eliminates 21 positions.	($766,047) -21.00	R	($766,047) -21.00	R
15 Excess State/County Special Assistance Reduces excess state appropriations in the State/County Special Assistance program.	($2,751,750)	R	($2,751,750)	R
16 Family Resource Centers Reduces state funds for Family Resource Centers and directs DHHS to allocate the remaining funds based on program performance.	($250,000)	R	($250,000)	R
17 Child Support Call Center (Raleigh) Eliminates state appropriations for new positions established during 2000 to expand the Raleigh-based Child Support Call Center.	($352,101) -19.00	R	($352,101) -19.00	R
18 Work First Transfer to General Assembly Eliminates the transfer of funds to offset the cost of the Joint Legislative Public Assistance Commission which is being repealed.	($40,000)	R	($40,000)	R

	FY 2001-02		FY 2002-03	
19 Various Contracts Eliminates the following: Work Central Call Support Ctr $155,850 Reduces the following: Appalachian State University 60,000 Tier, Inc. 301,893 NC DSS Director's Association 50,000	($567,743)	R	($567,743)	R
20 Families for Kids Funding Reduces State funds for Families for Kids initiative.	($500,000)	R	($500,000)	R
21 Carolina ACCESS County Positions Eliminates Carolina ACCESS county positions located in county departments of social services.	($1,236,492)	R	($1,236,492)	R
22 Regional Office Positions Eliminates 7 regional office clerical positions. Other personnel will absorb associated job duties.	($155,784) -7.00	R	($155,784) -7.00	R
(3.0) Division of Medical Assistance				
23 Optional Services Eliminates optional circumcision procedures except in cases of medical necessity.	($246,762)	R	($400,000)	R
24 Drug Utilization Management Implements various drug utilization measures to contain the cost of prescription drugs as recommended by the "North Carolina Medicaid Benefit Study".	($13,000,000)	R	($25,500,000)	R
25 Carolina ACCESS Program Reduces funding for Carolina ACCESS Program by 50%.	($4,000,000)	R	($4,000,000)	R
26 Position Eliminations	($252,218) -11.00	R	($252,218) -11.00	R
27 ACCESS Medical Director Contract Eliminates the contract for the medical director for the Carolina ACCESS program as recommended by the "North Carolina Benefit Study".	($87,500)	R	($87,500)	R
28 ICF/MR Rate Adjustment Adjusts rates for private Intermediate Care Facilities for the Mentally Retarded to reflect actual costs and eliminate profit.	($2,631,380)	R	($2,723,225)	R
29 Medicaid Hospital Outpatient Copays Implements minimal copays (maximum of $50)for hospital outpatient treatment services.	($570,000)	R	($570,000)	R

	FY 2001-02		FY 2002-03	
30 Co-payments for Prescription Drugs Increases co-payments for prescription drugs from $1 to $3 per prescription.	($6,000,000)	R	($9,000,000)	R
31 New Inflationary Increases Reduces new inflationary increases for most services.	($6,372,690)	R	($8,872,690)	R
32 Generic Drugs Implements increased utilization of generic drugs.	($1,000,000)	R	($1,000,000)	R
33 Dispensing Fee for Drugs Reduces the dispensing fee for prescription drugs from $5.60 to $5.00 per prescription.	($2,587,500)	R	($3,408,128)	R
(4.0) Office of the Secretary				
34 Contract Eliminates a contract for personal services in support of a Medicaid waiver proposal, activities will be absorbed by existing staff.	($21,344)	R	($21,344)	R
35 Welfare Automation Fund Reduces state appropriations to the fund which supports automation enhancement in the Work First Program.	($1,500,000)	R	($1,500,000)	R
36 Position Eliminations Eliminates 57 positions.	($3,373,104) -57.00	R	($3,373,104) -57.00	R
37 Community Action Agency Funds Eliminates state appropriations to Community Action Agencies in lieu of increased federal grant funds.	($300,000)	R	($300,000)	R
(5.0) Division of Child Development				
38 Smart Start Evaluation Reduces state funds for evaluation activities for Smart Start and directs DHHS to contract for a more focused review of Smart Start activities directly related to kindergarten readiness.	($500,000)	R	($500,000)	R
39 Early Head Start Eliminates state appropriations in lieu of increased federal Early Head Start funds.	($549,478)	R	($549,478)	R
40 Position Eliminations	($565,807) -16.00	R	($565,807) -16.00	R

	FY 2001-02		FY 2002-03	
41 Various Contracts Eliminates contracts for the following: Personal Services contract for child abuse curriculum development $15,000 Child Care Services Association, Inc. 25,000	($40,000)	R	($40,000)	R
42 Smart Start ($48,500,000) Reduces the Governor's proposed increase in Smart Start continuation funding - funds not yet received by local partnerships. ($10,000,000) Reduces state appropriations to the North Carolina Partnership for Children, state administration and local partnership operations. This reduction is minimized by policy changes in how funds are utilized for quality improvements and a prohibition on the use of funds for capital/equipment projects.	($58,500,000)	R	($58,500,000)	R
(6.0) Division of Vocational Rehabilitation				
43 Position Eliminations	($58,770)	R	($58,770)	R
	-3.00		-3.00	
(7.0) Division of Public Health				
44 Position Eliminations	($599,325)	R	($599,325)	R
	-7.00		-7.00	
45 Nurse Midwifery Program Eliminates funding for the Nurse Midwifery Program which funds start-up midwifery practices.	($340,000)	R	($340,000)	R
46 Health Promotion Activities Reduces state appropriations for Health Promotion activities.	($1,000,000)	R	($1,000,000)	R
47 Various Contracts Reduces the Healthy Start Foundation contract by $150,000. Eliminates the following contracts: Association of NC Boards of Health - $100,000, Mecklenburg County Mental Health Authority - $86,144, NC Fair Share - $10,000, Pennsylvania State University - $53,355, UNC (Hypertension Data Analysis) - $10,000, UNC Family Services Network - $223,561, UNC School of Public Health - $225,000, and UNC School of Public Health - $127,494	($985,554)	R	($985,554)	R
48 Sickle Cell Prog. Ed. Counselors Reduces state appropriations in anticipation of increased Medicaid receipts.	($54,633)	R	($54,633)	R

	FY 2001-02		FY 2002-03	
49 Vital Record Receipts Adjusts the budget to accurately reflect the amount of receipts to be collected for the sale of vital records.	($60,000)	R	($60,000)	R
50 Position Reductions	($237,995)	R	($237,995)	R
	-7.59		-7.59	
51 Position Transfers Transfers the following positions from Division of Early Intervention and Education into Division of Public Health, Women's and Children's Health Section: Audiologists: 4425-1231-1211-921, 4429-1536-1211-020; Speech and Language Pathologist: 4429-1526-1211-027; Language/Communication Specialist: 4429-1516-1251-004; Social Workers: 4425-1231-1211-920, 4429-1526-1211-026, and 4429-1536-1211-019				
52 Newborn Screening Program Reduces state appropriations in anticipation of increased Medicaid Receipts.	($2,050,000)	R	($2,050,000)	R
53 Rural Obstetrics Incentive Program Eliminates Rural Obstetrics Incentive Program which pays a portion of the mal-practice insurance for doctors in rural areas to encourage them to treat Medicaid patients.	($1,255,000)	R	($1,255,000)	R
(8.0) Division of Education Services				
54 Various Contracts Reduces the contract to Beginnings by $200,000, and personal services for audiological management by $87,240.	($287,240)	R	($287,240)	R
55 State-Operated Deaf Preschools Reduces appropriations to the state-operated preschool centers and transitions the children from these centers to other preschool sites and services.	($384,997)	R	($384,997)	R
56 Contracts to LEAs Eliminates the contracts with Local Education Agencies that were set-up to supplement educating hearing-impaired children transitioning out of the Central North Carolina School for the Deaf.	($984,000)	R	($984,000)	R
57 Central School for the Deaf Savings from the Department of Health and Human Service's closure of the Central North Carolina School for the Deaf.	($1,200,000)	R	($1,200,000)	R
58 Developmental Eval. Centers Reduces state appropriations in anticipation of increased Medicaid receipts.	($457,271)	R	($457,271)	R
59 Reorganization/Changes Eliminates state appropriations in the areas of administration and other recent budget revisions that reduced the budget of the Central North Carolina School for the Deaf to enhance the Division's central office.	($2,000,000)	R	($2,000,000)	R

	FY 2001-02		FY 2002-03	
60 Position Eliminations Eliminates 23 teacher and teacher assistant positions in the state-operated deaf preschools, as a result of transitioning children to other preschool sites and services.	($778,495) -23.00	R	($778,495) -23.00	R
61 Position Eliminations	($1,257,983) -23.00	R	($1,257,983) -23.00	R
(9.0) Division of Aging				
62 Position Eliminations Eliminates 4 positions.	($55,563) -4.00	R	($55,563) -4.00	R
63 Area Agency on Aging (AAA) Administration Funds Reduces $200,000 in administrative funding for 17 Area Agencies on Aging. The Division will implement strategies to reduce overall administrative costs.	($200,000)	R	($200,000)	R
64 UNC CARES Contract Eliminates State funding for a contract with UNC-Chapel Hill for planning and evaluation services. The Division will assume the duties of the contract.	($50,000)	R	($50,000)	R
(10.0) Division of Blind Services/Deaf				
65 Medical Eye Care Program Reduces excess funding in the Medical Eye Care Program.	($100,000)	R	($100,000)	R
66 Position Eliminations	($50,130) -1.00	R	($50,130) -1.00	R
(11.0) Division of Facility Services				
67 EMS Regional Grants Eliminates Emergency Medical Services Regional Grants.	($544,397)	R	($544,397)	R
68 Fire Protection Revolving Loan Fund Eliminates appropriations in the Fire Protection Revolving Loan Fund.	($195,267)	NR	$0	NR
69 Receipts for Mental Health Licensure Increases receipts from Medicaid to support Mental Health Licensure.	($250,000)	R	($250,000)	R
70 Position Eliminations	($313,274) -5.00	R	($313,274) -5.00	R

	FY 2001-02		FY 2002-03	
(12.0) Division of Mental Health				
71 Funds for At-Risk Children Provides recurring funds for direct services to seriously disturbed children (funds were appropriated as non-recurring since FY98/99).	$4,353,000	R	$4,353,000	R
72 Autism Funds Provides $450,000 for administrative and operational funds to the Autism Society of North Carolina; provides $290,000 to be transferred to UNC-CH, Division of TEACCH to meet the needs of people with autism (funds shall not be used by UNC-CH for administrative costs).	$740,000	R	$740,000	R
73 Housing Support for the Mentally Ill Provides matching funds to draw down federal funds for support of additional housing placements for the mentally ill.	$1,000,000	R	$1,000,000	R
74 Community Programs Provides funds for area mental health programs as follows: Assertive Community Treatment Teams for non-Medicaid clients $433,000 Family Support Activities 300,000 Substance Abuse Services to Special Populations 1,000,000 Expand Capacity for Detoxification, Residential and Outpatient Services 1,500,000	$3,233,000	R	$3,233,000	R
75 Security Staff Increases appropriations and staff due to a transfer of security responsibilities from the Juvenile Evaluation Center to the Julian F. Keith ADATC and the Black Mountain Center.	$248,435 6.00	R	$248,435 6.00	R
(13.0) Division of Social Services				
76 Child Support Receipt Shortfall Increases state appropriations in child support operations due to an ongoing receipt shortfall.	$8,000,000	R	$8,000,000	R
77 Food Banks Provides funds to be equally distributed to the regional network of food banks in North Carolina.	$1,000,000	NR	$0	NR
(14.0) Division of Medical Assistance				
78 Community Alternatives Program for Children Provides additional slots for the Community Alternatives Program for Children.	$500,000	R	$500,000	R
79 CAP-MR/DD Slots Provides additional slots in the Community Alternative Program for the Mentally Retarded/Developmentally Disabled.	$1,500,000	R	$1,500,000	R

	FY 2001-02		FY 2002-03	
80 Breast and Cervical Cancer Coverage Provides funding for Medicaid coverage for uninsured women under age 65 with breast or cervical cancer. Includes state costs for administration.	$622,000 1.00	R	$1,215,925 1.00	R
81 Federal Financial Participation Rate Provides increased funding for the Medicaid Program due to a decrease in the federal financial participation rate.	$35,000,000	R	$79,000,000	R
82 Cost Containment Support Reserve Provides funds in a reserve to support cost containment efforts for the Medicaid Program.	$1,000,000	R	$1,000,000	R
83 Health Choice Provides funding for increasing the enrollment for NC Health Choice to 82,000 children.	$8,000,000	R	$12,500,000	R
(15.0) Division of Public Health				
84 AIDS Drug Assistance Program Increases funding for the AIDS Drug Assistance Program that pays for prescription drugs for qualified HIV and AIDS patients.	$500,000	R	$500,000	R
85 Varicella Vaccine Provides funding for varicella vaccinations for approximately 20,000 children.	$752,761	R	$752,761	R
86 State Games Provides funding for the State Games of North Carolina to promote health and fitness.	$25,276	NR	$0	NR
87 Prescription Drug Access Project Provides funding to support a centralized system for accessing free and low cost drugs through pharmaceutical companies.	$200,000	R	$200,000	R
88 Osteoporosis Task Force Provides funding to continue activities of the Osteoporosis Task Force.	$125,000	NR	$0	NR
89 Asthma Education Program Provides funding to support asthma management, control, surveillance, and education.	$250,000	NR	$0	NR
90 Healthy Carolinians Provides funding for Healthy Carolinians task forces throughout the state.	$1,000,000	NR	$0	NR
91 Healthy Start Foundation Provides funds for Healthy Start Foundation to improve access to prenatal care and reduce poor birth outcomes for families in North Carolina.	$400,000	NR	$0	NR

	FY 2001-02		FY 2002-03	
92 Office of Minority Health Funds Office of Minority Health activities to reduce health disparities.	$200,000	NR	$0	NR
93 Medical Day Care Pilot Project Provides funding for a start-up medical daycare center.	$100,000	R	$100,000	R
94 Heart Disease and Stroke Prevention Funds Heart Disease and Stroke Prevention Task Force activities.	$100,000	NR	$0	NR
95 Prevention of Birth Defects Provides funding for education and awareness activities on the importance of folic acid consumption preceding pregnancy, to effectively prevent neural tube birth defects.	$200,000	NR	$0	NR
96 Alice Aycock Poe Center for Health Education Provides grant-in-aid to the Alice Aycock Poe Center for health education.	$200,000	R	$200,000	R
(16.0) Office of the Secretary				
97 North Carolina Council on the Holocaust Provides funds for the Holocaust education in the public schools.	$50,000	NR	$0	
98 HIV/AIDS Prevention Initiative Creates a position in the Office of the Secretary, to coordinate the awareness and education activities of the HIV/AIDS Prevention Initiative. The funding for this position and enhanced awareness and education activities is appropriated in the Social Services Block Grant.	1.00		1.00	
99 Adult Care Home Rate Methodology Provides funds to the General Assembly to establish a methodology for rate setting for adult care homes.	$50,000	NR	$0	NR
100 "More At Four" Prekindergarten Pilot Establishes the "More At Four" prekindergarten pilot program for at-risk four year olds.	$6,456,500	R	$6,456,500	R
(17.0) Division of Vocational Rehabilitation				
101 Independent Living Provides additional funding for statewide case services needs.	$700,000	NR	$0	NR

House Subcommittee on Human Resources	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($65,837,444)**	**R**	**($35,809,230)**	**R**
	$3,905,009	**NR**	**$0**	**NR**
Total Position Changes	-279.09		-279.09	
Revised Budget	**$3,409,798,208**		**$3,689,495,229**	

NATURAL
&
ECONOMIC
RESOURCES
Section H

House Subcommittee on Natural and Economic Resources

Housing Finance Agency

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Recommended Budget	$5,300,000	$5,300,000
Legislative Changes		
Housing Finance Agency		
1 No Continuation Budget Adjustments		
Total Legislative Changes		
Total Position Changes		
Revised Budget	$5,300,000	$5,300,000

Agriculture and Consumer Services

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$56,695,276		$56,695,276	
Legislative Changes				
Administration/Public Affairs				
2 Eliminate Vacant Positions	($89,329)	R	($89,329)	R
Eliminate positions and reduce operating support.	-2.00		-2.00	
Administrative Secretary III ($40,351)				
Information and Communication Specialist II ($41,978)				
Operating Support ($ 7,000)				
3 Reduce Line Items	($15,097)	R	($15,097)	R
Reduce various operating line items within Administration and Public Affairs.				
4 Reduce Ag in the Classroom	($6,250)	R	($6,250)	R
Reduce grant-in-aid to the NC Farm Bureau for the Ag in the Classroom program.				
5 Create Gasoline/Natural Gas Reserve	$110,709	R	$110,709	R
Provides funds to be placed in a reserve and allocated to divisions for gasoline and natural gas needs.				
6 Create Laboratory Reserve	$150,000	R	$150,000	R
Establish reserve for laboratory equipment to be allocated to divisions on a priority needs basis.	$100,802	NR		
Agricultural Finance Authority				
7 Reduce Line Items	($28,566)	R	($28,566)	R
Reduce operating support to the Agricultural Finance Authority.				
Agricultural Statistics				
8 Eliminate Vacant Positions	($61,704)	R	($61,704)	R
Eliminate positions and reduce operating support.	-2.00		-2.00	
Data Entry Supervisor I ($25,331)				
Statistical Assistant IV ($29,373)				
Operating Support ($ 7,000)				
Agronomic Services				
9 Eliminate Vacant Position	($37,911)	R	($37,911)	R
Eliminate Data Entry Operator II position and reduce $3,500 in operating support.	-1.00		-1.00	

	FY 2001-02		FY 2002-03	
10 Reduce Scientific Supplies Reduce scientific supplies line item.	($6,850)	R	($6,850)	R
11 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($41,800)	R	($41,800)	R
Aquaculture and Natural Resources				
12 Reduce Line Items Reduce various operating line items within Aquaculture and Natural Resources.	($5,550)	R	($5,550)	R
Commissioner's Office				
13 Farmland Preservation Trust Fund Provides funds for the Farmland Preservation Trust Fund.	$250,000	NR		
Food and Drug Protection				
14 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($22,000)	R	($22,000)	R
15 Reduce Line Items Reduce various operating line items within the Division.	($101,066)	R	($101,066)	R
16 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($152,969)	R	($152,969)	R
	-4.00		-4.00	
Technical Trainer II ($37,688) Pesticide Specialist I ($36,904) Processing Assistant III ($30,855) Chemistry Technician I ($33,522) Operating Support ($14,000)				
Food Distribution				
17 Reduce Line Item Reduce trailers line item.	($29,000)	R	($29,000)	R
Marketing				
18 Eliminate Positions Eliminate positions and reduce operating support.	($114,753)	R	($114,753)	R
	-3.00		-3.00	
Maintenance Mechanic I ($27,857) Int'l. Marketing Specialist II ($53,861) General Utility Worker ($22,535) Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
19 Eliminate Vacant Positions	($109,061)	R	($109,061)	R
Eliminate vacant positions and reduce operating support.	-2.00		-2.00	
Facility Agric. Engineer II ($77,140)				
Office Assistant III ($24,921)				
Operating Support ($ 7,000)				
20 Increase Receipts	($124,300)	R	($124,300)	R
Budget increased receipts and reduce the General Fund appropriation by an equal amount.				
21 Reduce Raleigh Farmers' Market Transfer	($80,000)	R	($80,000)	R
Reduce General Fund transfer to the Raleigh Farmers' Market.				
22 Reduce Western NC Ag Center/Mountain State Fair	($20,000)	R	($20,000)	R
Reduce General Fund transfer to the Western NC Agricultural Center/Mountain State Fair Enterprise Fund.				
23 Reduce Western NC Development Association	($5,000)	R	($5,000)	R
Reduce grant-in-aid to the Western North Carolina Development Association.				

Plant Industry

24 Eliminate Vacant Positions	($114,188)	R	($114,188)	
Eliminate positions and reduce operating support.	-3.50		-3.50	
Ag Research Technician I (0.50 FTE) ($13,340)				
Chemistry Technician II ($31,567)				
Processing Assistant II ($29,462)				
Office Assistant III ($27,569)				
Operating Support ($12,250)				
25 Reduce Line Items	($64,485)	R	($64,485)	R
Reduce various line items in the Division.				
26 Increase Gypsy Moth Control Funds	$65,719	R	$65,719	R
Provides funds to supplement federal funds for the department's program to control the spread of the gypsy moth.				

Research Stations/State Farms

27 Eliminate Vacant Positions	($126,016)	R	($126,016)	R
Eliminate vacant positions and reduce operating support.	-4.00		-4.00	
Agricultural Research Assistant I ($30,425)				
Agricultural Research Assistant I ($23,387)				
Agricultural Research Assistant ($22,980)				
Maintenance Mechanic IV ($35,224)				
Operating Support ($14,000)				

	FY 2001-02		FY 2002-03	
28 Reduce Vehicles Reduce other motorized vehicles line item.	($122,500)	R	($122,500)	R
Standards				
29 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Standards Inspector II ($32,403) Standards Inspector I ($40,351) Operating Support ($ 7,000)	($79,754) -2.00	R	($79,754) -2.00	R
30 Reduce Line Items Reduce various operating line items within the Division.	($18,000)	R	($18,000)	R
Structural Pest				
31 Reduce Line Items Reduce various line items within the Division.	($2,140)	R	($2,140)	R
32 Increase Receipts Budget increased receipts and reduce the General Fund appropriation by an equal amount.	($7,160)	R	($7,160)	R
Veterinary Services				
33 Eliminate Positions Eliminate positions and reduce operating support. Veterinarian ($84,442) Vet Laboratory Assistant I ($23,851) Vet Laboratory Assistant I ($23,070) Operating Support ($10,500)	($141,863) -3.00	R	($141,863) -3.00	R
34 Reduce Scientific Supplies Reduce scientific supplies line item.	($3,460)	R	($3,460)	R
35 Meat and Poultry Inspection Eliminate vacant Meat and Poultry Inspector positions, associated receipts, and operating support. Meat and Poultry Inspectors (5.00 FTE) and Associated Receipts ($78,964) Operating Support ($17,500)	($96,464) -5.00	R	($96,464) -5.00	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($1,500,808)**	R	**($1,500,808)**	R
	$350,802	NR		
Total Position Changes	-31.50		-31.50	
Revised Budget	**$55,545,270**		**$55,194,468**	

Labor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$16,617,178**		**$16,617,178**	
Legislative Changes				
Administrative Programs				
36 Reduce Operating Support Reduce funding for furniture, equipment, software, library resources, and overtime pay.	($50,563)	R	($50,563)	R
37 Eliminate Vacant Position Eliminate vacant positions and reduce operating support. Labor Conciliator ($53,110) Data Entry Operator II ($26,656) Operating Support ($7,000)	($86,766) -2.00	R	($86,766) -2.00	R
38 Budget Indirect Cost Receipts Budget over-realized indirect cost receipts and reduce General Fund appropriation by an equal amount.	($93,961)	R	($93,961)	R
39 Reserve for Computer Upgrades Provides funds for replacement of PCs and outdated software.	$30,241	NR		
Apprenticeship & Training				
40 Eliminate Vacant Position Eliminate vacant Apprenticeship Representative position and reduce $3,500 in operating support.	($40,404) -1.00	R	($40,404) -1.00	R
41 Reduce Operating Support Reduce funding for furniture, equipment, computer services, and library resources.	($15,310)	R	($15,310)	R
Elevator & Amusement Inspections				
42 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($21,203)	R	($21,203)	R
Labor Standards				
43 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($18,990)	R	($18,990)	R

	FY 2001-02		FY 2002-03	
Mine/Quarry Inspection				
44 Reduce Operating Support Reduce funding for furniture, equipment, software, and library resources.	($13,086)	R	($13,086)	R
45 Eliminate Vacant Position Eliminate vacant Processing Assistant III position and reduce $3,500 in operating support.	($34,018) -1.00	R	($34,018) -1.00	R
OSHA				
46 Reduce Operating Support Reduce funding for furniture, equipment, and library resources.	($35,887)	R	($35,887)	R
47 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -1.50 Safety Officer ($41,942) Safety Officer (0.50 FTE) ($24,440) Operating Support ($5,250)	($71,632) -1.50	R	($71,632) -1.50	R
48 Shift Positions to Federal Funding Shift funding source for positions from General Fund to federal funds and reduce operating support. -4.00 Office Assistant III ($26,339) Processing Assistant III ($26,794) Industrial Health Inspector ($49,909) Industrial Health Inspector ($50,410) Operating Support ($14,000)	($167,452) -4.00	R	($167,452) -4.00	R
49 Restore Safety Officer Position Restore funding for General Fund half of Safety Officer position. Other half of position is federally funded. 0.50	$25,000 0.50	R	$25,000 0.50	R
Total Legislative Changes	**($624,272)** **$30,241**	R NR	**($624,272)**	R
Total Position Changes	-9.00		-9.00	
Revised Budget	**$16,023,147**		**$15,992,906**	

Environment & Natural Resources

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$164,902,678**		**$164,902,678**	
Legislative Changes				
(1.00) Administration				
50 Abolish Deputy Secretary of Operations Position	($46,324)	R	($46,324)	R
Abolish Deputy Secretary of Operations position.	-1.00		-1.00	
51 Eliminate Vacant Positions	($172,156)	R	($172,156)	R
Eliminate vacant positions within Administration.	-4.00		-4.00	
Safety Director II ($58,212)				
EHNR Personnel Officer (0.50 FTE) ($41,609)				
Accounting Clerk IV ($14,714)				
Office Assistant III ($24,921)				
Applications Analyst Prog. I (0.50 FTE) ($32,700)				
52 Eliminate Position in Regional Office	($26,122)	R	($26,122)	R
Eliminate Office Assistant III position.	-1.00		-1.00	
53 Eliminate Positions	($45,000)	R	($45,000)	R
Eliminate 2 Administrative Assistant positions.	-2.00		-2.00	
(2.00) Aquariums				
54 Increase Receipts	($500,000)	R	($500,000)	R
Budget increased receipts and reduce General Fund appropriation by an equal amount.				
55 Eliminate Positions	($81,037)	R	($81,037)	R
Eliminate two vacant positions and one filled position and reduce operating support.	-3.00		-3.00	
General Utility Worker ($22,145)				
General Utility Worker ($22,145)				
Office Assistant III ($26,247)				
Operating Support ($10,500)				

	FY 2001-02		FY 2002-03	
(2.00) Forest Resources				
56 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Forestry Pilot II ($51,896) Exten.Education and Training Specialist I ($47,803) Administrative Assistant I ($43,688) Operating Support ($10,500)	($153,887) -3.00	R	($153,887) -3.00	R
57 Increase Aircraft Lease Line Item Provides additional funds to lease a CL-215 during fire season.	$200,000	R	$200,000	R
(2.00) Marine Fisheries				
58 Reduce Fisheries Resource Grant Program Reduce funds to the Fisheries Resources Grant Program.	($379,058)	R	($379,058)	R
59 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Marine Fisheries Officers III(2 FTEs) ($70,968) Medical Lab Technician I ($28,260) Information & Communications Specialist ($27,056) Data Entry Operator ($20,819) Submerged Lands Program Director ($38,825) Operating Support ($21,000)	($206,928) -6.00	R	($206,928) -6.00	R
(2.00) Museum of Natural Sciences				
60 Eliminate Vacant Position Eliminate vacant Accounting Clerk IV position and reduce $3,500 in operating support.	($40,655) -1.00	R	($40,655) -1.00	R
61 Reduce Grassroots Science Museums Reduce funding for the Grassroots Science Museums.	($415,480)	R	($415,480)	R
62 Increase Funds for Temporary Staff Provides funds for the Museum to contract for temporary services.	$50,000	R	$50,000	R
63 Add New Grassroots Science Museums Adds the following museums to the Grassroots Science Museum Collaborative at $50,000 each: Highlands Biological Station Carolina Raptor Center Fascinate-U Wilmington Children's Museum	$200,000	R	$200,000	R

	FY 2001-02		FY 2002-03	
(2.00) NC Zoological Park				
64 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($190,722) -5.50	R	($190,722) -5.50	R
Maintenance Mechanic II ($28,768) Housekeeper ($12,126) Info & Communications Specialist ($39,307) Grounds Worker ($23,238) Administrative Assistant II ($37,898) Cashier I ($28,385) Operating Support ($21,000)				
65 Increase Receipts Budget increased receipts due to recent fee increase at the Zoo and reduce General Fund appropriations by an equal amount.	($440,000)	R	($435,000)	R
(2.00) Office of Environmental Education				
66 Eliminate Vacant Position Eliminate vacant Educational Development Consultant position and reduce $3,500 in operating support.	($51,952) -1.00	R	($51,952) -1.00	R
(2.00) Parks and Recreation				
67 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support.	($180,628) -5.00	R	($180,628) -5.00	R
Accounting Clerk III ($25,590) Volunteer Services Coordinator ($39,634) Park Ranger II ($35,582) Park Ranger II ($31,702) Park Ranger II ($30,620) Operating Support ($17,500)				
(2.00) Soil and Water Conservation				
68 Eliminate Vacant Position Eliminate vacant Processing Assistant IV position and reduce $3,500 in operating support.	($33,297) -1.00	R	($33,297) -1.00	R
69 Shift Position to Receipt Support Shift funding for a Computer Consultant III position (0.19 FTE) and reduce $665 in operating support.	($13,499) -0.19	R	($13,499) -0.19	R
70 Decrease Agriculture Cost Share Financial Asst. Reduce funds for the Agriculture Cost Share Program for Nonpoint Source Pollution Control to reimburse farmers up to 75% of the costs of installing best management practices (BMPs) to improve and protect water quality.	($1,000,000)	R	($1,000,000)	R

	FY 2001-02		FY 2002-03	
71 Increase Agriculture Cost Share Technical Asst. Additional funds to reimburse counties up to 50% of the costs of providing technical assistance in the planning, design, and installation of agricultural best management practices (BMPs) to improve water quality.	$240,000	R	$240,000	R
(3.00) Air Quality				
72 Shift Position to Receipt Support Shift funding for an Environmental Technician II to receipt support and reduce $3,500 in operating support.	($33,031) -1.00	R	($33,031) -1.00	R
(3.00) Coastal Management				
73 Shift Position to Receipt Support Shift funding for an Office Assistant III position to receipt support and reduce $3,500 in operating support.	($32,158) -1.00	R	($32,158) -1.00	R
74 Eliminate Position Eliminate Personnel Assistant V position and reduce $3,500 in operating support.	($34,671) -1.00	R	($34,671) -1.00	R
(3.00) Environmental Health				
75 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer II ($55,445) Word Processor III ($26,230) Operating Support ($ 7,000)	($88,675) -2.00	R	($88,675) -2.00	R
76 Shift Position to Receipt Support Shift funding for a Processing Assistant IV to receipt support and reduce $1,225 in operating support.	($11,351) -0.35	R	($11,351) -0.35	R
77 West Nile Virus Monitoring Funds for monitoring of sentinel flock for indication of West Nile Virus.	$100,000	NR		
78 Environmental Health Specialist Training Additional funds for training and continued education to local environmental health specialists to improve the consistency of implementation and enforcement of rules.	$100,000	R	$100,000	R
(3.00) Land Resources				
79 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. Environmental Engineer I ($40,709) Environmental Technician V ($33,998) Operating Support ($ 7,000)	($81,707) -2.00	R	($81,707) -2.00	R

	FY 2001-02		FY 2002-03	
80 Shift Position to Receipt Support	($67,610)	R	($67,610)	R
Shift funding for a Geologist III position to receipt support and reduce $3,500 in operating support. This is one of two remaining low level radioactive waste positions in DENR.	-1.00		-1.00	
(3.00) Pollution Prevention/Environmental Asst.				
81 Eliminate Vacant Position	($31,981)	R	($31,981)	R
Eliminate Office Assistant IV and reduce $3,500 in operating support.	-1.00		-1.00	
(3.00) Radiation Protection				
82 Eliminate Position	($40,190)	R	($40,190)	R
Eliminate Radiological Health Specialist position and reduce $3,500 in operating support. This is the last remaining low level radioactive waste position in DENR.	-1.00		-1.00	
83 Eliminate Vacant Position	($40,454)	R	($40,454)	R
Eliminate Administrative Assistant I position and reduce $3,500 in operating support.	-1.00		-1.00	
(3.00) Waste Management				
84 Eliminate Vacant Positions	($102,359)	R	($102,359)	R
Eliminate vacant positions and reduce operating support.	-3.00		-3.00	

Administrative Secretary I	($35,135)
Environmental Technician II	($27,056)
Environmental Technician III	($29,668)
Operating Support	($10,500)

(3.00) Water Quality				
85 Eliminate Vacant Positions	($329,859)	R	($329,859)	R
Eliminate vacant positions and reduce operating support.	-7.00		-7.00	

Chemistry Technician II	($38,770)
Community Development Planner	($55,936)
Personnel Assistant III	($25,556)
Environmental Modeler II	($47,956)
Environmental Engineer I	($43,934)
Environmental Engineer I	($43,934)
Applications Analyst Programmer II	($49,273)
Operating Support	($24,500)

86 River Basin Modeling				
Additional funds for modeling activities related to river basin planning.	$127,564	NR		
(3.00) Water Resources				
87 Eliminate Vacant Position	($53,692)	R	($53,692)	R
Eliminate Environmental Engineer II position and reduce $3,500 in operating support.	-1.00		-1.00	

	FY 2001-02		FY 2002-03	
88 Central Coastal Plain Capacity Use Area Planning Funds for planning for alternative water sources in the Central Coastal Plain Capacity Use Area.	$23,505	R	$23,505	R
(4.00) Department Wide				
89 Implement Lease-Purchase Arrangement Implement lease-purchase arrangement for the purchase of major equipment for the following divisions: Forest Resources - Aircraft ($1,793,096) Forest Resources - Autos, Trucks & Buses ($431,151) Parks & Recreation - Autos, Trucks & Buses ($574,925) Water Quality - Scientific Equipment ($ 74,328)	($2,873,500)	R	($2,873,500)	R
90 Reduce Salary Reserve Reduce salary reserve throughout the Department.	($61,378)	R	($61,378)	R
91 Reduce Operating Support Reduce operating support throughout the Department.	($28,000)	R	($28,000)	R
92 Create Reserve for Information Technology Places funds in a reserve to support information technology needs throughout the Department.	$64,763	NR		
(5.00) Reserves and Special Funds				
93 Rivernet Water Quality Monitoring & Research Funds Reduce funds for the Rivernet Water Quality Monitoring project by $15,000 and for the Water Quality Workgroup by $20,000.	($35,000)	R	($35,000)	R
94 Resource Conservation and Development Councils Provides each of the state's nine Resource Conservation and Development Councils with a $20,000 grant.	$180,000	NR		
95 Reserve for Position - Environmental Health Places funds in a reserve for salary and operating support for a part-time Regional Environmental Health Specialist in the Division of Environmental Health. Funding is contingent upon the passage of HB635, Regulate Body Piercing.	$35,000 0.50	R	$35,000 0.50	R
96 Fresh Water Aquarium Provides planning funds for the Cape Fear River Assembly, Inc. to establish a fresh water aquarium.	$5,000	NR		

House Subcommittee on Natural and Economic Resources	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($7,073,856)**	**R**	**($7,068,856)**	**R**
	$477,327	**NR**		
Total Position Changes	-55.54		-55.54	
Revised Budget	**$158,306,149**		**$157,833,822**	

Environment & Natural Resources - Clean Water Management Trust Fund

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$30,000,000**		**$30,000,000**	
Legislative Changes				
Clean Water Management Trust Fund				
97 Clean Water Management Trust Fund Decreases funds for the Clean Water Management Trust Fund.	($10,000,000)	R	($10,000,000)	R
Total Legislative Changes	**($10,000,000)**	R	**($10,000,000)**	R
Total Position Changes				
Revised Budget	**$20,000,000**		**$20,000,000**	

Commerce

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$45,027,007**		**$45,027,007**	
Legislative Changes				
Business & Industry				
98 Eliminate Vacant Position	($52,772)	R	($52,772)	R
Eliminate vacant Industrial Development Representative II position and reduce $3,500 in operating support.	-1.00		-1.00	
99 Create Developer Positions	$150,000	R	$150,000	R
Provides funds for new Economic Developer positions and operating support.	2.00		2.00	
Center for Entrepreneurship & Technology				
100 Abolish Center For Entrepreneurship & Technology	($544,484)	R	($544,484)	R
Abolish Center for Entrepreneurship & Technology by eliminating 3 of 4 positions, operating support, and Reserve for New and Emerging Industries. Transfer remaining Economic Developer position to the Business & Industry Division.	-3.00		-3.00	

Executive Director	($101,562)
Economic Developer	($77,451)
Administrative Assistant III	($45,954)
Operating Support	($119,517)
Reserve for New & Emerging Ind	($200,000)

Commerce Finance Center

101 Industrial Recruitment Competitive Fund				
Continues support for the Industrial Recruitment Competitive Fund.	$1,080,642	NR		
Community Assistance				
102 Reduce Funding for Councils of Government	($55,000)	R	($55,000)	R
Reduce funding for the Councils of Government (COGs) due to the closing of the Region H COG.				

	FY 2001-02		FY 2002-03	
Department Wide				
103 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	$371,302 3.00	R	$371,302 3.00	R
104 Transfer from OSBPM - State Data Center Transfers a Statistician II position currently housed in the State Data Center within the State Planning Section of OSBPM to the Employment Security Commission. This position is responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for this position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce.	$0	R	$0	R
Industrial Commission				
105 Reduce Operating Support Reduce operating line items.	($44,061)	R	($44,061)	R
106 Eliminate Vacant Positions Eliminate vacant positions and reduce operating support. -2.75 Processing Assistant III ($27,672) Data Control Clerk III ($26,360) Processing Assistant III (.50 FTE) ($18,211) Computer Support Tech (.25 FTE) ($7,027) Operating Support ($9,625)	($88,895) -2.75	R	($88,895) -2.75	R
107 Eliminate Position Eliminate Processing Assistant IV position and reduce $3,500 in operating support. -1.00	($40,435) -1.00	R	($40,435) -1.00	R
108 Reduce Salary Reserve Reduce salary reserve for Applications Analyst Programmer position.	($2,698)	R	($2,698)	R
International Trade				
109 Research Triangle International Visitors Center Reduce general operating budget by 5%.	($1,000)	R	($1,000)	R
Marketing				
110 Reduce Advertising Reduce advertising line item.	($167,826)	R	($167,826)	R

	FY 2001-02		FY 2002-03	
Tourism, Film and Sports Development				
111 Eliminate Vacant Position	($47,354)	R	($47,354)	R
Eliminate Information & Communication Specialist II position and reduce $3,500 in operating support.	-1.00		-1.00	
112 Reduce Welcome Center Positions	($50,415)	R	($50,415)	R
Reduce selected positions in Welcome Centers from 40 to 30 hours per week and reduce operating support.	-2.00		-2.00	
General Utility Worker (0.25 FTE) ($5,031)				
General Utility Worker (0.25 FTE) ($5,322)				
General Utility Worker (0.25 FTE) ($5,656)				
General Utility Worker (0.25 FTE) ($5,031)				
General Utility Worker (0.25 FTE) ($5,734)				
General Utility Worker (0.25 FTE) ($5,663)				
General Utility Worker (0.25 FTE) ($5,656)				
General Utility Worker (0.25 FTE) ($5,322)				
Operating Support ($7,000)				
113 Reduce Printing	($150,000)	R	($150,000)	R
Reduce printing line-item.				
114 Eliminate Advertising Reserve	($75,000)	R	($75,000)	R
Eliminate advertising reserve.				
115 Operating Support	$200,000	R	$200,000	R
Additional funds for operating support.				
116 Expand Heritage Tourism	$50,000	R	$50,000	R
Funds for a position and operating support at one new heritage tourism site in Winston-Salem.	1.00		1.00	
Wanchese Seafood Industrial Park				
117 Eliminate Vacant Positions	($110,060)	R	($110,060)	R
Eliminate vacant positions and reduce operating support.	-2.00		-2.00	
Community Development Specialist ($71,111)				
Processing Assistant ($31,949)				
Operating Support ($ 7,000)				
118 Eliminate General Fund Support/Fund Shift Position	($53,259)	R	($53,259)	R
Eliminate remaining General Fund support for the Wanchese Seafood Industrial Park and shift position to receipt support. Revenues are sufficient to carry out operations, thereby enabling the Seafood Park to become self-supporting.	-1.00		-1.00	

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($711,957)**	**R**	**($711,957)**	**R**
	$1,080,642	**NR**		
Total Position Changes	-7.75		-7.75	
Revised Budget	**$45,395,692**		**$44,315,050**	

Commerce - State Aid

	GENERAL FUND		
	FY 2001-02		FY 2002-03
Recommended Budget	**$5,200,000**		**$5,200,000**
Legislative Changes			
Grants-in-Aid			
119 Yadkin Pee Dee Lakes Provides funds for the Yadkin Pee Dee Lakes Project.	$100,000	NR	
120 Technological Development Authority Provides funds to the N.C. Technological Development Authority for entrepreneurial support and infrastructure, including creating new business incubators, enhancing existing incubators, developing capital formation initiatives, and supporting research commercialization programs.	$2,000,000	NR	
121 NC Minority Support Center Provides $100,000 to expand the Latino Community Credit Union to Wake County and $100,000 for two new credit unions in Sampson and Durham Counties.	$200,000	NR	
122 World Trade Center North Carolina Provides funds to the World Trade Center North Carolina to support international trade education programs for small and medium-sized businesses.	$200,000	NR	
Total Legislative Changes	**$2,500,000**	NR	
Total Position Changes			
Revised Budget	**$7,700,000**		**$5,200,000**

N.C. Biotechnology Center

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$6,738,913**		**$6,738,913**	
Legislative Changes				
NC Biotechnology Center				
123 Reduce Administrative Support/HMU Transfer The Biotechnology Initiative for Historically Minority Universities (HMU) has been transferred at the Governor's direction to the UNC Board of Governors effective FY 2001-02. Administrative support that had been provided to the Biotechnology Center will not be required by the UNC Board of Governors and is therefore reduced.	($100,000)	R	($100,000)	R
124 Reduce General Operating Budget Reduce general operating budget.	($368,445)	R	($368,445)	R
125 Reduce Cash Balance Reduce the N.C. Biotechnology Center's General Fund appropriation for FY 2001-02 and replace the funds with a one-time transfer from the Center's cash balance.	($1,000,000)	NR		
Total Legislative Changes	**($468,445)** **($1,000,000)**	R NR	**($468,445)**	R
Total Position Changes				
Revised Budget	**$5,270,468**		**$6,270,468**	

Rural Economic Development Center

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$4,257,338**		**$4,257,338**	
Legislative Changes				
Administration				
126 General Administration Provides additional funds for general oversight and management of Rural Center programs.	$117,722	R	$117,722	R
Cash Balances				
127 Reduce Cash Balances Reduce the Rural Center's General Fund appropriation for FY 2001-02 and replace the funds with one-time transfers from the Child Care Loan Program ($499,694) and from the Center's other cash reserves ($500,000), thereby reducing the Center's overall cash balances.	($999,694)	NR		
Center-Wide				
128 Reduce Operating Support Reduce operating support for the Center's various programs and administrative activities.	($186,867)	R	($186,867)	R
Grant Programs				
129 Supplemental Funding Program Provides additional funds for the Supplemental Funding Program and for two staff positions.	$895,278	R	$895,278	R
Water and Sewer Grants $357,000 Staff $138,278 Water, Sewer and Business Development Grants $400,000				
130 Capacity Building Assistance Program Provides funds to support staffing for the Capacity Building Assistance Program.	$137,000	R	$137,000	R
Reserves				
131 Agricultural Advancement Consortium Places funds in a reserve for the operating expenses associated with the Agricultural Advancement Consortium and for research initiatives funded by the Consortium.	$250,000	R	$250,000	R
Administrative Expenses $75,000 Research Initiatives $175,000				

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$1,213,133**	**R**	**$1,213,133**	**R**
	($999,694)	**NR**		
Total Position Changes				
Revised Budget	**$4,470,777**		**$5,470,471**	

JUSTICE
&
PUBLIC SAFETY
Section I

Judicial

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$308,769,898**		**$308,769,898**	

Legislative Changes

1 Reduce Funding for Jury Fees ($370,000) R ($370,000) R

Funding is reduced to reflect recent years' experience. This reduction was part of the Governor's recommended budget and leaves $3.8 Million available for 2001-2.

2 Reduction in Operating Expenses ($189,254) R ($217,705) R

Operating expenses for the Judicial Branch are reduced as follows:

	2001-2	2002-3
Maintenance Agreements	$98,500	$107,250
Printing & Binding	$ 8,900	$ 9,900
Registration Fees	$34,700	$ 37,250
Other Expenses	$12,500	$ 14,750
Telephone/Telecomm	$ 2,000	$ 3,000
Equipment Lease	$ 5,000	$ 5,500
Supplies	$27,654	$ 40,055

3 Eliminate Funds for Unemployment/Workers Comp ($370,066) R ($370,066) R

Funding for unemployment and workers compensation payments is eliminated. Since payments are unpredictable most departments do not budget a specific amount. This reduction was included in the Governor's recommended budget.

4 Reduce Budgeted Funds for Temporary Services ($223,767) R ($223,767) R

Budgeted funds for temporary personnel are eliminated. This reduction was included in the Governor's recommended budget.

5 Reduce Budgeted Funds for Administrative Contracts ($1,752,652) R ($1,752,652) R

Budgeted funds for administrative contracts are reduced. This reduction was included in the Governor's recommended budget. This includes an $102,000 reduction in contractual funds for the Mecklenburg Speedy Drug Court as more of the operations of this program are now done with employees rather than by contract. Contractual funds are also reduced in administration, Superior Court, District Court, Clerks, District Attorneys, Custody Mediation, Arbitration, Sentencing Services and Drug Treatment Court.

6 Reduce Funding for Fringe Benefits ($880,751) R ($880,751) R

Budgeted funds for FICA and Retirement are reduced based on reductions in other personnel items and projections for 2001-2002.This reduction was included in the Governor's recommended budget.

	FY 2001-02		FY 2002-03	
7 Budgeted Overtime Funding for budgeted overtime is eliminated, since the amount is unpredictable and usually covered with available funds. The Governor recommended a reduction of $42,236 and the subcommittee eliminated the remaining $20,428.	($62,664)	R	($62,664)	R
8 Reduced Facility Lease Expense Because of delays in renovating existing state offices, the projected increase in lease expenses for the Judicial Branch in the Governor's budget can be reduced. An increase of $314,082 remains to cover projected increases in existing leases, the cost of rent for the Business Court, and the annualized cost of new office space leased for Court of Appeals staff.	($182,951)	R	($181,701)	R
9 Reduction in Superior Court Judge Travel Funding is reduced for lodging and meal expenses for Superior Court Judge travel to conferences. Judge's may use their subsistence allowance to cover these expenses.	($103,000)	R	($103,000)	R
10 Judicial Branch Travel Reduction in the total travel budget for the Judicial Branch based on actual expenditures in prior years.	($200,000)	R	($200,000)	R
11 Recalculated Longevity Funding is reduced for longevity payments to court officials and staff based on a recalculation in April 2001.	($500,000)	R	($500,000)	
12 Eliminate Funding for Blood Borne Pathogens Funding for blood borne pathogens (immunizations) is no longer required.	($16,068)	R	($16,068)	R
13 Redirect Superior Court Judge Position The vacant Superior Court Judge position in District #4B (Onslow) shall be redirected to District #24 (Avery, Mitchell,Watauga, Yancey, Madison), effective October 1, 2001.	$0 0.00	R	$0 0.00	R
14 New Magistrate Positions Funds are provided to add half-time magistrate positions in Brunswick and Columbus counties, effective July 1, 2001.	$38,694 $11,426 1.00	R NR	$38,694 1.00	R
15 Eliminate Vacant DA Investigator A vacant District Attorney Investigator position in District #29 is eliminated. Not all District Attorneys have investigators and this position has been vacant since March 2000.	($47,525) -1.00	R	($47,525) -1.00	R
16 Redirect Vacant Clerk Position A part-time Assistant Clerk position in Caswell County, vacant since August 1999, is redirected to upgrade two .75 fte positions to fulltime in Madison and Swain Counties.	$0 0.00	R	$0 0.00	R

	FY 2001-02		FY 2002-03	
17 Increase Budgeted Receipts for Dispute Resolution The General Fund contribution to the Mediated Settlement Conference in Superior Court and the District Court Mediated Settlement programs are reduced to reflect increased fee collections and operating expenses that have been less than originally anticipated. Receipts will increase in part due to HB 668 which passed the House in April, authorizing a fee for certification of mediators in the newer District Court program.	($70,251)	R	($70,251)	R
18 Budget Fees for Worthless Check Program Participants in the worthless check program pay a $50 fee which is collected in a non- reverting fund. These funds will be used to offset the expenses of the program, allowing a reduction in the General Fund contribution.	($500,000)	R	($500,000)	R
19 Reduce Funds for Court of Appeals Mediation This program, authorized in the 2000 budget, has not been implemented as of May 2001. Funding is reduced to reflect expectation of limited activity in the first years.	($20,000)	R	($20,000)	R
20 Reduction in Funding Sentencing Services Program Funding for the Sentencing Services program is reduced by $100,000 based on the amount left unspent in prior years. This reduction may be taken in the costs of the state-run or nonprofit programs.	($100,000)	R	($100,000)	R
21 Annualization of New Positions The recommended continuation budget did not cover the full-year costs of 42 new positions added during 2000-2001. This item provides funds to annualize all the personnel costs and half the operating costs.	$1,602,574	R	$1,902,574	R
22 New Courthouses' Telephone Systems/ Network Cable Funds are added to provide telephone systems and network cable for new courthouses expected to be completed during the biennium; five courthouses in 2001-2 and one in 2002-3. While county governments are responsible for the construction and furnishing of new courthouses and the installation of telecommunication lines in court facilities, the Judicial Branch is responsible for providing the cabling and phone systems.	$475,000	NR	$125,000	NR
23 Redirect Magistrate Positions A magistrate position assigned to Perquimans County will be redirected to Chowan County. The position was authorized in 2000-2001 but never filled. A vacant part-time magistrate position in Johnston County is redirected to Swain County. It has been vacant since January 2000.	$0 0.00	R	$0 0.00	R
24 Membership in National DA's Association Funding is continued to allow all 39 District Attorneys to join the National District Attorney's Association. Nonrecurring funding was provided for this purpose in 1999-2000.	$15,000	R	$15,000	R

	FY 2001-02		FY 2002-03	
25 District Court Judge	$74,734	R	$123,504	R
Provide funding for 1 District Court Judge to be located in District #10, Wake County. New position is effective December 1, 2001.	$12,209	NR		
	1.00		1.00	
Total Legislative Changes	**($3,857,947)**	R	**($3,536,378)**	R
	$498,635	NR	**$125,000**	NR
Total Position Changes	1.00		1.00	
Revised Budget	**$305,410,586**		**$305,358,520**	

Judicial - Indigent Defense

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$66,660,467**		**$66,660,467**	
Legislative Changes				
26 Increase Budgeted Receipts General Fund budget is reduced to reflect a substantial increase in the amount collected through counselor fee judgments and set-off debt collection .	($750,000)	R	($750,000)	R
27 Authorize New Assistant Public Defender Positions The Office of Indigent Defense Services may establish up to 6 assistant public defender positions in lieu of using assigned counsel in statewide programs or areas with established Public Defenders. OIDS may use up to $477,768 in 2001-2 and $446,820 in 2002-3 from the indigent fund to establish these positions, at no additional cost to the General Fund.	$0 6.00	R	$0 6.00	R
28 Authorize PD Support Staff Positions The Office of Indigent Defense Services may establish up to 5 support positions (legal assistants, investigators, administrative assistants) in statewide programs or areas with established Public Defenders. OIDS may use up to $283,575 in 2001-2 and $256,310 in 2002-3 from the indigent fund to establish these positions at no additional cost to the General Fund.	$0 5.00	R	$0 5.00	R
29 Annualization of New Positions The continuation budget did not cover the full-year costs of 5 new positions added during 2000-2001. This item provides funds to annualize the personnel costs and the operating costs.	$191,643	R	$191,643	R
30 Increase Funding for Indigent Defense Funding is increased to cover the growing costs of indigent defense and shortfalls in the current biennium. The Governor's Budget recommended increasing funding by $5,565,313.	$5,533,857	R	$5,533,857	R
Total Legislative Changes	**$4,975,500**	R	**$4,975,500**	R
Total Position Changes	11.00		11.00	
Revised Budget	**$71,635,967**		**$71,635,967**	

Justice

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$76,471,632**		**$76,471,632**	
Legislative Changes				
31 Decrease General Fund Appropriation The general fund appropriation is decreased to offset increased revenue/receipts.	($1,500,000)	R	($1,500,000)	R
32 Vehicle Replacement Reduce vehicle replacement funds by $922,018. This is the net amount after adjusting for decreased receipts from the sale/trade-in value of existing vehicles.	($922,018)	NR		
33 Annualization of Position Costs Annualization costs of 8 Tort Claims and SBI Laboratory positions established during FY00-01. These costs were omitted from the Governor's Recommended Budget.	$155,424	R	$155,424	R
34 Eliminate Vacant Positions The Governor's Budget recommends the elimination of 8 vacant positions. The Department of Justice submitted the following 9 positions: Media Technician I(3615-0000-0004-815) CJ Training Coordinator I (3615-0000-0004-603) Paralegal II (3612-0000-0000-185) Attorney I (3612-0000-0000-207) Attorney I (3612-0000-0000-254) Social Research Assoc II (3612-0000-0000-080) Office Asst IV (3613-0000-0003-115) Office Asst IV (3613-0000-0003-013) CJ Spec/Investigator III (3613-0000-0003-012)	($386,338) -9.00	R	($386,338) -9.00	R

	FY 2001-02		FY 2002-03	
35 Reduce Various Contracts and Expense Items	($529,925)	R	($529,925)	R
The Governor's budget recommends reduced funding for various administrative line items related to personal and purchased services: 53 1311: $38,044 (Temp Wages) 53 1351: $1,000 (Stu Temp Wages) 53 1411: $155,325 (Overtime) 53 1511: $15,611 (Soc Security) 53 1521: $18,343 (Reg Retirement) 53 1531: $24,588 (LEO Retirement) 53 1561: $10,054 (Med Insurance) 53 1572: $9,563 (Unemploy comp to ES) 53 1625: $41,329 (State Disability Payment) 53 1631: $20,123 (Work. Comp. Medical Payment) 53 1660: $17,580 (Taxable Emp. Expense Reim) 53 2110: $3,445 (Legal Services) 53 2120: $4,000 (Financial/audit Services) 53 2132: $1,292 (Other Provided Medical Services) 53 2140: $80,575 (Sys Imple/integ Services) 53 2170: $8,020 (Admin Services) 53 2192: $3,200 (Honorariums) 53 2199: $77,281 (Misc Contractual Services)				
36 Eliminate the Office of the Inspector General	($250,000)	R	($500,000)	R
Effective January 1, 2002, eliminate the Office of the Inspector General. The functions performed by this office duplicates those responsibilities carried out by the Department of Health and Human Services and county social services offices.	-9.00		-9.00	
37 Redirect DARE Program	($231,000)	R	($325,000)	R
Approximately 60 percent of the NC DARE workload is in support of its role as the U.S. Southeast Regional Training Center. As of August 31, 2001, NC DARE will no longer perform this SE regional training function and will stop receiving federal funds from DARE America. NC DARE uses all of the federal funds for SE regional training and none of these funds are passed through to local law enforcement agenices. With the termination of NC DARE as SE Regional Trainers, state funding and resources are redirected to provide training to NC local law enforcement officers only, 40% of the current workload. This redirection and changes in the methods of providing State training make it possible to reduce six state positions, effective October 1, 2001. The SBI would retain three positions and shall continue to administer the program, but shall provide the training in a more cost-efficient manner by collaborating with the Criminal Justice Standards Division so as to utilize the resources of the Justice Training Academies. In support of the DARE program, DARE America indicates that it will make available, at no cost, technical assistance and training resources to state and local law enforcement agencies.	-6.00		-6.00	

	FY 2001-02		FY 2002-03	
38 NC LEAF Provide funding to the NC Legal Education Assistance Foundation to assist with loan repayment for public service attorneys.	$75,000	R	$75,000	R
Criminal Justice Information Network (CJIN)				
39 CJIN Network Security Funds are provided to hire a Systems Programmer II, Pay Grade 79, to serve as CJIN Network Security Administrator. This position will maintain the CJIN security functions established and supported by a federal grant which expires June 30, 2001. In addition to the funds for salary and benefit costs, $5,200 NR is provided for one-time operating costs related to this position.	$67,807 $5,200 1.00	R NR	$67,807 1.00	R
Total Legislative Changes	**($2,599,032)** **($916,818)**	R NR	**($2,943,032)**	R
Total Position Changes	-23.00		-23.00	
Revised Budget	**$72,955,782**		**$73,528,600**	

Juvenile Justice & Delinquency Prevention

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$147,706,045**		**$149,456,045**	
Legislative Changes				
Administrative Services				
40 Management Information System Support Annualization of costs related to M.I.S. positions and recurring J-NET communications cost established during Fiscal Year 2000-01. These costs were omitted from the Governor's Recommended Budget.	$852,545	R	$852,545	R
41 Eliminate Vacant Position Effective July 1, 2001, eliminate vacant central office Program Coordinator position (#00119), which has been vacant since January 1, 2000.	($48,031) -1.00	R	($48,031) -1.00	R
42 Reduce Vehicle Replacement Funds Funding for vehicle replacement is reduced by $251,280. This is the net amount after adjusting for decreased receipts from the sale/trade-in value of existing vehicles.	($251,280)	NR		
Intervention/Prevention				
43 Juvenile Crime Prevention Council (JCPC) Funds Reduce the amount of JCPC discretionary funds by $1,300,000. The remaining $500,000 shall not be set aside for discretionary purposes. These funds shall be included in the formula grant allocation so as to increase the amount of formula grant funding available to county JCPCs.	($1,300,000)	R	($1,300,000)	R
44 Eliminate Vacant Positions Effective July 1, 2001, eliminate vacant administrative secretary and processing assistant positions.	($66,000) -2.00	R	($66,000) -2.00	R
Special Initiatives				
45 Increase funding for Eckerd Contract Funds are provided for a 4.2% inflationary adjustment to the Eckerd Camps contract. This will allow DJJDP to restore some of the beds for NC juveniles lost over time due to increases in the contractor's operating costs. Rising operating costs increase the daily rate Eckerd charges to DJJDP, which in turn decreases the number of slots DJJDP can purchase. The amount of funding provided will allow DJJDP to recoup approximately 12 of the 38 beds lost to DJJDP over time due to inflation.	$351,233	R	$351,233	R

	FY 2001-02		FY 2002-03	
46 Boys and Girls Clubs Reduce budget by the amount of funds targeted for the 3 eligible but non-participating counties originally specified for this initiative (Chowan, Columbus, & Martin).	($100,000)	R	($100,000)	R
47 Eliminate G.R.A.S.P. Contract Effective October 1, 2001, eliminate contract funds budgeted for the Guard Response Alternative Sentencing Program. Program referrals and enrollments are significantly below capacity.	($253,000)	R	($338,000)	R
48 Multipurpose Group Home Eliminate operating funds budgeted for the multipurpose group home which has not been constructed.	($500,000)	R	($500,000)	R
49 Teen Courts Provide $25,000 each to the teen court programs in Burke, Catawba, Caldwell, Haywood, and Perquimans Counties.	$125,000	R	$125,000	R
50 Camp Woodson East Reduce the operating funds for Camp Woodson East due to delayed opening date of October 1, 2001.	($155,000)	NR		
Youth Development				
51 Pilot Multifunctional Facility The Governor's Budget recommends elimination of funds to contract for a privately constructed and operated residential facility for juvenile offenders. Only one bid was received. The bid was over the amount budgeted and the proposed budget was not cost-effective according to DJJDP.	($2,500,000)	R	($2,500,000)	R
52 Increase Detention Center Receipts Reduce the General Fund appropriation to offset increased Detention Center receipts.	($350,000)	R	($350,000)	R
53 Eliminate Vacant Teaching Positions Effective July 1, 2001, eliminate 2 vacant teacher positions: one at Samarkand (vacant since Dec. 99) and one at Dillon (vacant since January 2000).	($88,467) -2.00	R	($88,467) -2.00	R
54 Reduce Cottage Parent Positions DJJDP shall eliminate 57 of 90 cottage parent positions -- 18 vacant and 39 filled - - in the Youth Development Centers (Training Schools). The 39 filled positions shall be eliminated October 1 and November 1, 2001. The cottage parent position is a low level custody position (Grade 60) that is difficult to recruit; further, the cottage parent can only be assigned to the night shift when juvenile offenders are locked in their rooms. DJJDP plans to allow qualified Cottage Parents to apply for vacant Counselor Tech. positions; vacancies for this Grade 62 custody position remain high so the reduction could improve staffing coverage in the Centers. DJJDP recommended this reduction in lieu of proposed reductions in Counselor Techs. and Behavioral Specialists.	($1,260,866) -57.00	R	($1,578,159) -57.00	R

	FY 2001-02		FY 2002-03	
55 Close Wilkes Detention Facility The Governor's Recommended Budget would close the Wilkes Detention Center because it is not cost- effective to operate. Staff and juveniles will be relocated to the new Alexander Detention Center.	($413,465) -18.00	R	($413,465) -18.00	R
56 Eliminate Vacant Counselor Technician Positions Eliminate 5.5 Counselor Technician positions and one Secretary position from the Youth Development Centers. The reduction is to take the place of a Governor's recommended budget reduction to eliminate the DJJDP portion of the police force at the Juvenile Evaluation Center. The DJJDP police force will remain in place to serve JEC; DJJDP will also transfer funds and positions to DHHS to provide security at two surrounding DHHS facilities rather than operate a joint police force.	($224,016) -6.50	R	($224,016) -6.50	R
57 Transfer Police Force Positions to DHHS DJJDP operates a joint police force serving the Juvenile Evaluation Center and two adjacent DHHS facilties. It is recommended that 6 police positions be transferred so that DHHS can operate a separate police force for the Black Mountain Center and the Alcohol and Drug Abuse Treatment Center. DJJDP will continue to operate a 5 person police force at JEC and the two forces will collaborate during emergencies	($248,435) -6.00	R	($248,435) -6.00	R
Total Legislative Changes	**($6,023,502)** **($406,280)**	R NR	**($6,425,795)**	R
Total Position Changes	-92.50		-92.50	
Revised Budget	**$141,276,263**		**$143,030,250**	

Correction

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$931,350,075		$931,350,075	
Legislative Changes				
Alcoholism and Chemical Dependency Programs				
58 Terminate Substance Abuse Contracts Eliminate State contracts with Cornell($1,185,700) and Right Turn ($1,820,477. These substance abuse services can be delivered using existing services and resources now available in the department. This is a Governor's recommendation.	($3,006,177)	R	($3,006,177)	R
59 Reduce Substance Abuse Aftercare The department provides in-house, substance abuse residential services to inmates. Aftercare services are provided through contracts with private providers to inmates who return to the general population. This would eliminate aftercare service contracts with private providers. This is a Governor's recommendation.	($105,000)	R	($105,000)	R
60 Reduce Personal Services Contract The department provides seed money to contract with community service providers of substance abuse services for DART-Cherry community aftercare. The State provides substance abuse services through 39 Area Mental Health Programs. To avoid duplication of services, this cut would eliminate personal services contracts. This is a Governor's recommendation.	($225,000)	R	($225,000)	R
Community Corrections				
61 Criminal Justice Partnership Program The Criminal Justice Partnership program awards grants to participating counties to fund local community correction programs. The Department of Correction will limit CJPP implementation funding to the counties currently participating in the program, allowing for a reduction of $270,000. As a non-reverting fund, the Department has been allowed to keep unexpended funds in the CJPP budget, which have exceeded $1 million each year since the program's inception. This item requires the Department to revert $1 million of the unexpended balance each year of the biennium. The Governor recommended a reduction of the CJPP budget of $1.27 million .	($270,000) ($1,000,000)	R NR	($270,000) ($1,000,000)	R NR
62 Transfer of CSWP The Community Service Work Program will be transferred into the Department of Correction, to be merged with the Division of Community Correction. This merger will take place by January 1, 2002.	$3,411,305 173.00	R	$6,268,513 173.00	R

	FY 2001-02		FY 2002-03	
63 Reduce Various DCC Budget Line Items Reduce Division of Community Corrections Administration travel budget by $6,000; Reduce office and data processing equipment by $60,000; reduce cell phone expenditures by $41,750.	($107,750)	R	($107,750)	R
64 Reduce Appropriation to Summit House Inc. The General Assembly will reduce the annual appropriation to Summit House Inc. by 10%.This reduction shall not result in a reduction to individual sites, but to the Summit House Inc. State Office.	($139,650)	R	($139,650)	R
65 Reduce Appropriation to John Hyman Foundation The John Hyman program has leased the former Warren County Correctional Facility for $1 per year and therefore will no longer have to pay for facility rental at its current location. It was determined that John Hyman's budget could be reduced by 10%, slightly less than the amount currently being spent on rent. The reduction should not result in a decrease in services but in the program's administration/operating budget.	($25,000)	R	($25,000)	R
Post Release Supervision and Parole Commission				
66 Abolish Vacant Parole Commission Positions With the passage of the Structured Sentencing Act, the number of parolees has declined. Therefore, the Parole Commission staff will be reduced by eliminating two vacant positions. This is a Governor's recommendation.	($78,000) -2.00	R	($78,000) -2.00	R
Prisons				
67 Medical Transportation Officers This reduction in the number of correctional officers that transport inmates is possible because DOC has reduced medical contracts and hired more in-house doctors, thus reducing travel for medical purposes.	($263,249) -11.00	R	($315,843) -11.00	R
68 Increase Work Release Transportation Fee Work release inmates pay a fee to DOC for transportation to their jobs. Increase this fee from $2 to $2.50 to allow for a General Fund reduction.	($33,500)	R	($33,500)	R
69 Increase Work Release Fee Increase the fee charged to inmates for work release by $1, from $15 a day to $16. This allows a reduction in the General Fund.	($307,000)	R	($307,000)	R
70 Close Scotland Correctional Center Scotland Correctional Center will be closed August 1, 2001. Scotland is a small GPAC unit with 48 minimum custody inmates and 24 segregation beds. The cost per day in 99-2000 was $102. The Governor also recommended closing Scotland. The reduction amount shown is higher than the Governor's recommendation by $74,844 since it includes a 50% reduction in the inmate budget.	($1,273,956) -41.00	R	($1,394,966) -41.00	R

	FY 2001-02		FY 2002-03	
71 Close Union Correctional Center Union Correctional Center will be closed September 1, 2001. Union is a small GPAC unit with 94 minimum custody beds; most inmates are in a work release program. Union can be closed because DOC has an excess of minimum custody beds. The average daily cost per day for Union is $56.78 dollars, slightly higher than the $52.52 a day for the average minimum custody prison (99-2000). The reduction amount includes 50% of the inmate budget.	($986,060) -32.00	R	($1,161,500) -32.00	R
72 Inmate Disciplinary Fees Adjust inmate disciplinary fees to reflect projected collections and reduce General Fund. The Governor's Budget recommended a $120,000 reduction in the General Fund. The reduction shall be $220,000, based on the latest collection figures.	($220,000)	R	($220,000)	R
73 Reduce Inmate Food Budget The Governor recommended a reduction of $2,197,549 each year based on the improved efficiency of inmate food service and a resulting decrease in expenditures. It is anticipated DOC will be able to decrease expenditures further compared to the Governor's final recommended budget for each year. The food budget shall be reduced by an additional $2,427,451 for a total of $4,625,000 in FY01-02. The reduction in FY02-03 shall be an additional $2,302,451 for a total of $4,500,000.	($4,625,000)	R	($4,500,000)	R
74 Reduce Program Staffing in Prisons The current program staffing ratio is one staff person for every 52 inmates. This reduction would increase the ratio to approximately one person for every 55 inmates by 2002-03. The reduction of 10 positions is to be carried out system wide from among the 606 program positions and is effective October 1, 2001. Positions to be eliminated are: Program Assistant Supervisors (3) Program Assistant II's (3) Program Assistant I's (4)	($214,260) -10.00	R	($285,681) -10.00	R
75 Reception and Diagnostic Centers Based on overstaffing compared to workload guidelines, six positions shall be eliminated, effective October 1, 2001. The positions are: Case Analyst (1) Processing Assts. (2) Admissions Tech. (1) Supervisor (1) Behavioral Specialist (1)	($127,900) -6.00	R	($156,026) -6.00	R

	FY 2001-02		FY 2002-03	
76 Prison Chaplain Program DOC obtains chaplain and religious services for inmates through a combination of permanent DOC chaplain positions, contract chaplains, and volunteer chaplains and religious groups. DOC's General Fund budget is over $2.9 million dollars for the DOC chaplain program; additional funding for contract chaplains is provided from the Inmate Canteen/Welfare Fund. It is recommended that seven of the 73 DOC chaplain positions be eliminated system wide. The reductions should be taken at prisons where there is more than one DOC chaplain position. DOC should increase efforts to obtain more community volunteers to provide religious services. The reduction is effective October 1, 2001	($186,244) -7.00	R	($212,848) -7.00	R
77 Inmate Road Squad Payments DOT reimburses DOC for the cost of operating inmate road squads. DOT shall transfer $10 million dollars each year of the biennium to DOC for the actual cost of DOC road squads. This transfer allows for a reduction in the General Fund. DOT shall also transfer a one-time payment in 2001-02 for road squad activity carried out in this fiscal year (2000-01). DOT has not reimbursed DOC for the full $7 million dollar amount directed for payment in HB 168 so it is directed that this payment be made in 2001-02.	($3,000,000) ($1,811,628)	R NR	($3,000,000)	R
78 Annualize Medical Positions The Governor's 1999 budget inadvertently left out annualization of DOC medical positions funded in 1997. This amount annualizes those positions, which are already established.	$949,977	R	$949,977	R
79 Open New Dorm and Kitchen at Women's Prison A new 208 bed dorm and kitchen are due to open September 1, 2001. The Governor's Recommended Budget did not provide funding to operate these buildings	$1,036,418 41.00	R	$1,381,252 41.00	R
80 Open New Central Prison Diagnostic Unit A new 192 bed prison diagnostic center is due to open August 1, 2001. The funding, which was not included in the Governor's Recommended Budget, is to operate the new building. The funding is reduced by $100,000 below the DOC request by reducing the non-salary operating budget.	$1,775,760 79.00	R	$2,685,545 79.00	R
81 Staffing Warrenton Segregation Building This unit was converted from medium custody to high level segregation but funds for additional staff were not recommended in the Governor's budget. This budget partially funds the amount requested by DOC.	$700,000 24.00	R	$700,000 24.00	R
82 Operating Funds for Fountain Correctional Center DOC constructed a new segregation unit at Fountain and a new Central Control room, both due to open in May, 2001. This item funds operating costs for these buildings, which were not included in the Governor's budget, effective July 1, 2001.	$477,631 16.00	R	$477,631 16.00	R

	FY 2001-02		FY 2002-03	
83 Contract with Prisoner Legal Services Funding is provided for an increase in the contract between DOC and PLS for PLS to provide legal services to inmates. The increase was previously negotiated and agreed upon by both parties.	$265,787	R	$265,787	R
84 Funding to Operate two Former Private Prisons DOC is now operating Pamlico and Mt. View as State Prisons. The prisons were formerly operated on contract by a private vendor. The amount funded is to cover increased DOC operating costs.	$2,750,000	R	$2,750,000	R
85 Convert Prison to Close Custody -- Mt. View Convert Mountain View Correctional Center, a single cell medium custody prison, to a close custody prison, effective April 1, 2002.	$421,429 $152,850 61.00	R NR	$1,929,569 61.00	R
86 Convert Prison to Close Custody - - Pamlico Convert Pamlico, a single cell medium custody prison, to a close custody prison, effective October 1, 2002			$1,363,413 $141,396 61.00	R NR
87 Increase Funding for Inmate Medical Costs The Governor's recommended budget did not sufficiently fund the inmate medical budget. Recurring funding is provided to cover part of the increased cost of medical services and fees and contract personnel. Non-recurring funds are provided to help pay for the increased cost of prescription drugs.	$8,925,266 $1,987,791	R NR	$8,876,496	R
Residential Programs				
88 Reduction in IMPACT programs Funding and staffing for the IMPACT boot camp programs located in Hoffman and Morganton is reduced by 25%, effective October 1, 2001. The department shall maintain programs for male probationers in both locations but at reduced capacity and with possible modifications to the program.	($1,097,414) -37.00	R	($1,463,218) -37.00	R
Systemwide				
89 Reduce Funding for Vehicle Replacement The Governor's Recommended Budget reduced this item by $396,000 on a recurring basis. The total non-recurring reduction shall be $1,430,062. This reduction basically limits vehicle replacement to only the highest priority purchases in FY 2001-02.	($396,000) ($1,430,062)	R NR	($396,000)	R
90 DOC Management Budget The non-salary line item budget for DOC management was reduced on a non-recurring basis in 1999-2000 and restored in the Governor's Recommended Budget. This budget makes the reduction recurring	($300,000)	R	($300,000)	R

	FY 2001-02		FY 2002-03	
91 Reduce Travel Budget Reductions will be taken in the travel, meals and lodging line items for the Division of Prisons and the Division of Community Corrections, as recommended in the Governor's budget. The Subcommittee makes the cut recurring.	($260,000)	R	($260,000)	R
92 Reduce Office and Data Processing Equipment Reduce funding in the office equipment ($200,000) and data processing equipment ($200,000)line items as recommended in the Governor's Budget.	($400,000)	R	($400,000)	R
93 Reduce funding for MIS contractual Services DOC has reorganized MIS staff to improve efficiency and re-prioritize projects to allow this reduction, as recommended in the Governor's Budget.	($200,000)	R	($200,000)	R
Total Legislative Changes	**$2,866,413**	R	**$9,085,024**	R
	($2,101,049)	NR	**($858,604)**	NR
Total Position Changes	248.00		309.00	
Revised Budget	**$932,115,439**		**$939,576,495**	

Crime Control and Public Safety

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$37,554,148**		**$37,554,148**	
Legislative Changes				
94 Reduce Travel Budget	($62,000)	R	($62,000)	R
Reduce travel budgets by the following amounts in the following divisions:				
Administration $ 6,000 National Guard $ 5,000 ALE $14,000 Emergency Management $11,000 V&J Services $20,000 GCC $ 6,000				
Administration				
95 Eliminate Vacant Positions in CCPS Administration	($111,038)	R	($111,038)	
Eliminate two (2) vacant positions in Crime Control and Public Safety's Administration Division.	-2.00		-2.00	
Alcohol Law Enforcement				
96 Eliminate Vacant ALE Positions	($78,210)	R	($78,210)	R
ALE's budget will be reduced by eliminating one vacant office assistant position and one district supervisor position.	-2.00		-2.00	
97 Reduce Vehicle Replacement Line Item				
There will be a non-recurring cut to the vehicle replacement line item.	($433,188)	NR		
98 Eliminate District Supervisor Positions			($266,928)	R
ALE shall eliminate 3 additional district supervisor positions by June 30, 2002. This reduction will come from salary and operating expenses.			-3.00	
Boxing Commission				
99 Boxing Commission to be Receipt Supported	($117,174)	R	($217,174)	R
The Boxing Commission will become an independent licensing board on January 1, 2002. At such time, the Commission will become totally receipt supported.	-3.00		-3.00	

	FY 2001-02		FY 2002-03	
Butner Public Safety				
100 Reduce Vehicle Replacement There will be a one time reduction in the vehicle replacement line item for Butner Public Safety.	($71,500)	NR		
Emergency Management				
101 Reduce Matching Funds Funds have been over budgeted for the State match for federal grants. This item reduced the funding to the actual required amount.	($125,000)	R	($125,000)	R
102 Eliminate Vacant Emergency Management Positions Eliminate five (5) vacant positions in Emergency Management.	($169,283) -5.00	R	($169,283) -5.00	R
103 Reduce Misc. Contractual Services This item removes money from the Continuation Budget that was intended to fund a study on flood mapping. That study has been completed and the funds no longer need to be budgeted.	($105,000)	R	($105,000)	R
Governor's Crime Commission				
104 Eliminate Vacant GCC Position Vacant Processing Assistant III position will be eliminated in the Governor's Crime Commission.	($25,897) -1.00	R	($25,897) -1.00	R
National Guard				
105 Increase State Match Tarheel Challenge The federal match requirement for Tarheel Challenge Program, administered by the NC National Guard, will increase by 5% in FY 2002. The program will be funded on a 60% federal to 40% state match basis beginning FY 2002.	$140,000	R	$140,000	R
106 Reduce National Guard Pension Fund Payments The budget will be reduced by $1,002,776 to adjust pension payments to reflect actuarial recommendations. $470,635 of this total was in the Governor's recommendations.	($1,002,776)	R	($1,002,776)	R
Victim & Justice Services				
107 Eliminate Vacant CSWP Supervisors The Community Service Work Program budget will be reduced on by eliminating two vacant District Supervisor positions.	($82,776) -2.00	R	($82,776) -2.00	R
108 Eliminate CSWP Positions With the merger of CSWP with Division of Community Corrections, 25 supervisory positions, 1 administrative assistant position and the division director position will be eliminated by January 1, 2002.	($554,098) -27.00	R	($1,108,196) -27.00	R

	FY 2001-02		FY 2002-03	
109 CSWP Transfer The Community Service Work Program will be transferred to the Department of Correction to be merged with the Division of Community Corrections. This transfer was included in the original GPAC Recommendation. The transfer will be complete by January 1, 2002. General Fund Budget $7,459,485 Eliminate 2 vacancies ($ 82,776) Eliminate 27 positions: Reduction FY 02 ($ 554,098) Reduction FY 03 ($1,108,196) Net Transfer to DOC FY02 ($3,411,305) Net Transfer to DOC FY03 ($6,268,513)	($3,411,305) -173.00	R	($6,268,513) -173.00	R
110 Increase Appropriation for Rape Victims Assistance In 1999, the General Assembly doubled the maximum award amount for Rape Victims Assistance but did not increase the appropriation. As a result, the fund has experienced shortfalls each year. This item increases the appropriation amount by $155,000.	$155,000	R	$155,000	R
111 Increase Appropriation for Crime Victims Due to a large unexpended balance, the General Assembly reduced the appropriation to the Crime Victims Compensation fund by $500,000 in 2000. With the implementation of several efficiency measures, the staff has increased the number of claims processed and awards made. This item restores the budget reduction of $500,000 in order to cover the increase in awards made.	$500,000	R	$500,000	R
Total Legislative Changes	**($5,049,557)** **($504,688)**	R NR	**($8,827,791)**	R
Total Position Changes	-215.00		-218.00	
Revised Budget	**$31,999,903**		**$28,726,357**	

GENERAL GOVERNMENT
Section J

General Assembly

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$40,567,848**		**$40,567,848**	
Legislative Changes				
1900 Reserves and Transfers				
1 Reserves and Transfers Reduce contingency reserve funds in the following accounts each fiscal year: 531521 Retirement - ($613,857) 531561 Medical Insurance - ($65,125) 537195 Agency Reserves - ($334,875)	($1,014,000)	R	($1,014,000)	R
2 Reserves and Transfers Reduce the carryforward reserve (438995) in FY 2001-02 to transfer funds to the Department of Administration to continue support for 21 positions in the State Capitol Police.	($472,124)	NR		
Total Legislative Changes	**($1,014,000)** **($472,124)**	R NR	**($1,014,000)**	R
Total Position Changes				
Revised Budget	**$39,081,724**		**$39,553,848**	

Governor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$5,633,739		$5,633,739	
Legislative Changes				
1110 Administration				
3 Reduce Operating Expenses	($60,649)	R	($60,649)	R
Reduce the operating budget in the following line items:				
Office Furniture and Equipment ($7,066)				
Computer Equipment ($13,000)				
Computer Software ($6,591)				
Maintenance Agreement ($7,492)				
Travel ($10,000)				
Cellular Phone ($6,500)				
Telephone ($10,000)				
4 Clean NC	($50,834)	R	($50,834)	R
Change funding for director position from appropriation to receipts as recommended by the Governor. The source of receipts will be federal and private grants.	0.00		0.00	
1120 Dues to National Associations				
5 Reduce Membership Dues	($9,741)	R	($9,741)	R
Reduce the budget for dues paid to national associations.				
1130 Intergovernmental Relations				
6 Advisory Commission on Military Affairs	$10,000	R	$10,000	R
Provides funding for the per diem and travel expenses of the Commission.				
7 Reduce Operating Budgets	($11,902)	R	($11,902)	R
Reduce the operating budgets in the following line items				
Compensation to Board Members ($600)				
Miscellaneous Contractual Services ($990)				
Repairs ($242)				
Maintenance Agreements ($878)				
Postage ($1,505)				
Printing ($1,567)				
Property Insurance ($50)				
Data Processing Supplies ($70)				
Membership Dues ($1,000)				
Travel ($5,000)				

	FY 2001-02		FY 2002-03	
1210 Citizen's Affairs				
8 Reduce Operating Budget	($9,550)	R	($9,550)	R
Reduce operating budgets in the following line items:				
In-state transportation	($10)			
Data Processing Services	($739)			
Registration Fees	($71)			
General Office Supplies	($1,000)			
Membership Dues	($70)			
Administrative Services	($4,600)			
Miscellaneous Contractual Services	($1,025)			
Maintenance Agreements	($2,035)			
1230 Education				
9 Reduce Operating Budget	($1,000)	R	($1,000)	R
Reduce operating budget for in-state transportation.				
1631 Raleigh Executive Residence				
10 Reduce Operating Budget	($36,904)	R	($36,904)	R
Laundry Services	($400)			
Pest Control Services	($250)			
Misc. Contractual Services	($475)			
Electric Services	($5,491)			
Natural Gas	($1,237)			
Water/Sewer	($1,471)			
In-state Transportation	($2,090)			
Printing	($1,500)			
Registration Fees	($300)			
Imp. Education Assistance Program	($600)			
Data Processing Supplies	($300)			
Food Supplies	($7,232)			
Clothing and Uniforms	($581)			
Office Furniture	($420)			
Residential Furniture	($3,257)			
Membership Dues	($300)			
Transfer to other agencies	($4,000)			
Repairs	($3,000)			
Computer Equipment	($4,000)			

	FY 2001-02		FY 2002-03	
1632 Western Executive Residence				
11 Reduce Operating Budget	($10,254)	R	($10,254)	R
Reduce the operating budget in the following line items:				
Laundry Services ($50)				
Security Services ($165)				
Pest Control Services ($150)				
Misc. Contractual Services ($630)				
Natural Gas ($1,000)				
Water/Sewer ($1,000)				
Residential Furniture ($1,625)				
Membership Dues ($300)				
Transfer to other agencies ($4,000)				
Repairs ($1,934)				
Communication Equipment ($75)				
Lease Other Property ($50)				
Telephone Service ($200)				
Janitorial Supplies ($2,375)				
Other Materials and Supplies ($1,000)				
Total Legislative Changes	**($180,834)**	R	**($180,834)**	R
Total Position Changes	0.00		0.00	
Revised Budget	**$5,452,905**		**$5,452,905**	

State Budget, Planning & Management

GENERAL FUND

	FY 2001-02	FY 2002-03
Recommended Budget	**$5,789,900**	**$5,789,900**

Legislative Changes

1310 State Budget, Planning & Management

12 Reduce Operating Budget ($93,567) R ($93,567) R

Reduce the operating budget in the following items: ($40,000) NR

Contracted Employees	($45,000)
Printing	($22,000)
Salary Reserve	($9,267)
Temporary Salaries	($5,000)
Staff Travel	($1,000)
ABC Travel (fee 2001-02 only)	($20,000)
ABC Subsistence (fy 2001-02 only)	($20,000)
Cellular Phones	($300)
Printing	($5,000)
Office Supplies	($1,000)
Office Furniture	($500)
Office Equipment	($500)
Computers	($2,000)
Membership/Subscriptions	($1,000)
Other Expenses	($1,000)

13 Personnel Adjustments ($20,018) R ($72,849) R

Transfers a receipt-supported Statistician II position currently housed in the State Data Center within the State Planning Section to the Employment Security Commission. Eliminates an appropriation-supported State Management Analyst position (#3003-0405-0000-804) also housed in the State Data Center, effective September 1, 2001. These positions are responsible for analyzing the employment activity data captured in the common follow-up information management system. The salary ($45,077) and benefits ($9,315) for the Statistician II position are currently funded by a transfer from the Worker Training Trust Fund in the Department of Commerce. -1.00 -1.00

14 Eliminate Planning and Analysis Unit ($352,719) R ($690,418) R

Eliminates the Administrator for State Planning and the seven Planning Analysts positions responsible for strategic planning analysis. Also abolishes an Applications Analyst Programmer Specialist position and an Office Assistant III position which support the strategic planning analysis function. All ten positions are eliminated effective September 1, 2001. The statutory requirements for performing strategic planning analysis will be repealed. -10.00 -10.00

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($466,304)**	**R**	**($856,834)**	**R**
	($40,000)	**NR**		
Total Position Changes	-11.00		-11.00	
Revised Budget	**$5,283,596**		**$4,933,066**	

State Budget, Planning & Management - Flood Mapping and Surveying

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,232,845**		**$1,232,845**	
Legislative Changes				
1412 Geodetic Survey				
15 Operating Budget Adjustments Reduce the operating budget in the miscellaneous contractual services line item.	($45,000)	R	($45,000)	R
Total Legislative Changes	**($45,000)**	R	**($45,000)**	R
Total Position Changes				
Revised Budget	**$1,187,845**		**$1,187,845**	

State Budget, Planning & Management - Special Appropriations

GENERAL FUND

	FY 2001-02		FY 2002-03
Recommended Budget	**$3,080,000**		**$3,080,000**
Legislative Changes			
1022 2001 Special Appropriations			
16 Kids Voting NC Funds			
Provides funding to Kids Voting of North Carolina, Inc., a nonprofit corporation. Of the total $155,000 appropriated, $50,000 shall be used to implement new Kids Voting programs in nonparticipating counties across the State. The remaining $105,000 shall be divided equally among the nine participating counties of Buncombe, Cabarrus, Catawba, Cumberland, Durham, Guilford, Haywood, Mecklenburg, and Wake to assist those counties with the Kids Voting programs.	$155,000	NR	
17 NC Humanities Council			
Provides funds to the North Carolina Humanities Council, a nonprofit corporation, for the programs of the Council.	$200,000	NR	
Total Legislative Changes	**$355,000**	**NR**	
Total Position Changes			
Revised Budget	**$3,435,000**		**$3,080,000**

Lieutenant Governor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$686,308**		**$686,308**	
Legislative Changes				
1110 Administration				
18 Salaries and Wages Reduce salary reserve and related benefits each fiscal year.	($16,763)	R	($16,763)	R
Total Legislative Changes	**($16,763)**	**R**	**($16,763)**	**R**
Total Position Changes				
Revised Budget	**$669,545**		**$669,545**	

Secretary of State

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$8,760,901		$8,760,901	

Legislative Changes

1100 Administration

19 Reduce Operating Budget ($34,918) R ($34,918) R

Reduce operating budget in the following line items:

Travel	($12,200)
Miscellaneous Contracted Service	($3,159)
System Implementation	($18,309)
Employee Education Expenses	($500)
Data Processing Supplies	($300)
Photographic Supplies	($150)
Office Furniture	($300)

1120 Publications

20 North Carolina Manual

Provide funding for the bi-annual printing of the North Carolina Manual. $95,000 NR

21 Reduce Operating Budget ($3,441) R ($3,441) R

Reduce operating budget in the following line-items:

Computer Data Processing Services	($1,000)
Travel	($1,200)
Time-Limited Salaries	($1,241)

1210 Corporations

22 Reduce Operating Budget ($45,580) R ($45,580) R

Reduce operating budgets in the following line items:

Maintenance Agreements	($15,000)
Employee Education Expense	($10,080)
Data Processing Supplies	($1,500)
Travel	($3,200)
Over-time Pay	($8,000)
Miscellaneous Contractual Services	($2,000)
Office Furniture	($2,000)
Office Equipment	($1,800)
Other Administrative Expenses	($2,000)

	FY 2001-02		FY 2002-03	
1220 Uniform Commercial Code				
23 Additional Rent Funding Provide additional funding needed to cover the annual payments required by the lease agreement for the property leased to house the Uniform Commercial Code Section.	$127,142	R	$127,142	R
24 Reduce Operating Budget Reduce the operating budgets for travel($11,200) and miscellaneous contractual services ($10,00).	($21,200)	R	($21,200)	R
1230 Securities Division				
25 Reduce Operating Budget Reduce operating budgets in the following line items: Travel ($1,270) Employee Education ($1,200) Postage ($1,200) Office Furniture ($1,500) Other Administrative Expense ($1,100)	($6,270)	R	($6,270)	R
1240 Business License Information Office				
26 Reduce Operating Budget Reduce the operating budget in the following line-items: Travel ($2,300) Miscellaneous Contractual Services ($150) Cellular Phone ($100) Data Processing Supplies ($100) Office Furniture ($500) Other Administrative Expense ($100)	($3,250)	R	($3,250)	R
27 Reduce Staffing Eliminates 5 Business License Consulting positions (including 2 vacant positions) and 1 Processing Assistant III position, effective July 1, 2001.	($215,927) -6.00	R	($215,927) -6.00	R
1300 Notary Public				
28 Reduce Operating Budget Reduce operating budget for miscellaneous contractual services.	($2,000)	R	($2,000)	R
1400 Land Records				
29 Reduce Operating Budget Reduce operating budget for office furniture.	($950)	R	($950)	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**($206,394)**	**R**	**($206,394)**	**R**
	$95,000	**NR**		
Total Position Changes	-6.00		-6.00	
Revised Budget	**$8,649,507**		**$8,554,507**	

Auditor

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$12,166,518**		**$12,166,518**	
Legislative Changes				
1210 Field Audit Division				
30 Over-realized Receipts Reduce the General Fund appropriation for field audits. The Department has over-realized its budgeted receipts for audit work related to single audit and CAFR. Increasing budgeted receipts to more accurately reflect receipts will result in a reduction in the required General Fund appropriation	($301,845)	R	($301,845)	R
Total Legislative Changes	**($301,845)**	**R**	**($301,845)**	**R**
Total Position Changes				
Revised Budget	**$11,864,673**		**$11,864,673**	

Treasurer

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$7,837,007		$7,837,007	

Legislative Changes

1210 Investment and Banking

31 Transfer Operating Budget ($5,006,407) R ($5,006,407) R

Transfer the operating budget for the Investment and Banking Division from appropriation-support to receipt-support. Currently, the Division receives a General Fund appropriation for its operations and the General Fund is reimbursed from non-tax revenue -- the management fees assessed against the interest earnings on the investment pool. With the transfer of the operating budget to receipt-support, the management fee will be a direct receipt to the Investment and Banking Division.

The transfer is net of an operating budget reduction of $610,190. Thus, the General Fund appropriation will decrease by $5,006,407. Non-tax revenue to the General Fund will be reduced by a corresponding amount. Departmental receipts will increase by $4,396,217.

1410 Retirement System

32 Replace Retirement Imaging System $0 NR $0 NR

Provides funding to convert to a different imaging system. The vendor of the existing system will not provide for the maintenance beyond the end of the calendar year. Conversion of the system will require a nonrecurring expenditure of $2,465,000 and a recurring expenditure of $136,000 for maintenance cost. All expenditures will be funded with receipts.

73410-7310 Computer Operations

33 Provide Backup Hot-Site for Disaster Recovery $0 R $0 R

Allows the implementation of a backup hot-site for mission critical applications for disaster recovery purposes. The one-time expenditures for computer services ($100,000) and computer equipment ($170,000) and recurring expenditures for system implementation/integration services ($180,000) and travel ($30,000) to the out-of-state site for periodic testing of the backup system. All funding will be from the internal service fund.

	FY 2001-02		FY 2002-03	
Total Legislative Changes	($5,006,407)	R	($5,006,407)	R
	$0	NR	$0	NR
Total Position Changes				
Revised Budget	$2,830,600		$2,830,600	

Treasurer - Retirement for Fire and Rescue Squad Workers

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$12,294,780**		**$12,294,780**	
Legislative Changes				
1412 Gen Fund Contribution to Fire Pension Fund				
34 Reduce Contribution to Fire Pension				
Reduce the General Fund contribution to the Firemen's Pension Fund	($2,077,883)	NR		
1432 Line of Duty Death Benefit				
35 Increase Funding	$85,000	R	$85,000	R
Increase the funding for Line of Duty Death Benefits paid, pursuant to G.S. 143-12A, to survivors of eligible persons killed in the line of duty. The increased funding is due to the increases in the number of line of duty deaths.				
Total Legislative Changes	**$85,000**	R	**$85,000**	R
	($2,077,883)	NR		
Total Position Changes				
Revised Budget	**$10,301,897**		**$12,379,780**	

Insurance

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$23,392,288		$23,392,288	

Legislative Changes

1100 Administration

36 Operating Budget Adjustments ($4,000) R ($4,000) R

Reduces the operating budgets in the following line items:

Repairs - Buildings - ($312)
Repairs - Computers - ($500)
Travel - ($2,580)
Office Furniture - ($214)
Office Equipment - ($118)
Computer Equipment - ($276)

1200 Company Services

37 Reduce Operating Budget ($96,414) R ($96,414) R

Reduce operating budget in the following line items:

Information Technology Services - ($500)
Maintenance Agreement-Equipment - ($7,590)
Maintenance Agreement-Software - ($6,715)
Travel - ($24,841)
Telephone Service - ($1,000)
Printing, Binding, Duplicating - ($2,904)
Registration Fees - ($6,675)
Other Employee Educational Expense - ($14,247)
Office Furniture - ($13,182)
Office Equipment - ($610)
Computer Equipment - ($14,150)
Computer Software - ($4,000)

1300 Technical Services Group

38 Operating Budget Reductions ($62,533) R ($62,533) R

Reduces the operating budget in the following line items:

Repairs - Buildings - ($470)
Travel - ($27,074)
Telephone Service - ($2,396)
Postage, Freight, Delivery - ($1,037)
Printing, Binding, Duplicating - ($9,604)
Advertising - ($1,320)
Office Furniture - ($12,250)
Computer Equipment - ($8,132)
Computer Software - ($250)

House Subcommittee on General Government	FY 2001-02		FY 2002-03	
1400 Public Service Group				
39 Operating Budget Reduction Reduce operating budget in the following line items: Maintenance Agreement ($500) Travel - ($33,890) Telecommunication Data Charge - ($5,000) Computer/Data Processing Service - ($2,845) Printing, Binding, Duplicating - ($4,028) Advertising - ($1,320) Registration Fees - ($400) Office Furniture - ($1,433) Office Equipment - ($612)	($48,708)	R	($48,708)	R
1500 Office of State Fire Marshall				
40 Operating Budget Reductions Reduces operating budget in the following line items: Administrative Services ($9,845) Travel - ($2,500) Postage, Freight, Delivery - ($12,500) Printing, Binding, Duplicating - ($2,500) Educational Supplies - ($1,500) Computer Software - ($22,500)	($51,345)	R	($51,345)	R
1900 Reserves and Transfers				
41 Increase Transfer to the Consumer Protection Fund Increase the transfer to the Consumer Protection Fund (23900-2001) to cover the increase in cost of hiring external consultants and experts to testify in rate hearings when the insurance industry requests rate increases. The increase in cost is attributable to the increase in the number of filings which are expected to result in hearings in fiscal year 2001-2002.	$450,000	NR		
Total Legislative Changes	**($263,000)** **$450,000**	**R** **NR**	**($263,000)**	**R**
Total Position Changes				
Revised Budget	**$23,579,288**		**$23,129,288**	

Insurance - Volunteer Safety Workers' Compensation Fund

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$4,500,000**		**$4,500,000**	
Legislative Changes				
1900 Reserves and Transfers				
42 Volunteer Safety Workers' Compensation Fund Reduce the General Fund appropriation to the Volunteer Safety Workers' Compensation Fund. The appropriation will be reduced in the first year by $2,500,000 with a continuing reduction of $2,000,000 in the second year. Thus, the General Fund appropriation to the Fund will be $2,000,000 for fiscal year 2001-2002 and $2,500,000 for fiscal year 2002-2003. The Fund currently has a cash balance of $21.5 million, which it has accumulated since it was established in fiscal year 1997.	($2,000,000) ($500,000)	R NR	($2,000,000)	R
Total Legislative Changes	**($2,000,000)** **($500,000)**	**R** **NR**	**($2,000,000)**	**R**
Total Position Changes				
Revised Budget	**$2,000,000**		**$2,500,000**	

Administration

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$61,078,651		$61,078,651	
Legislative Changes				
1111 Office of the Secretary				
43 Reduce Personnel	($41,757)	R	($41,757)	R
Abolish vacant Administrative Assistant position as recommended by the Governor.	-1.00		-1.00	
44 Appalachian Research Commission	($190,080)	R	($190,080)	R
Replace appropriated funds with Highway Funds for the Highway's portion of the Appalachian Research Commission assessment dues.				
1111-1116 HUB Office				
45 Office of Historically Underutilized Businesses				
Provides funding for the operations of the Office of Historically Underutilized Businesses(HUB). Funding will also be used for outreach efforts on the contracting opportunities available to HUB vendors resulting from the 2000 Hihger Education Bond Program.	$270,000	NR		
1121 Office of Fiscal Management				
46 Reduce Personnel	($27,670)	R	($27,670)	R
Abolish one Processing Assistant III position in the Departmental Supply Store which has already been abolished. The employee has been reassigned.	-1.00		-1.00	
1122 Human Resources Management				
47 State Employee Incentive Bonus Program	($114,997)	R	($114,997)	R
Change the funding for two positions responsible for administering the State Employee Incentive Bonus Program from appropriation support to receipt-support. The State Employee Incentive Bonus Program will become receipt-supported pending legislative approval.	0.00		0.00	

	FY 2001-02		FY 2002-03	
1311 Office of State Personnel				
48 Personnel Reductions Abolish nine (9) vacant positions and related benefits: 5 Human Resource Consultants- #4000-0100-0004-619 - ($71,762) #4000-0301-0004-330 - ($36,664) #4000-1200-0004-997 - ($54,072) #4000-0100-0004-422 - ($58,899) #4000-0100-0004-990 - ($52,915) Human Resources Manager-#4000-0201-0004-030 - ($72,092) Processing Assistant-#4000-0202-0004-124 - ($32,328) Office Assistant IV-#4000-0100-0004-755 - ($30,663) Office Assistant V-#4000-0600-0004-166 - ($33,207) (Eliminates the PREPARE Program) Eliminate management layers for the following positions: #4000-0301-0004-302, HR Executive - ($5,565) #4000-0301-0004-262, HR Manager - ($3,399)	($451,566) -9.00	R	($451,566) -9.00	R
49 Operating Budget Adjustments Adjust funds in the following accounts each fiscal year: 532170 Administrative Services - ($10,000) 532199 Misc. Contracts - ($1,950) 532400 Maintenance Agreements - ($625) 532700 Travel - ($4,668) 532800 Comm & Data Processing - $200,000 532850 Printing - ($5,000) 532860 Advertising - ($1,000) 532930 Registration Fees - ($727) 534500 Equipment - ($3,490) 53XXXX Model Co-op Program - ($20,000)	$152,540	R	$152,540	R
50 Program Personnel Combine an Applications Analyst Programmer II- #4000-0202-0004-051 ($45,478) and Applications Analyst Programmer I-#4000-0202-0004-948 ($52,873) positions and create a new Applications Analyst Programmer II at pay grade 74 with salary and benefits of $70,533. Adjustment in salary and benefits provides a reduction of ($27,817).	($27,817) -1.00	R	($27,817) -1.00	R
1623 State Capitol Police				
51 Reduce Personnel Abolish vacant Police Officer II position currently responsible for providing safety awareness to State agencies.	($30,210) -1.00	R	($30,210) -1.00	R

	FY 2001-02		FY 2002-03	
52 Reduce State Capitol Police Force Reduce State Capitol Police Force by eliminating 12 vacant positions (Major, 5 Police Officer Is, 1 Telecommunicator, and 5 Property Guards) effective July 1, 2001 and an additional 21 positions (1 Chief, 6 Police Officer II positions, 10 Police Officer I positions, 3 Police Officer III (Lieutenants) positions, and 1 Telecommunicator position) effective July 1, 2002. The remaining force will consist of 3 Police Officer III (Lieutenant) positions, 19 Police Officer I positions assigned as building officers, 5 Property Guards, 1 Security Guard, 2 Telecommunicators and 1 Administrative Assistant. The patrol responsibilities will be assumed by the City of Raleigh beginning July 1, 2002. Five of the positions that are being eliminated in the second year are funded with receipts from the state parking system. Thus, the total reduction will be allocated between appropriations and receipts as noted below:	($299,986) -12.00	R	($1,054,129) -33.00	R

General Fund	FY 2001-02	FY 2002-03
Sal/Benefits	($299,985)	($989,849)
Operating		($64,280)
TotalGF	($299,985)	($1,054,129)
Receipts	($ 0)	($174,160)
Total	($299,985)	($1,228,289)

1731 North Carolina Council for Women

53 Domestic Violence Prevention Funds Provide funding for grants to domestic violence programs as recommended by the Governor.	$1,000,000	R	$1,000,000	R
54 Reduce Operating Budget Reduce miscellaneous contractual services.	($7,000)	R	($7,000)	R
55 Sexual Assault Funds Provide funding, as recommended by the Governor, for the continuation of sexual assault programs and the prevention of sexual assault within the state	$225,000	R	$225,000	R

1783 Governor's Domestic Violence Commission

56 Reduce Personnel Eliminate the positions of Executive Director and vacant Administrative Secretary in the Domestic Violence Commission as recommended by the Governor. The responsibilities of the Commission will be consolidated with those of the NC Council for Women. The employee in the Executive Director's position will be transferred to the Council. The Administrative Secretary's position is vacant.	($110,349) -2.00	R	($110,349) -2.00	R

	FY 2001-02		FY 2002-03	
1810 Ethics Board				
57 Reduce Operating Budget Reduce miscellaneous contractual services ($10,000) and travel ($2,000).	($12,000)	R	($12,000)	R
1871 Board of Science and Technology				
58 Transfer Board of Science and Technology Transfers the Board of Science and Technology, including 3 positions (Executive Director, Administrative Secretary III, and Education Consultant), to the Department of Commerce. Special provision recodifies the statutory authority of the Board as established in Part 27 of Article 9 of Chapter 143B of the General Statutes to Part 18 of Article 10 of Chapter 143B of the General Statutes.	($371,302) -3.00	R	($371,302) -3.00	R
59 Abolish Positions Abolish vacant Deputy Director position and the Administrative Officer I position as recommended by the Governor.	($111,014) -2.00	R	($111,014) -2.00	R
60 Reduce Personnel and Grant Funding Eliminate a Social Research Assistant II position and all research grant funding.	($155,410) -1.00	R	($155,410) -1.00	R
Department Wide				
61 Reduce Printing Reduce the printing budget throughout the Department. The Department will implement electronic forms and communication were possible.	($10,000)	R	($10,000)	R
Total Legislative Changes	**($583,618)** **$270,000**	R NR	**($1,337,761)**	R
Total Position Changes	-33.00		-54.00	
Revised Budget	**$60,765,033**		**$59,740,890**	

State Controller

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$11,817,271**		**$11,817,271**	
Legislative Changes				
1000 Departmentwide				
62 1211 Salaries and Wages	($97,437)	R	($97,437)	R
Abolish vacant Accounting Clerk III # 5009-0000-0000-110 and Data Base Analyst # 5008-0000-0000-065 positions with a reduction in salary and related benefits.	-2.00		-2.00	
63 Operating Budget Adjustments	($195,966)	R	($195,966)	R
Reduce the following line items each year of the biennium: 5327XX Travel - ($6,000) 532821 Data Processing Services - ($179,966) 532850 Printing, Binding, Duplicating - ($5,000) 534521 Office Equipment - ($5,000)				
Total Legislative Changes	**($293,403)**	R	**($293,403)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$11,523,868**		**$11,523,868**	

Revenue

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$76,967,284**		**$76,967,284**	
Legislative Changes				
1600 Administration				
64 Adjust Personnel	($67,420)	R	($67,420)	R
Abolish vacant Staff Development Coordinator position, #4771-0000-0020-410 and related benefits.	-1.00		-1.00	
1602 Security				
65 Adjust Personnel	($23,630)	R	($23,630)	R
Abolish vacant Processing Assistant III position, # 4791-0000-0024-010 and related benefits.	-1.00		-1.00	
1605 Planning, Development, and Technology				
66 Operating Budget Adjustments	($809,714)	R	($809,714)	R
Reduce the following accounts each fiscal year:				

531311 Temporary Wages - ($60,000)
531411 OT Pay - ($20,000)
531431 Shift Premium Pay - ($10,000)
531511 Social Security - ($6,885)
531521 Retirement - ($2,403)
532140 System Implementation - ($250,000)
532310 Repairs - ($9,092)
532512 Rent/Lease Buildings/Offices - ($5,000)
532712 Trans. Air/Out of State - ($10,000)
532715 Trans. Ground/Out of State - ($5,000)
532722 Lodging/Out of State - ($5,000)
532821 Computer/Data Processing Svs - ($250,000)
532860 Advertising - ($10,000)
533110 Gen Office Supplies - ($6,334)
533120 Data Processing Supplies - (5,000)
534511 Office Furniture - ($30,000)
534521 Office Equipment - ($25,000)
534522 Equipment/Computers - ($75,000)
534710 Computer Software - ($25,000)

	FY 2001-02		FY 2002-03	
67 Project Collect Tax	$157,397	R	$769,524	R
Provide funds for an Applications Programmer II and Applications Analyst Programmer Specialist, effective August 1, 2001, equipment, and operating expense:	$187,000	NR		
	2.00		2.00	

	FY 01-02	FY 02-03
531211 Salaries	$111,759	$121,919
531511 Social Security	8,550	9,327
531521 Retirement	8,952	9,766
531561 Med Ins	4,136	4,512
532140 Contractual Svs	-0-	600,000
532821 Computer/Data Proc	24,000	24,000
532440 Maint Agree/DP Equip	7,500	
532441 Maint Agree/Software	7,500	
534521 Office Equipment	18,000	
534522 Computer Equipment	150,000	
534528 Communications Equip	4,000	

1607 Tax Research

68 Personnel and Operating Budget Adjustments	($58,126)	R	($58,126)	R
Eliminate salary and benefits for a vacant Statistical Assistant V position, #4774-0000-0040-312 ($28,263, and reduce funds in the following accounts each fiscal year:	-1.00		-1.00	

531311 Temporary Wages - ($27,740)
531511 Social Security - ($2,123)

1621 Corporate, Excise & Insurance

69 Adjust Operating Budget	($10,765)	R	($10,765)	R
Reduce funds in the following accounts each year:				

531311 Temporary Wages - ($10,000)
531511 Social Security - ($765)

1627 Sales & Use

70 Adjust Operating Budget	($6,459)	R	($6,459)	R
Reduce funds in the following accounts each year:				

531311 Temporary Wages - ($6,000)
531511 Social Security - ($459)

1629 Property Tax

71 Additional Personnel	$63,936	R	$63,936	R
Appropriate funds for salary, benefits, operating expense, office furniture and equipment to support a Property Tax Valuation Specialist I position. The cost associated with the position will be reimbursed through the allowance for administrative cost available per G.S.105-501 in the year subsequent to the year the cost is incurred.	$9,600	NR		
	1.00		1.00	

	FY 2001-02		FY 2002-03	
1641 Office Examination				
72 Personnel and Budget Adjustments	($237,744)	R	($237,744)	R
Make the following adjustments in the division's budget each fiscal year:	-4.00		-4.00	
Eliminate four (4) vacant positions - ($85,117) 3 Processing Assistant III - #4782-0000-0065-729, #4782-0000-0065-733, and #4782-0000-0065-829 1 Processing Assistant V - #4784-0000-0076-551				
531311 Temporary Wages - ($100,000) 531511 Social Security - ($15,769) 531521 Retirement - ($6,818) 531561 Med Insurance - ($9,024) 531625 State Disability Payments - ($21,016)				
1643 Office Services (Taxpayer Assistance)				
73 Personnel and Operating Adjustments	($70,954)	R	($70,954)	R
Abolish two (2) vacant Processing Assistant III positions - #4782-0000-0065-415 ($25,794) and #4782-0000-0065-768 ($23,630), reduce temporary wages (531311) and adjust related benefits.	-2.00		-2.00	
74 Project Collect Tax	$147,370	R	$176,844	R
Appropriate funds to add 2 Revenue Administration Officer I and 2 Tax Technician positions, effective September 1, 2001 with related benefits:	4.00		4.00	

	FY 01-02	FY 02-03
531211 Salaries	$120,915	$145,098
531511 Social Security	9,250	11,100
531521 Retirement	9,685	11,622
531561 Med Ins	7,520	9,024

1660 Field Operations (Examination & Collection)				
75 Personnel and Operating Budget Adjustments	($19,882)	R	($19,882)	R
Reduce temporary wages (531311) and social security (531511).				

	FY 2001-02		FY 2002-03	
76 Project Collect Tax	$438,453	R	$584,605	R
In the Central Collections Unit provide funding to support an Officer Manager II, 2 Revenue Officer II, and 13 Tax Technicians effective October 1, 2001, with related benefits and operating expense:	$5,000 16.00	NR	 16.00	

	FY 02-01	FY 02-03
531211 Salaries	$351,791	$469,055
531511 Social Security	26,912	35,883
531521 Retirement	28,178	37,571
531561 Med Ins	27,072	36,096
532714 Transportation	4,500	6,000
532950 Emp Moving Expense	5,000	

77 Project Collect Tax	$885,795	R	$1,181,059	R
Appropriate funds to support 20 Revenue Officer I and 8 Information Processing Technician positions effective October 1, 2001 with related benefits and operating expense:	$194,400 28.00	NR	 28.00	

	FY 01-02	FY 02-03
531211 Salaries	$698,961	$931,948
531511 Social Security	53,471	71,294
531521 Retirement	55,987	74,649
531561 Med Ins	47,376	63,168
532199 Misc Cont Svs	194,400	
532714 Transportation	30,000	40,000

1670 Unauthorized Substance Tax

78 Operating Budget Adjustment	($26,530)	R	($26,530)	R
Reduce the following accounts each fiscal year:				

531311 Temporary Wages - ($20,000)
531511 Social Security - ($1,530)
535890 Other Administrative Services - ($5,000)

1681 Administrative Services

79 Operating Budget Adjustments	($461,514)	R	($461,514)	R
Reduce the following accounts each fiscal year:				

532199 Misc. Contractual Services - ($65,985)
532430 Maintenance Agreements/Equipment - ($34,411)
532821 Computer/Data Process Service - ($20,000)
532840003 Post, Freight & Del/Postage Meter - ($58,547)
532850001 Print Official Statements - ($23,625)
532930 Registration Fees - ($15,000)
532942 Other Employee Ed Exp - ($126,833)
533120 Data Processing Supplies - ($50,000)
533900 Other Materials $ Supplies - ($20,000)
534521 Office Equipment - ($22,113)
535830 Membership Dues & Subscriptions - ($25,000)

	FY 2001-02		FY 2002-03	
80 Project Collect Tax	$201,374	R	$136,625	R
Increase funds to support positions employed for the project:	$230,000	NR		

	FY 01-02	FY 02-03
532811 Telephone Service (eff. 10/1/01)	$ 63,125	$ 77,500
532840003 Postage/Fr/Del	112,980	32,280
533110 Supplies (eff. 10/1/01)	25,269	26,845
534511 Office Furniture	225,000	
534521 Office Equipment	5,000	

1683 Financial Services

81 Operating Budget Adjustments	($20,454)	R	($20,454)	R
Adjust the following accounts each fiscal year:				
531311 Temporary Wages - ($10,000)				
531511 Social Security - ($1,454)				
531625 Eliminate State Disability Payments - ($9,000)				

1685 Documents & Payments Processing

82 Personnel and Operating Budget Adjustments	($110,981)	R	($110,981)	R
Make the following adjustments in the division's budget:				
	-4.00		-4.00	
Eliminate four (4) vacant positions - ($86,388)				
3 Data Entry Specialists - #4787-0000-0090-883, #4787-0000-0090-882, and #4787-0000-0090-889				
1 Processing Assistant III - #4787-0000-009-109				
531511 Social Security ($6,754)				
531521 Retirement ($6,920)				
531561 Med Insurance ($9,024)				
531625 Eliminate State Disability Payments - ($1,895)				

Total Legislative Changes	**($29,848)**	R	**$988,420**	R
	$626,000	NR		
Total Position Changes	38.00		38.00	
Revised Budget	**$77,563,436**		**$77,955,704**	

Cultural Resources

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$60,840,696		$60,840,696	
Legislative Changes				
1110 Office of the Secretary				
83 Budget Adjustment Reduce funds for miscellaneous contractual services (532199).	($10,860)	R	($10,860)	R
84 Budget Increase Provide funds for data processing services(532800).	$75,000	NR		
1120 Administrative Services				
85 Adjust Operating Budget Reduce funds for computers equipment (534522).	($9,842)	R	($9,842)	R
1210 Archives & History/Director's Office				
86 Operating Budget Adjustments Reduce the following accounts each fiscal year: 531311 Temp Wages - ($1,500) 531511 Social Security - ($115) 532199 Misc. Contractual Services - ($4,759) 532731 BD/Non-employee Trans - ($500) 532732 BD/Non-employee Subsistence - ($500) 535830 Membership Dues - ($500)	($7,874)	R	($7,874)	R
87 Queen Anne's Revenge Provide funding only for continued work on the recovery and conservation of the artifacts from the shipwreck believed to be Blackbeard's flagship, Queen Anne's Revenge.	$250,000	NR		
1220 Historical Publications				
88 Budget Adjustment Reduce funding for printing, binding and duplication (532850).	($6,461)	R	($6,461)	R

	FY 2001-02		FY 2002-03	
1230 Archives and Records				
89 Operating Budget Adjustments Reduce the following accounts each fiscal year: 532199 Misc. Contractual Services - ($3,000) 532210 Electricity - ($2,577) 532731 BD/Non-employee Trans. - ($2,000) 532732 BD/Non-employee Subsistence - ($1,000) 532850 Printing, Binding & Duplication - ($6,000) 532850 Advertising - ($5,500) 533900 Other Materials/Supplies - ($5,000) 534539 Other Equipment - ($3,000)	($28,077)	R	($28,077)	R
90 Digitization of Public Records Provide funds to complete Information Technology project planning and for IRMC Project Certification related to digitization of public records (532140).	$50,000	NR		
1241 State Historic Sites				
91 Operating Budget Adjustment Reduce the following accounts each fiscal year: 532199 Misc. Contractual Services - ($130,000) 532512 Rent/Lease-Buildings or Offices - ($7,000) 532721 Lodging/In State - ($20,000) 532724 Meals/In State - ($10,000) 532942 Other Emp. Ed Expense - ($8,000) 533900 Other Materials & Supplies - ($4,315) 534511 Office Furniture - ($10,000) 534541 Motor Vehicles - ($71,000) 534549 Art & Artifacts - ($100,000)	($360,315)	R	($360,315)	R
1242 Tryon Palace				
92 Adjust Operating Budget Reduce the following accounts: 532310 Building Repairs - ($2,684) 532390 Other Repairs - ($1,056) 532490 Maintenance/Service Contracts - ($1,386) 532919 Other Insurance - ($1,656) 533900 Other Supplies & Materials - ($4,999) 534511 Office Furniture - ($1,000) 534539 Other Equipment - ($2,492)	($15,273)	R	($15,273)	R
1243 State Capitol				
93 Budget Adjustment Reduce the following accounts: 531311 Temporary Wages - ($3,900) 531321 Social Security - ($261)	($4,161)	R	($4,161)	R

1245 NC Maritime Museum

94 Operating Budget Adjustment ($32,155) R ($32,155) R

Reduce funds in the following accounts each fiscal year:

532182 Laundry Service Agreement - ($100)
532320 Repairs/Other Structures - ($2,000)
532512 Office Rent/Lease - ($22,791)
532521 Rent/Lease-Motor Vehicles - ($400)
532524 Rent/Lease Gen. Office Equip. - ($100)
532850 Printing, Binding, & Dup - ($1,000)
532912 Motor Vehicle Insurance - ($1,500)
532913 Liability Insurance - ($2,000)
533900 Other Materials & Supplies - ($2,000)
534539 Other Equipment ($264)

1250 Historic Preservation

95 Operating Budget Adjustments ($12,893) R ($12,893) R

Reduce the following accounts each fiscal year:

532199 Misc. Contractual Services - ($1,858)
532390 Repairs - ($650)
532714 Trans/In State - ($1,946)
532715 Trans/Out of State - ($100)
532721 Lodging/In State - ($247)
532724 Meals/In State - ($600)
532725 Meals/Out of State - ($235)
532727 Misc./In State - ($795)
532728 Misc/Out of State - ($1,150)
532731 BD/Non-employee Trans. - ($431)
532732 BD/Non-employee Subs. - ($200)
532850 Printing, Binding, & Dup. - ($900)
532942 Other Employee Ed Exp. - ($326)
533110 General Office Supplies - ($50)
533900 Other Materials & Supplies - ($1,435)
534511 Office Furniture - ($1,822)
534539 Other Equipment - ($148)

1290 Western Office

96 Budget Adjustment ($2,956) R ($2,956) R

Reduce funding for In-state transportation (532714).

	FY 2001-02		FY 2002-03	
1320 Museum of Art				
97 Operating Budget Adjustments Reduce funds in the following accounts: 532199 Misc. Contractual - ($16,560) 532512 Rent/Lease Building - ($5,345) 532590 Rent/Lease Other - ($800) 532711 Tran Air/In State - ($100) 532712 Tran Air/Out of State - ($125) 532714 Trans Ground/In State - ($2,000) 532715 Trans Ground/Out of State - ($294) 532716 Trans Ground/Out of Country - ($200) 532722 Lodging/Out of State - ($1,000) 532723 Lodging/Out of Country - ($739) 532725 Meals Out of State - ($500) 532726 Meals Out of Country - ($300) 532728 Misc/Out of State - ($2,000) 532729 Misc/Out of Country - ($500) 532811 Telephone Service - ($1,440) 532850 Printing, Binding, & Dup - ($1,020) 533990 Other Supplies & Materials - ($17,000)	($49,923)	R	($49,923)	R
98 Art Exhibit Appropriate funds for an exhibit scheduled May 18 - July 28, 2002 -- Empire of the Sultans: Ottoman Art from the Khalili Collection.	$250,000	NR		
1330 NC Arts Council				
99 Operating Budget Adjustment Reduce grant funds for the Lost Colony (536948).	($6,097)	R	($6,097)	R
100 Grassroots Arts Program Provide funds for one-time increase in continuation budget for grants to local arts councils (536996).	$250,000	NR		
1340 NC Symphony				
101 Budget Adjustment Reduce funds for postage (532840).	($2,962)	R	($2,962)	R
1360 Grants in Aid to Arts				
102 Operating Budget Adjustment Reduce the budget each year for the Vagabond School of Drama (536932) by $1,134 and the NC State Art Society (536935) by $182.	($1,316)	R	($1,316)	R

State Board of Elections

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	$3,271,453		$3,271,453	
Legislative Changes				
1100 Administration				
107 Reduce Operating Budget Reduce the operating budget in the printing line items	($85,184)	R	($85,184)	R
Total Legislative Changes	($85,184)	R	($85,184)	R
Total Position Changes				
Revised Budget	$3,186,269		$3,186,269	

Office of Administrative Hearings

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$2,908,088**		**$2,908,088**	
Legislative Changes				
1100 Administration & Operations				
108 1211 Salaries and Wages	($70,067)	R	($70,067)	R
Abolish vacant positions - Clerk-Typist position in the Civil Rights Division - # 8210-1100-0000-061 ($29,775) and Accounting Technician V in the Administration Division - # 8210-1100-0000-007 ($40,292) and related benefits.	-2.00		-2.00	
109 Operating Budget Adjustments	($29,000)	R	($29,000)	R
Reduce funding in the following line items each year of the biennium: 532110 Legal Service - ($4,000) 532140 System Implement/Integration Services - ($11,506) 532440 Maintenance Agreement-DP Equipment - ($640) 532441 Maintenance Agreement/Software - ($11,854) 535830 Membership/Subscription - ($1,000)				
110 432101 Receipts - Federal Reimbursement	($13,866)	R	($13,866)	R
Increase federal receipts.				
Total Legislative Changes	**($112,933)**	R	**($112,933)**	R
Total Position Changes	-2.00		-2.00	
Revised Budget	**$2,795,155**		**$2,795,155**	

Rules Review Commission

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$334,085**		**$334,085**	
Legislative Changes				
1100 Administration				
111 Personal Services Reduce funds each year of the biennium in the following accounts: 531651 Board Member Compensation - ($2,000) 532512 Rent/Lease - ($250) 532712 Transportation/Out of State - ($500) 532722 Lodging/Out of State - ($500) 532725 Meal/Out of State - ($200) 532811 Telephone Service - ($1,600) 532850 Printing, Binding, Duplicate - ($500) 532930 Registration Fees - ($250) 534511 Office Furniture - ($700) 534521 Office Equipment - ($200) 534522 Computer Equipment - ($1,000) 534630 Library and Learning - ($500) 534710 Computer Software - ($90)	($8,290)	R	($8,290)	R
Total Legislative Changes	**($8,290)**	R	**($8,290)**	R
Total Position Changes				
Revised Budget	**$325,795**		**$325,795**	

TRANSPORTATION
Section K

Transportation

GENERAL FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$17,753,426**		**$14,486,443**	
Legislative Changes				
Aeronautics and Global Transpark				
(1200) Airport Grants				
1 Reduce General Fund Support				
Reduces General Fund Airport Grant Program by $5 million, to be partially offset by increase in funding from Highway Fund.	($5,000,000)	NR		
Global TransPark				
2 Global TransPark Reduction				
Reduction recommended by the Governor.	($1,660,709)	NR		
3 Global Transpark Operating Reduction	($1,062,717)	R	($1,093,102)	R

	2001-2002	2002-2003
GTP Administration	$424,451	$433,651
State Match/Runway	($1,116,742)	($1,094,350)
Airport Operations	($124,795)	($157,987)
Education and Training Center Operations	($115,247)	($134,807)
Marketing	($54,749)	($56,939)
Land Use Planning	($75,635)	($82,660)

Total Legislative Changes	**($1,062,717)**	R	**($1,093,102)**	R
	($6,660,709)	NR		
Total Position Changes				
Revised Budget	**$10,030,000**		**$13,393,341**	

Transportation

	HIGHWAY FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$1,204,477,503**		**$1,211,720,525**	
Legislative Changes				
Construction and Maintenance				
(5180) Construction - Contingency				
4 Small Urban and Rural Projects Provides additional funding for small urban and rural highway construction.	$2,000,000	NR		
(5240) Maintenance - Contract Resurfacing				
5 Restore Contract Resurfacing Funds Restores funding to FY 2001 levels. FY 2001 budget contained $7,000,000 in nonrecurring funding.	$7,000,000	R	$7,000,000	R
6 Increase Contract Resurfacing Funds Increases contract resurfacing funding over funding from previous years.	$22,716,734 $1,500,000	R NR	$22,716,734	
(5400) Capital Improvements				
7 Repair and Renovation Provides funds for repair and renovation of the Department's facilities.	$1,634,000	NR		
(5940) Rail Program				
8 Partially Restore Rail Funding Partially restores funding to FY 2001 levels. FY 2001 budget contained $12,932,088 in nonrecurring funding.	$2,000,000 $5,520,000	R NR	$2,000,000	R

	2001-2002	2002-2003
Western NC Service (NR)	$ 520,000	
Raleigh-Charlotte	$2,000,000	$2,000,000
Raleigh-Charlotte (NR)	$5,000,000	

9 Reserve for Western North Carolina Rail Service Funds to be used for track improvements to provide rail service to western North Carolina.	$5,000,000	NR		
10 Charlotte Station Funds remaining land acquisition for new multi-modal station in Charlotte.	$10,000,000	NR		

	FY 2001-02		FY 2002-03	
(5950) Airport Program				
11 Airport Grants				
Partially replaces General Fund support for airport grants with Highway Fund appropriation.	$3,000,000	NR		
(5970) Public Transportation Program				
12 Restore Public Transportation Funding	$15,621,993	R	$15,621,993	R
Restores funding to FY 2001 levels. FY 2001 budget contained $15,621,993 in nonrecurring funding.				

	2001-2002	2002-2003
Rural Capital	$1,150,000	$1,150,000
Rural Operating	$2,650,000	$2,650,000
Elderly & Disabled	$900,000	$900,000
Urban & Regional Maint.	$1,921,993	$1,921,993
New Starts	$9,000,000	$9,000,000

13 Replace Federal Funds	$10,000,000	R	$10,000,000	R
Replaces federal funds with State Highway Fund money. $10,000,000 of federal Congestion, Mitigation and Air Quality Funding that is being replaced will be redirected to the Transportation Improvement Program (TIP).				

	2001-2002	2002-2003
Rural Operating	$600,000	$600,000
Human Service	$400,000	$400,000
New Starts	$8,000,000	$8,000,000
Urban & Reg. Tech.	$1,000,000	$1,000,000

14 Increase Public Transportation Funding	$11,047,535	R	$11,047,535	R
Increases public transportation funding over funding from previous years.	$384,226	NR		

	2001-2002	2002-2003
Rural Capital	$1,400,000	$1,400,000
Rural Operating	$1,400,000	$1,400,000
Elderly & Disabled	$500,000	$500,000
Urban & Regional Maint.	$1,725,107	$1,340,881
New Starts	$6,406,654	$6,406,654

Governor's Highway Safety Program

(0410) Governor's Highway Safety

15 Transfer Program	($90,584)	R	($90,584)	R
Transfers program to DOT Secretary's Office. Eliminates 1 vacant position currently funded under Governor's Highway Safety Program and funds 3 positions wholly out of federal funds.	-1.00		-1.00	

Division of Motor Vehicles

House Subcommittee on Transportation	FY 2001-02		FY 2002-03	
(0510) Commissioner's Office				
16 Eliminate 54 Positions within DMV	($2,062,747)	R	($2,062,747)	R
	-54.00		-54.00	
(0520) Vehicle Registration				
17 Increase payment to contract agents Provides a 6% increase in the fees paid to contract agents.	$840,000	R	$840,000	R
Reserves				
(6270) Crime Control and Public Safety				
18 Adjust Equipment Budget Eliminates funds for upgrade of communications consoles and bay station equipment. Highway Patrol would be permitted to fund this equipment from other sources.	($875,000)	R	($875,000)	R
19 Adjustment for Vehicle Inflationary Factors Would reduce continuation budget increases in the new vehicle line item consistent with cost increases in previous years.	($710,875)	R	($1,701,282)	R
20 Adjustment for Gasoline Inflationary Factors Would reduce continuation budget increases in the gasoline line item.	($403,340)	R	($201,279)	
(6310) Department of Public Instruction				
21 Adjustment to Driver Education Reduces funding due to fewer projected students and underspending in previous years.	($1,966,232)	R	($1,966,232)	R
(6360) Global TransPark Authority				
22 GTP Administration Adjust budget	($605,549)	R	($640,882)	R
(6370) Transfer to Highway Trust Fund				
23 Discontinue Transfer to Highway Trust Fund Ends transfer to Highway Trust Fund of money required by statute. These funds were originally made available from the retirement of Highway Fund bonds. As these bonds were paid off, money equal to the debt service on the bonds was paid to the Highway Trust Fund.	($38,000,000)	R	($38,000,000)	R

House Subcommittee on Transportation	FY 2001-02		FY 2002-03	
(6611) Retirement Rate Adjustment				
24 Retirement Rate Adjustment Reduces the State contribution rate from 5.33% to 1.99% of payroll for members of the Teacher's and State Employees' Retirement System.	($12,231,080)	R	($12,231,080)	R
(6801) Compensation Increase				
25 State Funded Compensation Increase Provides funding for a permanent $625 annual salary increase to State employees whose salaries and wages are supported out of the Highway Fund.	$7,200,000	R	$7,200,000	R
(6828) Reserve for Maintenance				
26 Restore Maintenance Expenditures Restores funding to FY 2001 levels. FY 2001 budget contained $31,000,000 in nonrecurring funding.	$31,000,000	R	$31,000,000	R
27 Increase Maintenance Expenditures Increases maintenance funding over funding from previous years.	$19,140,445 $8,522,971	R NR	$19,140,445	R
(6836) State Employee Reserve				
28 State Employee Health Benefit Plan Provides a 30% premium increase to the Plan for Teachers, State Employees, and Retired Employees effective October 1, 2001. The remaining financial support to keep the plan solvent through the 2001-03 biennium will come from increased premiums paid by employees for their families, cuts in payments to hospitals and physicians, and a reduction in the Plan's benefits.	$7,000,000	R	$9,000,000	R
Total Legislative Changes	**$76,621,300** **$37,561,197**	**R** **NR**	**$77,797,621**	**R**
Total Position Changes	-55.00		-55.00	
Revised Budget	**$1,318,660,000**		**$1,289,518,146**	

INFORMATION TECHNOLOGY
Section L

Information Technology Services

INTERNAL SERVICE FUND

	FY 2001-02		FY 2002-03	
Recommended Budget	**$0**		**$0**	
Legislative Changes				
Services Division				
1 ITS Rate Reductions The Office of Information Technology Services shall reduce rates charged to agencies for telecommunication services.	($4,000,000)	R	($4,000,000)	R
2 ITS Reduction The Office of Information Technology Services Internal Service fund is reduced by seven million dollars ($7,000,000). The seven million dollar reduction ($7,000,000) is transferred from the Internal Service Fund to the General Fund based upon the following installments: ($3,000,000) November 3, 2001 ($4,000,000) February 4, 2002	($7,000,000)	NR		
Total Legislative Changes	**($4,000,000)** **($7,000,000)**	R NR	**($4,000,000)**	R
Total Position Changes				
Revised Budget	**($11,000,000)**		**($4,000,000)**	

RESERVES/
DEBT SERVICE/
ADJUSTMENTS
Section M

Reserves, Debt Service and Adjustments

	GENERAL FUND			
	FY 2001-02		FY 2002-03	
Recommended Budget	**$241,290,498**		**$241,290,498**	
Legislative Changes				
A. Employee Benefits				
1 State Funded Compensation Increases	$193,842,000	R	$193,842,000	R

Provide recurring funds to increase salaries of State funded Public School System employees, Community College System employees, University System employees, and State Agency employees.

Also provide $5.15 million in recurring funds to continue established statutory salary plans for Magistrates, Assistant Clerks, and Deputy Clerks. Funding provided is for scheduled increases in the 2001-2002 fiscal year for the Magistrates, Assistant Clerks and Deputy Clerks salary plans plus funding required to cover a shortfall in current budgeted funding levels in the Assistant and Deputy Clerks' salary plan.

Public Schools:

Teachers -- 2.86% average increase
Principal and Assistant Principals -- 2.86% average increase
Other Public School Employees -- $625 increase

Community College System Employees -- $625 average increase

Also allocates $6.9 million to the Community College System to provide an additional 1.25% salary increase for faculty and professional staff.

State Employees:

SPA (State Agency and University System) -- $625 increase
EPA (State Agency) -- $625 increase
EPA (UNC System) -- $625 average increase
State Agency Teachers -- 2.86% average increase
School of Science and Math Faculty -- 2.86% average increase

	FY 2001-02		FY 2002-03	
2 State Employee Health Benefit Plan Provide a 30% premium increase to the Plan for Teachers, State Employees and Retired Employees effective October 1, 2001. The remaining financial support to keep the Plan solvent through the 2001-03 biennium will come from increased premiums paid by employees for their families, cuts in payments to hospitals and physicians, and a reduction in the Plan's benefits.	$150,000,000	R	$200,000,000	R
3 TSERS Retirement Rate Adjustment Reduce the State contribution rate from 5.33% to 1.99% of payroll for members of the Teachers' and State Employees' Retirement system as a result of removing the cap of 77% for the recognition of assets.	($239,568,180)	R	($239,568,180)	R
4 CJRS Retirement Rate Adjustment Reduce the State contribution rate from 18.58% to 14.05% of payroll for members of the Consolidated Judicial Retirement System.	($2,265,000)	R	($2,265,000)	R
B. Hurricane Floyd Reserve Fund				
5 Hurricane Floyd Recovery Funds Provide funds for necessary and appropriate relief and recovery assistance from the effects of Hurricane Floyd in accordance with the requirements of S.L. 1999-463.			$150,629,172	NR
C. Reserve to Implement HIPAA				
6 HIPAA Compliance Funds Provide funds for statewide planning and implementation of the federal Health Insurance Portability and Accountability Act (HIPAA). The act establishes national standards and requirements for the transmission, storage and handling of certain electronic health care data. HIPAA requires significant changes in information technology systems, administrative policies and regulations, operational processes, education and training. Agencies providing health care services or using patient or health care data are subject to the requirements. This includes the Department of Health and Human Services and the Teachers' and State Employees' Comprehensive Major Medical Plan.	$10,000,000	NR		
D. Information Technology Rate Adjustment				
7 ITS Rate Reduction Reduces telecommunication rates paid by State agencies to the Office of Information Technology Services. The rate change shall reduce agency General Fund expenditures by $4 million annually. The Office of Information Technology and the Office of Budget and Management shall have flexibility in implementing this reduction.	($4,000,000)	R	($4,000,000)	R

	FY 2001-02		FY 2002-03	
E. Payroll Turnover Adjustment				
8 Fund Salaries & Employer Contirbutions at 98.5% of Budgeted Requirements Generate a reduction in the amount of budgeted funding for salaries and related employer contributions for retirement and social security by reducing funding for salaries and related employer contributions to 98.5% of budgeted requirements to closer reflect actual expenditures. This action attempts to fund salaries and related employer contributions at levels closer to actual requirements. Excluded from this action are State funded salaries and related employer contributions for the Public School System and the Community College System.	($52,000,000)	R	($52,000,000)	R
F. Other Reserves				
9 Mental Health System Reform Reserve Increases funds in the Mental Health, Developmental Disabilities and Substance Abuse Services Reserve for System Reform and Olmstead to $10,000,000 in order to comply with the U.S. Supreme Court decision in Olmstead vs. L.C. & E.W. and to further implement State policy to provide appropriate community based services and supports. Funds shall be used to: (1) facilitate patient/client transition planning and movement from state institutions into community based services and supports; and (2) support patient transition activities associated with replacement of the Dorothea Dix Hospital with a new regional psychiatric hospital.	$7,525,675	NR	$0	NR
10 Debt Service Requirements Provide funds for debt service due to revised requirements for prinicipal and interest payments, including the issuance of the Higher Education Improvement Bonds authorized in 2000. Total requirements in FY 2001-02 were reduced by $24,298,298 from the Governor's recommendations due to budgeting additional receipts ($15,529,548) and delaying the sale of Natural Gas Bonds until January 1, 2002 ($8,768,750). The total debt service requirement, including federal reimbursements is $251,978,040 for FY 2001-02 and $353,422,808 for FY 2002-03.	$12,312,542	R	$113,757,310	R
11 Contingency and Emergency Fund Provide additional funds to address unanticipated disasters, emergency situations and contingencies. The total annual appropriation to the C&E Fund is $5,000,000.	$3,875,000	R	$3,875,000	R

	FY 2001-02		FY 2002-03	
Total Legislative Changes	**$62,196,362**	**R**	**$213,641,130**	**R**
	$17,525,675	**NR**	**$150,629,172**	**NR**
Revised Budget	**$321,012,535**		**$605,560,800**	

CAPITAL
Section N

Capital

	GENERAL FUND	
	FY 2001-02	FY 2002-03

Department of Environment and Natural Resources

1 Water Resources Development Projects

Provide state funds to match federal and local funds for water resources development projects as outlined in the state's Water Resources Development Plan. $32,936,000 NR

Statewide Capital Reserves

2 Repairs and Renovations Reserve Account

Provide funds for repairs and renovations of the UNC System and State facilities throughout North Carolina. $100,000,000 NR

Total Capital Appropriation **$132,936,000** **NR**

APPROPRIATIONS COMMITTEE MEETING
June 26, 2001
643 LOB

AMENDMENTS ADOPTED TO SENATE BILL 1005, THE APPROPRIATIONS ACT OF 2001

SB 1005
House Budget Amendments

House Appropriations Committee Amendments

Sponsor/#/Date	Subcomm	Section #	Description
Creech #5 6/25	EDUC	28.29(c)	Ed. Programs for pregnant children Deleted
Arnold #6 6/25	EDUC	28.17(c)	Fairness in Testing Clarify that decision to retain child may be appealed to the local bd.
Blue #7 6/25	EDUC	$ Report	Reduce UNC overhead receipts and increase funds for genomics, bioinfomaticc, optoelectronics, and photonics
Shubert #8 6/25	EDUC	28.24	Study Textbook Distribution Consider eliminating or restructuring Textbook Commission as part of analysis.
Redwine #9 6/25	GEN	2.2(g)	Gen Fund Availability Statement Tech. Correct numbers
Hackney #10 6/25	EDUC	31.6	UNC Honor Budget Reductions. Clarify that UNC flexibility continues to apply except for budget reductions.
Easterling, et al. #12 6/25	EDUC	30.5	ESC Funds Tech. Updated numbers.
Rogers #13 6/25	EDUC	28.26	Guidelines for Charter School Enrollment Tech.—Fix Redlining.
Cole #14 6/25	EDUC	31.13	Transfer Chinqua Penn Funds New, added by amend.
Michaux #15 6/26	EDUC	28.17 28.30	28.17 Fairness in Testing Expand intervention options, include parents in process. Add new 28.17(k) to hold alternative schools/programs accountable. 28.30 Closing Achievement Gap Direct "achievement gap" component to measure subgroup performance to ensure meets State standards.
Michaux #16 6/26	EDUC	$ Report	Increase State Bd. Reserve reduction. Retain State subsidy for Private Diploma Nursing Programs
Nesbitt #20 6/26	EDUC	31.10	Masters Ed/ Study other programs. Study possible engineering school at UNC-Asheville
Michaux #21 6/26	SALARIES & BENEFITS	32.11 32.12	Comm Coll. Personnel/Salary Increases Requires $625 salary increase—eliminates flexibility. 32.12 UNC/EPA Salary Increases Require $625 salary increase—eliminate

			flexibility.
Shubert #22 6/26	EDUC	28.37	Study salary Differentials for Instructional Support Personnel Expand study to include study of salary differentials for instructional personnel as well as instructional support personnel
Blue #23 6/26	EDUC	28.30	Close Achievement Gap Teach children to enjoy reading; add new subsections (c), (d), and (e) to provide for testing of reading ability & enjoyment of reading.
Nesbitt #25 6/26	HHS	21.62	Mental Retardation Center. Transition Plan Develop transition plans only for those appropriate to transfer; those that need institutional services only to private intermediate care facility and to community based services if appropriate. Add new (d) to provide Dept not to close centers until GA enacts closure.
Insko #26 6/26	HHS	21.29	Special Assist. Demonstration Project Increase number of people in project from 400 to 1000 and provide they receive same payment as those in adult care homes.
J. Crawford, Fox #27	HHS	21.61	Whitaker School Delete
Nesbitt #29 6/26	HHS	21.1	DHHS Regional Offices Eliminates directive to reduce DHHS offices. Leaves consolidation requirement intact. Requires inventory of Wake County offices and info on whether those could be moved to another area of the State.
Wright #30 6/26	HHS	21.18F	Transfer Rural Health Div to Public Health Deleted.
Nesbitt #31 6/26	HHS	21.82	Residential Schools for the Deaf Eliminates requirement to develop transition plans for students at Schools for the Deaf
Wright #32 6/26	HHS	21.24(c)	Medicaid Cost Containment and Growth Reduction Directs DHHS to establish reimbursement rates that allow Medicaid providers to comply with certification, license, safety or other mandated standards.
Nye #33 6/26	HHS	21.7	Adult Care Home Reimbursement Rates Makes implementation of reimbursement implementation plan voluntary rather than mandatory.

Nye #34 6/26	HHS	21.32	Area Aging Agencies Cost Savings Study/Reduction in Agencies/Funds Provides number of agencies not to be reduced to fewer than 11. (Was 10)
Wright #35 6/26	HHS	21.62 21.63 21.67	21.62Mental Retardation Ctr Transition Differentiates between recurring & nonrecurring savings. Use NR to transition clients to community based services. Use R for private institution transition and other Olmstead recurring costs. 21.63 Dorothea Dix Hospital Differentiate between R & NR savings. NR for appropriate community based services, R for Olmstead 21.67 Downsizing of Mental Retardation Centers Same principle as above.
Insko #36 6/26	HHS	21.75	Early Childhood Ed. & Dev't Initiatives Enhancements Deletes directive to eliminate local duplication in administering child care subsidies if can show more efficient plan by 1/1/02
Wright #37 6/26	HHS	$ Report	?
Underhill #38 6/26	NER	$ Report	?
Holmes #39 6/26	NER	$ Report	?
Warner #40 6/26	NER	$ Report	?
Culpepper #42 6/26	JPS	26.10 $ Report	Terminate Certain ALE Positions Reduce number of terminated positions from 4 to 3.
Culpepper #48 6/26	JPS	26.7	Transport Persons to/from Butner Deleted by amendment
Hensley #49 6/26	JPS	22.17	Add Dist Ct Judge in Dist. 10 As indicated. Gov. to appoint; Successor to be elected in 2004
Sherrill #50 6/26	GenGov	2.1 $ Report	Fund Printing of NC Manual
Adams #51 6/26	GenGov	7.7	Domestic Violence Staffing Commission Require Deputy Director for Council of Women to have ed, qualifications needed for job.
Nesbitt	HHS	21.67(a1)	Downsizing of Mental Retardation Centers

#52 6/26			Perfects Wright's amendment (#35). Limits use of funds to transition plans by deleting reference to "closing of facilities".
Blue #53 6/26	GenGov	$ Report	Reduce State Capitol Police Force
Nesbitt #54 6/26	TRANS	27.5A $ Report	DOT to Negotiate West. NC Rail Service New, added by amend. $5 million for track improvement to provide rail service to West. NC
Saunders #55 6/26	TRANS	27.22A	DOT Productivity Pilot Programs New, added by amend. Est. 2 pilot programs to test incentive pay for employees: (i) hwy resurfacing & (ii) DOT selects.
Saunders #56 6/26	TRANS	27.27	DOT to Evaluate Proposed School Locations to Enhance Traffic Operations & Safety Require safety evaluation upon land purchase for or before construction of a school. Set 60 day time period within which evaluation must be completed. No requirement to meet the DOT safety recommendations.
Justus #57 6/26	TRANS	27.10	Escort Driver Certification Program Adds new language requiring initially issued ID cards, learner's permits, or driver's licenses to be mailed to address provided by applicant within 10 days of application date. Temporary Ids, licenses, etc. to be issued to applicants and remain valid for 15 days.
Insko #58 6/26	HHS	$ Report	Fund State games--$25,276 NR
Shubert #60 6/26	EDUC	28.17	Fairness in Testing Program Ed Oversight to consider whether Excellent Schools Acts testing provisions have been implemented and whether substituting nationally developed tests complies with Excellent Schools Act. Deleted language that required only consideration of nationally developed tests as sub for State tests.
Redwine #61 6/26	EDUC	31.10	Masters Ed Admin/Study possible schools at various UNC institutions Possible Dentistry School @ ECU.
Grady #62 6/26	Salaries & Benefits	32.33	Allow Payment of Death Benefits to Legal Representative New, added by amendment.
Creech	EDUC	31.13	UNC Bd of Governors Report on Overhead

#64 6/26			Receipts New, added by amendment. As indicated.
Fox #65 6/26	NER	19.14	DENR Position for Scrap Tire Program New, added by amendment. Authorizes use of funds in Scrap Tire Disposal to support position.
Baker #66 6/26	NER	$ Report	Increase funding for Gypsy Moth Control
Tolson #67 6/26	IT	15.1	State Agencies to Report on Intellectual Property
Russell #71			
Michaux #72			
Miller #74			
Easterling, et al. #75			
Earle, Nye #76			

HOUSING APPROPRIATIONS COMMITTEE MEETING

JUNE 26, 2001

CLOSING MOTION

MOVE TO GIVE THE COMMITTEE SUBSTITUTE, AS AMENDED, A FAVORABLE REPORT AND UNFAVORABLE REPORT TO THE SENATE COMMITTEE SUBSTITUTE; STAFF IS INSTRUCTED TO PREPARE A NEW COMMITTEE SUBSTITUTE WITH THE AMENDMENTS ENGROSSED AND STAFF IS AUTHORIZED TO MAKE ANY TECHNICAL CORRECTIONS THAT ARE NEEDED AND TO ADJUST ALL TOTALS IN THE BILL AND THE REPORT AS NECESSARY TO EFFECTUATE AMENDMENTS ADOPTED, INCLUDING INCORPORATION OF THE CAPITAL SUBCOMMITTEE REPORT.

passed by voice vote

Ed DPI Ed for Pregnant ch. Children Exceptional ch. Children

Adopted Passed VV

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 6/25/01

S. B. No. 1005 Amendment No. 5

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE PCS 3873-LHZO

(Rep.) Creech

Sen.)

1 moves to amend the bill on page 214, lines 37 through 52

2 ~~( ) WHICH CHANGES THE TITLE~~

3 by deleting the lines.

4

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SIGNED Billy Creech

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

EC
DPI
Fairness In Program Funding

Adopted
Passed
VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 6
(to be filled in by
Principal Clerk)

S1005-ARH-50 [v.1]

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Arnold

moves to amend the bill on page 204, line 47, by inserting after the word "decision" the following phrase:
"to that local board".

SIGNED Gene Arnold
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed
UNC system
UNC Hospital Reduct'n

1) perfecting amdt passed
2) W/draws perfecting amdt
3

DIVISION
36 YES
27 NO

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 7
(to be filled in by
Principal Clerk)

S1005-AAO-1 [v.1]

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Blue

moves to amend the Committee Report on page F 8 by adding a new item after item 54:
"54.2. Reduce General Fund/Overhead Receipts ($500,000)R ($500,000)R
Budget a portion of overhead receipts generated
from federal indirect cost funds from research grants."

And on page F 10 by rewriting item 81 to read:
"81. Genomics, Bioinfomatics, Optoelectronics, $1,750,000 R $1,750,000 R
and Photonics Research Initiatives
Provides funds for the new genomics,
bioinfomatics, optoelectronics, and photonics

~~perfected~~

Adopted W/O perfecting amdt

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 7
(to be filled in by
Principal Clerk)

S1005-AAO-1 [v.1]

research programs. $500,000 of these funds shall be allocated to the Photonics Consortium."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

S1005-ALE-74 [v.5]

and other issues the Board considers relevant to a comprehensive review of the system."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ED DPI Shubert

Adopted JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 8
(to be filled in by Principal Clerk)

S1005-ALE-74 [v.5]

Date 6/25 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Shubert

moves to amend the bill on page 209, lines 32-39, by deleting the lines and substituting the following:

"**SECTION 28.24.** The State Board of Education shall contract for an analysis of the best and most efficient method to manage textbook distribution to the local schools. The Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis required and select a private consultant to perform the analysis. The analysis shall include such issues as the advisability of eliminating or restructuring the Textbook Commission to improve local control of textbooks, ways to minimize errors in textbooks, timely delivery of textbooks to schools, total costs to the local school systems of providing textbooks to school buildings, use of currently available technology in the process, pricing practices among the textbook publishing industry,

Current Opns + Expansion/Highway Fund

Adopted JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 9
(to be filled in by Principal Clerk)

S1005-ALR-15 [v.2]

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Redwine

moves to amend the bill on page 7, line 8, by deleting the sentence that begins on that line and substituting the following sentence:
"For the 2001-2002 fiscal year, the State Controller shall credit the sum of one hundred twenty-five million dollars ($125,000,000) to the Savings Reserve Account.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 9
(to be filled in by
Principal Clerk)

S1005-ALR-15 [v.2]

Page 1 of 1

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Redwine

moves to amend the bill on page 7, line 8, by deleting the sentence that begins on that line and substituting the following sentence:
"For the 2001-2002 fiscal year, the State Controller shall credit the sum of one hundred twenty-five million dollars ($125,000,000) to the Savings Reserve Account.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed
Univ UNC
Budget Flex

Adopted VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 10
(to be filled in by
Principal Clerk)

S1005-ALB-69 [v.2] 12:25 pm

Date 6.25., 2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Hackney

moves to amend the bill on page 234, line 30, by deleting "**31.6.**" and substituting "**31.6.(a)**"

further moves to amend the bill on page 234, line 38, by adding the following:

"**SECTION 31.6.(b)** Except as provided in subsection (a) of this section, G.S. 116-30.2 and G.S. 116-30.3 remain in full force and effect."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed CC Esc funds

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 12
(to be filled in by
Principal Clerk)

S1005-ALM-7 [v.2]

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

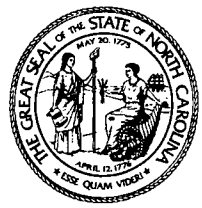
Representatives Easterling, Oldham, Redwine, Thompson

moves to amend the bill on page 224, line 49 through page 225, line 27, by rewriting those lines to read:

"**SECTION 30.5.(a)** There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Community Colleges System Office the sum of twenty-eight million fifty-four thousand two hundred ninety-eight dollars ($28,054,298) for the 2001-2002 fiscal year. These funds shall be used as follows:

		2001-2002
1.	Equipment Funds	$19,154,298
2.	Regional and Cooperative Initiatives	400,000
3.	New and Expanding Industry Training Programs	7,000,000
4.	Focused Industrial Training Programs	1,500,000
	TOTAL	$28,054,298

Funds allocated for Equipment, New and Expanding Industry Training Programs, and Focused Industrial Training Programs shall be nonreverting.



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 12
(to be filled in by
Principal Clerk)

S1005-ALM-7 [v.2]

Funds allocated for equipment shall be placed in the Equipment Reserve Fund and shall be allocated in accordance with the State Board's equipment allocation formula.

Funds allocated for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, public schools, universities, and private business and industry.

SECTION 30.5.(b) Of the funds appropriated by this act from the Employment Security Commission Training and Employment Account for Focused Industrial Training, the sum of two hundred fifty thousand dollars ($250,000) is allocated for the 2001-2002 fiscal year to Catawba Valley Community College for the operation of the Hosiery Technology Center and the sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year is allocated to Guilford Technical Community College for the operation of the Piedmont Triad Center for Advanced Manufacturing.

SECTION 30.5.(c) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the North Carolina Employment Security Commission the sum of seven million thirteen thousand five hundred seventy-four dollars ($7,013,574) for the 2001-2002 fiscal year for the cost of collecting and administrating the training and reemployment contribution and for enhanced re-employment services.

SECTION 30.5(d) To the extent that the State receives more in the Employment Security Commission Training and Employment Account than the funds appropriated in subsections (a) and (c) of this section:

(1) Eighty percent (80%) of these funds are hereby appropriated for the 2001-2002 fiscal year to the Community Colleges System Office for the purposes set out in subsection (a) of this section and the State Board of Community Colleges may allocate the additional funds for those purposes; and

(2) Twenty percent (20%) of these funds are hereby appropriated to the Employment Security Commission for the 2001-2002 fiscal year, and it may allocate the additional funds for those purposes.";

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 12
(to be filled in by
Principal Clerk)

S1005-ALM-7 [v.2]

and by adjusting the figures accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ED
DPI
Charter School Enrollment

AJV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

S1005-ALE-75 [v.1]

Date 6/25 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Rogers

moves to amend the bill on page 212, line 7, by adding after the line the following:

"~~An enrollment growth of greater than ten percent (10%) shall be considered a material revision of the charter application. The State Board may approve an enrollment growth of greater than ten percent (10%) only if the State Board finds that:~~"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

BD
UNC says
VA says
Chinqua-Penn
Foundation

A
VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 14
(to be filled in by
Principal Clerk)

S1005-ALR-19 [v.1]

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Cole

moves to amend the bill on page 238, line 53, by adding the following:
"Requested by: Representative Cole
TRANSFER CHINQUA-PENN PLANTATION FUNDS
SECTION 31.13 All `Friends of Chinqua-Penn' funds and gift shop funds on deposit with The University of North Carolina shall be transferred to the Chinqua-Penn Foundation, Inc.".

SIGNED Nelson Cole
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed DPI Fairness in testing

Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1005-ARH-47 [v.2]

Date June 26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Michaux

moves to amend the bill on page 205, line 15,
by inserting after the word "factors " the following phrase:
"that impact student performance";

and on page 205, lines 19-20, by rewriting the lines to read:
"State end-of-grade test. Focused intervention and accelerated activities should include research-based best practices that meet the needs of students and may include coaching, mentoring, tutoring, summer school, Saturday school, and extended days. Local school";

and on page 205, line 22, by inserting after the word " students." the following new sentence: " Parents should be included in the implementation and ongoing review of personal education plans.";

and on page 206, line 48, by inserting the following new section:
"**SECTION 28.17.(k)** G.S. 115C-105.48 is amended by adding the following new subsection to read:
`(c) When a student is placed in an alternative school or an alternative learning program, the referring school shall continue to be held accountable under Part 3 of

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1005-ARH-47 [v.2]

Article 8B of this Chapter for that student's educational performance and growth. The alternative school or school in which the alternative learning program is located may also be held accountable under Part 3 of Article 8B of this Chapter for that student's educational performance and growth.'";

and on page 215, line 16, by inserting after the word " school." the following new sentence: " The `closing the achievement gap' component shall measure and compare the performance of each subgroup in a school's population to ensure that all subgroups are meeting State standards.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed
2v

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Adopted voice vote 6-26-01

H. B. No. _____ DATE June 25, 2001

S. B. No. _____ Amendment No. 16
(to be filled in by Principal Clerk)

Rep.)
) Michaux
Sen.)

moves to amend the committee report on page F13, [redacted],

by increasing the reduction to Item 103, Reduce State Board Reserve, by $200,000.

and on p. F13 by deleting Item 94 "Eliminate the State Subsidy to Private Diploma Nursing Programs" in its entirety.

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

perfecting to Carpenter amdt #19

passed yes

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 19 A1
(to be filled in by Principal Clerk)

S1005-ALH-22 [v.2]

Date _____ ,2001

limiting restricting amdt.

Comm. Sub. [NO]
Amends Title [NO]
Amend #19(ALR-16)

Representative Carpenter

moves to amend amendment #19(ALR-16) on page 1, lines 8-11, by rewriting those lines to read:

"**SECTION 31.13.(b)** Funds appropriated by this act for the Model Teacher Education Consortium shall be used only for education programs needed by employees of a local school administrative unit who are seeking initial certification as classroom teachers, which includes lateral entry personnel."

SIGNED Marge Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Bd says. Univ Bd Projects

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Adopted VV

H. B. No. _____ DATE 6/25/01

S. B. No. 1005 PCS 3873-LH-20 Amendment No. 20 (to be filled in by Principal Clerk)

Rep.) NESBITT
Sen.)

moves to amend the bill on page 235, line 49,

by rewriting the line to read:

"Carolina University, the University of North Carolina at Asheville, and at Western Carolina University. The Board of Governors shall"

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

ed
cc personnel
Salary Increase
UNC System EPA

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Adopted

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____

S. B. No. 1005

COMMITTEE SUBSTITUTE _____

DATE 6/26/01

Amendment No. 22
(to be filled in by Principal Clerk)

Rep.) Michaux
)
Sen.)

1 moves to amend the bill on page 244, line 5, 10, 19, and 32
2 ( ) WHICH CHANGES THE TITLE
3 by deleting "average"
4
5 further amend the bill on page 244, lines 8-10 by
6 deleting the sentence beginning on line 8
7
8 further amend the bill on page 244, lines 24-26
9 by deleting "shall be allocated to individuals
10 according to the rules adopted by the
11 Board of Governors or the Board of Trustees
12 of the North Carolina School of
13 Science and Mathematics, as appropriate, and"
14
15 further moves to amend the bill on page
16 244, lines 36-38 by deleting "shall be
17 allocated to individuals according to
18 the rules adopted by the Board of
19 Trustees of the North Carolina School of
Science and Mathematics and"

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Approved on acclamation

Date: 6/26, 2001 **Amendment No.** 21

Total: Yes _____ **No** _____ **Bill Number:** S1005

YES	NO	NAME	YES	NO	NAME
___	___	Easterling, Chair	___	___	Church
___	___	Oldham, Chair	___	___	Clary
___	___	Redwine, Chair	___	___	Coates
___	___	Thompson, Chair	✓	___	Cole
___	___	Owens, Vice-Chair	✓	___	Crawford, Mark
___	___	Crawford, Jim Vice-Chair	✓	___	Creech
			___	___	Culp
___	___	Adams	✓	___	Culpepper
___	___	Allred	✓	___	Daughtry
✓	___	Arnold	✓	___	Davis
✓	___	Baker	___	___	Dockham
✓	___	Barbee	✓	___	Earle
✓	___	Barefoot	___	___	Ellis
✓	___	Barnhart	___	___	Esposito
✓	___	Bell	✓	___	Fox
✓	___	Blue	✓	___	Gillespie
✓	___	Bonner	✓	___	Goodwin
___	___	Bowie	___	___	Grady
___	___	Boyd-McIntyre	___	___	Gulley
___	___	Brubaker	___	___	Haire
___	___	Carpenter	___	___	Hall

Stopped here

move to adopt

YES	NO	NAME	YES	NO	NAME
___	___	Harrington	___	___	Rogers
___	___	Hensley	___	___	Russell
___	___	Hiatt	___	___	Saunders
___	___	Hilton	___	___	Setzer
___	___	Holmes	___	___	Sexton
___	___	Howard	___	___	Sherrill
___	___	Hunter	___	___	Shubert
___	___	Insko	___	___	Smith
___	___	Jeffus	___	___	Sutton
___	___	Justus	___	___	Teague
___	___	Kiser	___	___	Tolson
___	___	Lucas	___	___	Tucker
___	___	McAllister	___	___	Underhill
___	___	McLawhorn	___	___	Walend
___	___	Michaux	___	___	Walker
___	___	Miller	___	___	Warner
___	___	Miner	___	___	Warren
___	___	Mitchell	___	___	Warwick
___	___	Morgan	___	___	Weatherly
___	___	Nesbitt	___	___	West
___	___	Nye	___	___	Wilson, G
___	___	Preston	___	___	Wright
			___	___	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

Ed
DPI
Study Comp Diff

Adopted
JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 22
(to be filled in by
Principal Clerk)

S1005-ALE-76 [v.2]

Date 6/26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Shubert

moves to amend the bill on page 217, lines 50-51, by deleting the lines and substituting the following:

"STUDY OF SALARY DIFFERENTIALS FOR INSTRUCTIONAL PERSONNEL AND FOR INSTRUCTIONAL SUPPORT PERSONNEL

SECTION 28.37.(a) The Joint Legislative Education Oversight Committee shall study salary differentials for instructional personnel. In the course of the study, the Committee shall consider the correlation between student performance and salary differentials in the current teacher compensation system, including differentials based on degrees, national certification, and years of service. The Committee shall report its findings and recommendations to the 2002 Regular Session of the 2001 General Assembly."; and

Further moves to amend the bill on page 217, line 52, by deleting **"SECTION 28.37."** and substituting " **SECTION 28.37.(b)**".

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 22
(to be filled in by
Principal Clerk)

S1005-ALE-76 [v.2]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Closing the Achievement Gap

Adopted JJ

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 23
(to be filled in by
Principal Clerk)

S1005-ALE-70 [v.8]

Date 6/26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Blue

moves to amend the bill on page 215, lines 6-10 by deleting the lines and substituting the following:

"The School-Based Management and Accountability Program shall (i) focus on preparing children to read at grade level and to enjoy reading before they enter second grade, (ii) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, ~~(ii)~~ (iii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and ~~(iii)~~ (iv) hold schools accountable for the educational growth of their students. To those";

And further moves to amend the bill on page 215, line 20. by adding after the line the following new subsections:

"SECTION 28.30.(c) G.S. 115C-105.20(a) reads as rewritten:

"(a) The General Assembly believes that all children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. To accomplish that mission, the public schools must prepare children to read at grade

level and to enjoy reading before they enter second grade. With ~~that mission~~ these facts as its guide, the State Board of Education shall develop a School-Based Management and Accountability Program. The primary goal of the Program shall be to improve student performance."

SECTION 28.30.(d) G.S. 115C-105.27 is amended by adding a new subdivision to read:

"(1a) Shall, if the school is an elementary school or other school that serves students in kindergarten or first grade, include a plan for ensuring that all children are prepared to read at grade level and to enjoy reading before they enter second grade. This plan shall include the use of assessment instruments to monitor students' progress in learning to read."

SECTION 28.30.(e) Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.37. Identification of schools in which kindergarten and first grade students are not being adequately prepared to read.**

(a) The State Board of Education shall design and implement a procedure to identify, on an annual basis, schools in which kindergarten and first grade students are not being adequately prepared to read and do not enjoy reading when they enter the second grade. Such schools are those at which more than five percent (5%) of the kindergarten students are not performing at grade level on assessments of readiness to read and/or first grade students are not performing at grade level on reading assessments.

(b) By July 10 of each year, each local school administrative unit shall do a preliminary analysis of assessment results to determine which of its schools the State Board may identify under this section, and whether any teachers are particularly effective or ineffective at teaching reading.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 23
(to be filled in by
Principal Clerk)

S1005-ALE-70 [v.8]

(c) Whenever a child is identified as making less than normal progress in reading, the parents or guardians shall be promptly notified of the specific need and the school's plan to address that need.";

And by relettering the remaining subsections accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS

Adopted VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 25
(to be filled in by
Principal Clerk)

S1005-ALN-34 [v.1]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH-20

Representative Nesbitt

moves to amend the bill on page 116, line 30,
by rewriting the line to read:
"residents of State mental retardation centers, if appropriate, as follows:"; and

further moves to amend the bill on page 116, lines 31 through 33,
by rewriting the lines to read:
"(1) Transfer those residents of the centers that need institutional services to a private intermediate care facility for the mentally retarded."; and

further moves to amend the bill on page 116, lines 37 and 38,
by rewriting the lines to read:
"retardation center to the community-based services and supports, if appropriate. The transition plan shall be developed in"; and

further moves to amend the bill on page 116, line 52,
by adding the following:
"**SECTION 21.62.(d)** The Department shall not close one or more State

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 25
(to be filled in by
Principal Clerk)

S1005-ALN-34 [v.1]

mental retardation centers unless and until the closure is enacted by the General Assembly."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
ASIMS
SP Assistance
Demonstration
Project

Adopted
Division
44 yes

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 26
(to be filled in by
Principal Clerk)

S1005-ALY-30 [v.2]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Insko

moves to amend the bill on page 103, line4, by striking through "400" and inserting after it "1000"; and

further moves to amend the bill on page 103, line 7, by inserting after "2003." The following: "Individuals enrolled in the Special Assistance demonstration project shall receive the same payment amount as received by recipients of Special Assistance who are residents of adult care homes.".

SIGNED Ursla Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 27
(to be filled in by
Principal Clerk)

S1005-ALN-36 [v.1]

Date 6-27 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

Representative J. Crawford, Fox

moves to amend the bill on page 116, lines 7 through 21,
by deleting the lines.

SIGNED J.W. Crawford Jr. Stanley H. Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

DHHS, Central Admin
DHHS Regional Offices

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 29
(to be filled in by
Principal Clerk)

S1005-ALY-32 [v.3]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Nesbitt

moves to amend the bill on page 81, line 32, by eliminating the phrase "and reduce";

and on page 81, lines 33-34 by eliminating the phrase "and reductions";

and on page 81, line 49, by adding the following:

"(3) An inventory of all offices located in Wake County. This inventory shall include the purpose of the office, the number of staff assigned to the office, the cost of operating the office, information on whether the office is co-located or located near another related office, and information on whether the office could be moved to another area of the State."; and

by renumbering the remaining subdivisions in Section 21.1(a) accordingly.

SIGNED Martin Nesbitt
Amendment Sponsor

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 29
(to be filled in by
Principal Clerk)

S1005-ALY-32 [v.3]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NHS Fiscal Asst OFC of Economic Oppt.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 30
(to be filled in by Principal Clerk)

S1005-ALN-33 [v.1]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH-20

Representative Wright

moves to amend the bill on page 91, lines 13 through 20, by deleting the lines.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
Early Intervention & ED
Schools for Deaf

Adopted
VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 31
(to be filled in by
Principal Clerk)

S1005-ALY-33 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Nesbitt

moves to amend the bill on page 133, line 11 by rewriting that line to read:
"within the public school system or the North Carolina Schools for the Deaf and prepare an educational plan for each";

and on page 133, line 14, by replacing the word "transition" with the word "these";

and on page 133, lines 19-20 by deleting those lines.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
Med Assist
Medicaid Cost Containment
& Growth Reduction

Adopted
VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 32
(to be filled in by
Principal Clerk)

S1005-ALN-35 [v.1]

Date Ce 24 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

Representative Wright

moves to amend the bill on page 100, lines 17 through 21,
by rewriting the lines to read:

"**SECTION 21.24.(c)** As part of any efforts to contain Medicaid program costs, the Department of Health and Human Services, Division of Medical Assistance, shall establish reimbursement rates that will allow efficient Medicaid providers to comply with certification requirements, licensure rules, or other mandated quality or safety standards.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
Central Admin Reimbursement
Adult Care Home
Rates implement plan

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 33
(to be filled in by
Principal Clerk)

S1005-ALN-28 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Nye

moves to amend the bill page 84, line 30,
by deleting the word "shall" and substituting "may"; and

further moves to amend the bill on page 84, lines 34 and 35,
by rewriting the lines to read: "for adult care homes.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
Aging
Area Agencies on Aging Cost Savings study

Adopted
VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 34
(to be filled in by
Principal Clerk)

S1005-ALN-27 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

Representative Nye
moves to amend the bill on page 104, line 39
by deleting "10." and substituting "11.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
mental retardation Cuts

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 35
(to be filled in by Principal Clerk)

S1005-ALN-29 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

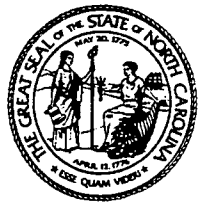
Representative Wright

moves to amend the bill on page 116, lines 40 through 45,
by rewriting the lines to read:

"**SECTION 21.62.(b)** The Department may use funds from the Reserve for Mental Health Reform to facilitate the transition of residents into alternative community-based services as required under subsection (a) of this section. Non-recurring savings realized from implementation of the plan required under subsection (a) of this section shall be deposited to the Reserve For Mental Health Reform to be used to facilitate the transition of clients into appropriate community-based services and supports in accordance with Section 21.58 of this act. Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for (i) implementation of subsection (a)(1) and (2) of this section, and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W."; and

further moves to amend the bill on page 117, line 32,
by inserting before the word "savings" the word "non-recurring"; and

further moves to amend the bill on page 117, line 35,



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALN-29 [v.1]

by adding the following: "Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for (i) implementation of subsections (a) and (b) of this section, and (ii) to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead v. L.C. & E.W."; and

further moves to amend the bill on page 120, lines 32 through 36,
by rewriting the lines to read:

SECTION 21.67.(a1) Any savings in State appropriations in excess of two million nine hundred thousand dollars ($2,900,000) in each year of the 2001-2003 fiscal biennium that result from reductions in beds or services shall be applied as follows:

(1) Non-recurring savings shall be placed in the Reserve for Mental Health System Reform and shall be used to facilitate the closing of the facility and the transition of clients into appropriate community-based services and support in accordance with Section 21.58 of this act, and

(2) Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers including both the savings in direct State appropriations in the budgets of the State mental

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALN-29 [v.1]

retardation centers as well as the savings in the State matching portion of reduced Medicaid payments associated with downsizing.

SIGNED
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

+HS
Child Dev

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 36
(to be filled in by
Principal Clerk)

S1005-ALY-29 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Insko

moves to amend the bill on page 126, lines 5-6, by rewriting those lines to read:

" efficiency in the administration of child care subsidy funds, unless local partnerships in collaboration with County Departments of Social Services can demonstrate to the Department a more efficient and effective plan for administration of child care subsidy no later than January 1, 2002, including the following:".

SIGNED Ursula Insko
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS Div of Child Dev. - positions eliminations

Displaced A WW

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 37
(to be filled in by
Principal Clerk)

S1005-ALN-31 [v.1]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

Representative Wright

moves to amend the DHHS Committee Report on page G4, Item #38, by increasing the amount of the reduction by $25,276 for each fiscal year, and increasing the number of positions cut from 15 to 16; and

further moves to amend the DHHS Committee Report by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NCR money report

A V

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 38
(to be filled in by
Principal Clerk)

S1005-ALD-3 [v.5]

Date 6/26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
(House Appropriations Committee Report)

Underhill

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on Page H 10, Item # 58, Reduce Fisheries Resource Grant Program, by increasing the reduction by the sum of one hundred twenty-nine thousand fifty-eight dollars ($129,058) for the 2001-2002 fiscal year and for the 2002-2003 fiscal year; and

on Page H 11, Item # 68, Eliminate Vacant Positions, by reducing the reduction to eliminate vacant positions by the sum of fifty-one thousand fourteen dollars ($51,014) for the 2001-2002 fiscal year and for the 2002-2003 fiscal year; and

on Page H 11, Item # 68, Eliminate Vacant Positions, by deleting "**68 Eliminate Vacant Positions**" and substituting "**68 Eliminate Vacant Position**"; and

on Page H 11, Item # 68, by deleting the language:
"Eliminate vacant positions and reduce operating support.

		-2.00	-2.00
Environmental Supervisor I	($47,514)		
Processing Assistant IV	($29,797)		
Operating Support	($ 7,000)" and substituting the language:		

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 38
(to be filled in by
Principal Clerk)

S1005-ALD-3 [v.5]

"Eliminate vacant Processing Assistant IV position
and reduce $3,500 in operating support.
-1.00 -1.00": and

on page H 13, Item # 85, Eliminate Vacant Positions, by reducing the reduction to eliminate vacant positions by the sum of seventy-eight thousand forty-four dollars ($78,044) for the 2001-2002 fiscal year and for the 2002-2003 fiscal year; and

on Page H 13, Item # 85, by deleting the language:
"Eliminate vacant positions and reduce operating support.
-8.00 -8.00" and
substituting the language:
"Eliminate vacant positions and reduce operating support.
-7.00 -7.00": and

on Page H 13, Item # 85, by deleting the language:
"Environmental Supervisor II ($74,544)"; and

on Page H 13, Item # 85, by reducing the reduction for operating support by the sum of three thousand five hundred dollars ($3,500) for the 2001-2002 fiscal year and for the

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 38
(to be filled in by
Principal Clerk)

S1005-ALD-3 [v.5]

2002-2003 fiscal year; and

by adjusting the appropriate totals accordingly.

SIGNED Alice D. Underhill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NSR
RFI
reduce regional
reduce
office
positions

AW

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 39
(to be filled in by
Principal Clerk)

S1005-ALM-8 [v.1]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20
House Appropriations Committee Report

Representative Holmes

moves to amend Section H of the 2001 House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets as follows:
on page H17,
by deleting item 97 Reduce Regional Office Positions; and

on page H19, item 110 Reduce Advertising,
by increasing the reduction for FY 2001-02 and FY 2002-03 by the sum of $52,800; and

by adjusting the appropriate totals accordingly.

SIGNED George M. Holmes
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ER
Ag + Consumer Srvs
money Rpt

A JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 40
(to be filled in by
Principal Clerk)

S1005-ALD-4 [v.5]

Date 6/26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
House Appropriations Committee Report

RepresentativeWarner

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, on Page H 4, Item 26 Increase Gypsy Moth Control Funds, by decreasing the amount by the sum of five thousand dollars ($5,000) for the 2001-2002 fiscal year; and

on Page H 14, by adding the following language:
"95.1 Fresh Water Aquarium
Provides planning funds for the Cape Fear River Assembly, Inc.
to establish a fresh water aquarium. $5,000NR"; and
by renumbering the items accordingly and adjusting the appropriate totals in the report and in SB 1005 (PCS S1005-PCS3873-LH-20) accordingly.

SIGNED Floyd Warner
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

8P5

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 42
(to be filled in by
Principal Clerk)

S1005-ALT-10 [v.3]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Culpepper

moves to amend the Proposed Committee Substitute on page 175, line 25, by deleting the word "four" and substituting the word "three";

and further moves to amend the Committee Report on page I 18, item 97, by rewriting that item to read:

"97 Eliminate District Supervisor Positions	**($266,928) R**
ALE shall eliminate 3 additional district supervisor positions by June 30, 2002. The cut includes reductions in salaries and benefits and operating expenses."	-3.00

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

JPS

A nv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 48
(to be filled in by
Principal Clerk)

S1005-ALT-9 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Culpepper

moves to amend the Proposed Committee Substitute on page 173, line 45 through page 174, line 16, by deleting those lines.

SIGNED Bill Culpepper
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

JPS Dept
Jud
New Section

A 1

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1005-ALL-8 [v.7]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873

Representative Hensley

moves to amend the bill on page 154, line 8,
by inserting a new section to read:

"Requested by: Representative Hensley
ADD DISTRICT COURT JUDGESHIP IN DISTRICT COURT DISTRICT 10
SECTION 22.17.(a) G.S. 7A-133(a) reads as rewritten:
"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	5	Camden
		Chowan
		Currituck
		Dare
		Gates
		Pasquotank
		Perquimans
2	4	Martin



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1005-ALL-8 [v.7]

		Beaufort
		Tyrrell
		Hyde
		Washington
3A	5	Pitt
3B	5	Craven
		Pamlico
		Carteret
4	8	Sampson
		Duplin
		Jones
		Onslow
5	7	New Hanover
		Pender
6A	2	Halifax
6B	3	Northampton
		Bertie
		Hertford
7	7	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	4	Granville
		(part of Vance
		see subsection (b))
		Franklin
9A	2	Person

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1005-ALL-8 [v.7]

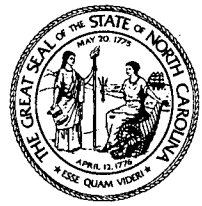
			Caswell
9B		2	Warren
			(part of Vance
			see subsection (b))
10		~~14~~ 15	Wake
11		8	Harnett
			Johnston
			Lee
12		9	Cumberland
13		6	Bladen
			Brunswick
			Columbus
14		6	Durham
15A		4	Alamance
15B		4	Orange
			Chatham
16A		3	Scotland
			Hoke
16B		5	Robeson
17A		3	Rockingham
17B		3	Stokes
			Surry
18		12	Guilford
19A		4	Cabarrus
19B		6	Montgomery
			Moore
			Randolph
19C		4	Rowan
20		7	Stanly

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1005-ALL-8 [v.7]

			Union
			Anson
			Richmond
21		8	Forsyth
22		9	Alexander
			Davidson
			Davie
			Iredell
23		4	Alleghany
			Ashe
			Wilkes
			Yadkin
24		4	Avery
			Madison
			Mitchell
			Watauga
			Yancey
25		8	Burke
			Caldwell
			Catawba
26		17	Mecklenburg
27A		6	Gaston
27B		4	Cleveland
			Lincoln
28		6	Buncombe
29		6	Henderson
			McDowell
			Polk
			Rutherford



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by Principal Clerk)

S1005-ALL-8 [v.7]

			Transylvania
30		5	Cherokee
			Clay
			Graham
			Haywood
			Jackson
			Macon
			Swain."

SECTION 22.17.(b) The Governor shall appoint the additional district court judge for District Court District 10 authorized by subsection (a) of this section. The judge's successor shall be elected in the 2004 election for a four-year term commencing on the first Monday in December 2004.

SECTION 22.17.(c) This section becomes effective December 1, 2001.";

and on page 3, line 20,
by reducing the amounts on that line by $86,943 for the 2001-2002 fiscal year and by 123,504 for the 2002-2003 fiscal year;

and on page 3, line 24,
by increasing the amounts on that line by $86,943 for the 2001-2002 fiscal year and by 123,504 for the 2002-2003 fiscal year;

and further moves to amend the House Appropriations Committee Report on page I 3, by inserting a new item on that page:

"**24A**	**New District Court Judge**	$74,734	R	$123,504	R
Funds are provided to add an additional		$12,209	NR		
District Court judgeship in District 10		1.00			
(Wake County), effective December 1, 2001.";					

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1005-ALL-8 [v.7]

and on page I 16, Item 86,
by reducing the recurring amounts for that item by $74,734 for the 2001-2002 fiscal year and by $123,504 for the 2002-2003 fiscal year, and by reducing the nonrecurring amount for the 2001-2002 fiscal year by $12,209;

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 50
(to be filled in by Principal Clerk)

S1005-ALB-65 [v.4]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Sherrill

moves to amend the bill on page 4, line 1, by reducing the amount for fiscal year 2001-2002 by $95,000, and on page 4, line 13, by increasing the amount for fiscal year 2001-2002 by $95,000

amend the committee report on page J8 by reducing Item 15 for FY 2001-02 by $95,000, and by deleting "remaining $200,000" and substituting "remaining $105,000"

further amend the committee report on Page J10 under Fund 1120 by adding an Item for FY 2001-02

"19A North Carolina Manual $95,000 NR
Printing of the North Carolina Manual"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

GG
DO Adm
Domestic Violence

A VU

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 51
(to be filled in by
Principal Clerk)

S1005-ALU-11 [v.1]

Date Ce · 2 · 6 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Adams

moves to amend the bill on page 39, line 49,
by adding the following at the end of the line before the quotation mark:
"The person assigned as Deputy Director shall have the education, experience, and any other qualifications necessary for the position."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 51
(to be filled in by
Principal Clerk)

S1005-ALU-11 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Adams

moves to amend the bill on page 39, line 49,
by adding the following at the end of the line before the quotation mark:
"The person assigned as Deputy Director shall have the education, experience, and any other qualifications necessary for the position."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

DHHS

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

A VV

EDITION No. _____

H. B. No. _____ DATE 6/26/01

S. B. No. 1005 Amendment No. 52
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE 3873-4H2D

Rep. Nesbitt
Sen.)

Amendment #35

moves to amend ~~the bill on page~~ on page 2, lines 15 and 16

~~( ) WHICH CHANGES THE TITLE~~

by deleting "the closing of the facility and".

SIGNED Martin Nesbitt

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Gen. Gov't

A JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 53
(to be filled in by
Principal Clerk)

S1005-ALE-80 [v.3]

Date 6.26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Blue

moves to amend the committee report on page J1, item #1, by decreasing the amount for the 2001-2002 fiscal year by $472,124;

And further moves to amend the committee report on page J1, item #1, by adding at the end of item #1 the following:
"438995 Carryforward Reserve – ($472,124) R -- ";

And further moves to amend the committee report on page J21, item # 50, by rewriting the item to read:

"**50**	**Reduce State Capitol Police Force**	($299,985) R	($1,054,129) R
	Reduce State Capitol Police Force by eliminating 12 vacant positions (Major, 5 Police Officer Is, 1 Telecommunicator, and 5 Property Guards) effective July 1, 2001 and an additional 21 positions (1 Chief, 6 Police Officer II positions, 10 Police Officer I positions, 3 Police Officer III (Lieutenants) positions, and 1 Telecommunicator position) effective	-12.00	-33.00

July 1, 2002. The remaining force will consist of 3 Police Officer III (Lieutenant) positions, 19 Police Officer I positions assigned as building officers, 5 Property Guards, 1 Security Guard, 2 Telecommunicators and 1 Administrative Assistant.

The patrol responsibilities will be assumed by the City of Raleigh beginning July 1, 2002.

Five of the positions that are being eliminated in the second year are funded with receipts from the state parking system. Thus, the total reduction will be allocated between appropriations and receipts as noted below:

General Fund	FY 2001-02	FY 2002-03
Sal/Benefits	($299,985)	($989,849)
Operating		($64,280)
TotalGF	($299,985)	($1,054,129)
Receipts	($ 0)	($174,160)
Total	($299,985)	($1,228,289)";

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 53
(to be filled in by
Principal Clerk)

S1005-ALE-80 [v.3]

And by modifying the totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Transportation

A JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 54
(to be filled in by
Principal Clerk)

S1005-ALK-57 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Nesbitt

moves to amend the bill on page 177, line 22,
by inserting immediately after that line:
"Requested by: Representative Nesbitt
DEPARTMENT OF TRANSPORTATION TO NEGOTIATE ON WESTERN NORTH CAROLINA RAIL SERVICE

SECTION 27.5A. The Department of Transportation shall negotiate with the Norfolk Southern Corporation on use of the tracks to provide western North Carolina rail service. The Department may use the Reserve for Western North Carolina Rail Service for track improvements necessary to implement rail service to western North Carolina. The Department shall report every six months, beginning on January 1, 2002, to the Joint Legislative Commission on Governmental Operations on the progress of the negotiations with the Norfolk Southern Corporation and the track improvements in western North Carolina and shall report, annually, to the General Assembly on these matters.";
and further moves to amend the Committee Report on page K 2, item 9 by rewriting that item to read:

"**Charlotte Station**
Funds remaining land acquisition $10,000,000 NR
For new multi-modal station in

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 54
(to be filled in by
Principal Clerk)

S1005-ALK-57 [v.1]

Charlotte.";
and further moves to amend the Committee Report on page K 2,
by adding a new item 9.1 to read:
"**9.1 Reserve for Western North Carolina Rail Service.** $5,000,000 NR
Funds to be used for track improvements to provide rail service to western North Carolina."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Transportation

Adopted
Division
4 2 4

from secondary road pairing

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 55
(to be filled in by
Principal Clerk)

S1005-ALK-52 [v.1]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Saunders

moves to amend the bill on page 183, line 5,
by inserting immediately after that line:
"Requested by: Representative Saunders
DEPARTMENT OF TRANSPORTATION PRODUCTIVITY PILOT PROGRAMS

SECTION 27.22A. The Department of Transportation may establish two pilot programs to test incentive pay for employees as a means for increasing efficiency and productivity.

One of the pilot programs shall involve the highway resurfacing program using road oil. Up to .25% of the budget allocation for this program may be used to provide employee incentive payments.

The other pilot project may be selected by the Department of Transportation and up to $25,000 may be used from existing budgets for incentives.

Incentive payments shall be based on quantifiable measures and production schedules determined prior to the implementation of the pilot programs that shall last no more than two years.

The Department of Transportation shall report to the Joint Legislative

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

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(to be filled in by
Principal Clerk)

S1005-ALK-52 [v.1]

Transportation Oversight Committee on the pilot programs at least 30 days prior to their implementation."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Trans Evaluate Public & Private schools

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 56
(to be filled in by Principal Clerk)

S1005-ALK-55 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Saunders

moves to amend the bill on page 185, line 36,
by rewriting that line to read:
"private entities shall, upon acquiring land for a new school or prior to beginning construction of a new school,";
and further moves to amend the bill on page 185, line 43,
by rewriting that line to read:
"within a reasonable time, which shall not exceed 60 days. This subdivision shall not be construed to require the public or private entities planning schools to meet the recommendations made by the Department."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

A JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 57
(to be filled in by
Principal Clerk)

S1005-ALK-58 [v.4]

Date 26 June ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Justus

moves to amend the bill on page 179, line 33,
by rewriting that line to read:
"**ESCORT DRIVER CERTIFICATION PROGRAM/ISSUANCE OF INITIAL IDENTIFICATION CARDS, LEARNER'S PERMITS, AND DRIVERS LICENSES**";
and further moves to amend the bill on page 179, line 34,
by rewriting that line to read:
"**SECTION 27.10(a)** G.S. 20-119 is amended by adding a new subsection to";
and further moves to amend the bill on page 179, line 43,
by inserting immediately after that line:
"**SECTION 27.10(b)** G.S. 20-7(b1) reads as rewritten:
'(b1) Application. – To obtain a drivers license from the Division, a person must complete an application form provided by the Division, present at least two forms of identification approved by the Commissioner, be a resident of this State, and demonstrate his or her physical and mental ability to drive safely a motor vehicle included in the class of license for which the person has applied. The Division may copy the identification presented or hold it for a brief period of time to verify its authenticity. To obtain an endorsement, a person must demonstrate his or her physical

and mental ability to drive safely the type of motor vehicle for which the endorsement is required.

The application form must request all of the following information, and it must contain the disclosures concerning the request for an applicant's social security number required by section 7 of the federal Privacy Act of 1974, Pub. L. No. 93-579:

(1) The applicant's full name.

(2) The applicant's mailing address and residence address.

(3) A physical description of the applicant, including the applicant's sex, height, eye color, and hair color.

(4) The applicant's date of birth.

(5) The applicant's social security number. The Division shall not issue a license to an applicant who fails to provide the applicant's social security number.

(6) The applicant's signature.

All initially issued identification cards, learner's permits, or drivers licenses shall be mailed to the address supplied by the applicant on the application, by first class mail, within 10 days of the application date. The Division shall issue to applicants temporary identification cards, learner's permits, or drivers licenses valid for 15 days.

The notice that the initial identification card, learner's permit, or drivers license will be mailed to a successful applicant at the address the applicant supplied shall be prominently displayed at the local Division office in English and in Spanish.'

SECTION 27.10(c) The Division may use funds available during the 2001-2002 fiscal year to pay any additional expenses resulting from the issuance of

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALK-58 [v.4]

temporary initial identification cards, learner's permits, or drivers licenses and the subsequent mailing of those documents as required by subsection (b) of this section."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

A 33/27

EDITION No. _____

H. B. No. _____ DATE 6-26

S. B. No. _____ Amendment No. 58
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Insko
Sen.)

Committee Report

moves to amend the ~~bill~~ on page 69, line _____

( ) WHICH CHANGES THE TITLE

by adding a new item as follows

"90.1 State Games [redacted] $25,226NR

Supports the State Games of North Carolina to promote health and Fitness. ";

and to adjust the item numbers and the appropriate totals accordingly.

SIGNED Verla Insko

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 60
(to be filled in by
Principal Clerk)

S1005-ALE-82 [v.1]

Date 6.26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Shubert _____

moves to amend the bill on page 205, lines 52-53, by deleting the language " Whether the State should consider the use of nationally developed tests as a substitute to State-developed testing." and substituting the following:
"The extent to which the provisions of the Excellent Schools Act regarding testing have been implemented, and this shall be reported to the General Assembly. In determining whether the State should consider the use of nationally developed tests as a substitute for state-developed testing, the Committee shall consider the testing provisions of the Excellent Schools Act."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

A JV

EDITION No. _____

H. B. No. _____ DATE 6-26

S. B. No. _____ Amendment No. 61
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Redwine
Sen.)

moves to amend the bill on page 235, lines 47-51

( ) WHICH CHANGES THE TITLE

by rewriting to read:

" Section 31.10(d) The Board of Governors of the University of North Carolina shall study the feasibility of establishing a School of Dentistry and a School of Engineering at East Carolina University. The Board shall also study the feasibility of establishing a School of Engineering at the University of North Carolina at Asheville and Western Carolina University."

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 61
(to be filled in by
Principal Clerk)

S1005-ALH-23 [v.3]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Redwine

moves to amend the bill as amended by amendment #20 on page 235, lines 23-25,
by rewriting those lines to read:
"UNC-PEMBROKE/STUDY POSSIBLE PHARMACY SCHOOL AT ECSU, POSSIBLE DENTISTRY SCHOOL AT ECU, AND POSSIBLE ENGINEERING SCHOOL AT UNC-ASHEVILLE AND AT WESTERN CAROLINA" ; and

moves to amend the bill as amended on page 235, lines 48-49,
by deleting "East Carolina University,"; and

moves to amend the bill as amended on page 235, line 52,
by adding the following:

"SECTION 31.10.(e) The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Dentistry at East Carolina University. The Board of Governors shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by April 1, 2002."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALH-23 [v.3]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted voice vote

Pensions Retirement

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 62
(to be filled in by
Principal Clerk)

S1005-ARO-11 [v.2]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Grady

moves to amend the bill on page 266, line 35, by inserting the following new section:

"Requested by: Representative Grady

ALLOW PAYMENT OF DEATH BENEFITS TO LEGAL REPRESENTATIVE

SECTION 32.33.(a) G.S. 135-5(1) reads as rewritten:

'(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is separate and apart from the Retirement System and under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under the Group Life Insurance Plan, of the death, in service, of a member who had completed at least one full calendar year of membership in the Retirement System, there shall be paid to such person as he shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

(1) The compensation on which contributions were made by the member during the calendar year preceding the year in which his death occurs, or

(2) The greatest compensation on which contributions were made by the member during a 12-month period of service within the 24-month period of service ending on the last day of the month preceding the month in which his last day of actual service occurs;

(3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s. 2.

subject to a minimum of twenty-five thousand dollars ($25,000) and to a maximum of fifty thousand dollars ($50,000). Such death benefit shall be payable apart and separate from the payment of the member's accumulated contributions under the System on his death pursuant to the provisions of subsection (f) of this section. For the purpose of the Plan, a member shall be deemed to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service.

The death benefit provided in this subsection (l) shall not be payable, notwithstanding the member's compliance with all the conditions set forth in the preceding paragraph, if his death occurs

(1) After December 31, 1968 and after he has attained age 70; or
(2) After December 31, 1969 and after he has attained age 69; or
(3) After December 31, 1970 and after he has attained age 68; or
(4) After December 31, 1971 and after he has attained age 67; or
(5) After December 31, 1972 and after he has attained age 66; or
(6) After December 31, 1973 and after he has attained age 65; or
(7) After December 31, 1978, but before January 1, 1987, and after he has attained age 70.

Notwithstanding the above provisions, the death benefit shall be payable on account of the death of any member who died or dies on or after January 1, 1974, but before January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or she had not yet attained age 66, was at the time of death completing the work year for those individuals under specific contract, or during the fiscal year for those individuals

not under specific contract, in which he or she attained 65, and otherwise met all conditions for payment of the death benefit.

Notwithstanding the above provisions, the Board of Trustees may and is specifically authorized to provide the death benefit according to the terms and conditions otherwise appearing in this Plan in the form of group life insurance, either (i) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for such purpose. To that end the Board of Trustees is authorized, empowered and directed to investigate the desirability of utilizing group life insurance by either of the foregoing methods for the purpose of providing the death benefit. If a separate trust fund is established, it shall be operated in accordance with rules and regulations adopted by the Board of Trustees and all investment earnings on the trust fund shall be credited to such fund.

In administration of the death benefit the following shall apply:

(1) For the purpose of determining eligibility only, in this subsection "calendar year" shall mean any period of 12 consecutive months or, if less, the period covered by an annual contract of employment. For all other purposes in this subsection "calendar year" shall mean the 12 months beginning January 1 and ending December 31.

(2) Last day of actual service shall be:

a. When employment has been terminated, the last day the member actually worked.

b. When employment has not been terminated, the date on which an absent member's sick and annual leave expire, unless he is on approved leave of absence and is in service under the provisions of G.S. 135-4(h).

(3) For a period when a member is on leave of absence, his status with respect to the death benefit will be determined by the provisions of G.S. 135-4(h).

(4) A member on leave of absence from his position as a teacher or State employee for the purpose of serving as a member or officer of the General Assembly shall be deemed to be in service during sessions of the General Assembly and thereby covered by the provisions of the death benefit. The amount of the death benefit for such member shall be the equivalent of the salary to which the member would have been entitled as a teacher or State employee during the 12-month period immediately prior to the month in which death occurred, not to be less than twenty-five thousand dollars ($25,000) nor to exceed fifty thousand dollars ($50,000).

The provisions of the Retirement System pertaining to Administration, G.S. 135-6, and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service. The basis of the death benefit payable hereunder shall be the higher of the death benefit computed as above or a death benefit based on compensation used in computing the benefit payable under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability increases, all subject to the maximum dollar limitation as provided above. A member in receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112 whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after July

1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal

representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse.'

SECTION 32.33.(b) G.S. 135-64(h) reads as rewritten:

'(h) Upon the death of a retired member on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse, or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the

member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse.'

SECTION 32.33.(c) G.S. 128-27(l 3) reads as rewritten:

'(l 3) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this subsection, of the death of a retired member of the Retirement System on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired member or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Board of Trustees on a fully contributory basis through retirement allowance deductions or other methods adopted by the Board of Trustees, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse.'

SECTION 32.33.(d) G.S. 120-4.27 reads as rewritten:

'**§ 120-4.27. Death benefit.**

The designated beneficiary of a member who dies while in service after completing one year of creditable service shall receive a lump-sum payment of an amount equal to the deceased member's highest annual salary, to a maximum of fifteen thousand dollars ($15,000). For purposes of this death benefit "in service" means currently serving as a member of the North Carolina General Assembly.

The death benefit provided by this section shall be designated a group life insurance benefit payable under an employee welfare benefit plan that is separate and apart from the Retirement System but under which the members of the Retirement System shall participate and be eligible for group life insurance benefits. The Board of Trustees is authorized to provide the death benefit in the form of group life insurance either by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in the State of North Carolina for the purpose of insuring the lives of qualified members in service, or by establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after July 1, 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of five thousand dollars ($5,000) upon the completion of twenty-four months of contributions required under this subsection. Should death occur before the completion of twenty-four months of contributions required under this subsection, the deceased retired member's surviving

NORTH CAROLINA GENERAL ASSEMBLY
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(to be filled in by
Principal Clerk)

S1005-ARO-11 [v.2]

spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees.

Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member of the Retirement System or Retirement Fund on or after January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased retired member, or to the deceased retired member's legal representative if not survived by a spouse; provided the retired member has elected, when first eligible, to make, and has continuously made, in advance of his death required contributions as determined by the Retirement System on a fully contributory basis, through retirement allowance deductions or other methods adopted by the Retirement System, to a group death benefit trust fund administered by the Board of Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of six thousand dollars ($6,000) upon the completion of 24 months of contributions required under this subsection. Should death occur before the completion of 24 months of contributions required under this subsection, the deceased retired member's surviving spouse or legal representative if not survived by a spouse shall be paid the sum of the retired member's contributions required by this subsection plus interest to be determined by the Board of Trustees. Payment of this lump-sum amount shall be made to the deceased retired member's surviving spouse or to the member's legal representative if the member is not survived by a spouse, provided the deceased retired member had not, prior to the member's death, instructed the Board of Trustees in writing that the member did not want the lump-sum payment made to the member's surviving spouse, and that payment should be paid to the member's legal representative as if the member were not survived by a spouse.'

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(to be filled in by
Principal Clerk)

S1005-ARO-11 [v.2]

SECTION 32.33.(e) This act becomes effective July 1, 2001."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Educ.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 64
(to be filled in by
Principal Clerk)

S1005-ALH-24 [v.2]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Creech

moves to amend the bill on page 238, line 53, by adding to that line the following:
"Requested by: Representative Creech
UNC BOARD OF GOVERNORS REPORT ON OVERHEAD RECEIPTS
SECTION 31.13. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee by March 1, 2002, and annually thereafter, on the amount of overhead receipts for the University system and the use of those receipts."

SIGNED Billy Creech
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NER

A JV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 65
(to be filled in by
Principal Clerk)

S1005-ALD-5 [v.2]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
SB 1005 (S1005-PCS3873-LH-20)

Representative Fox

moves to amend the bill on page 66, line 53, by adding after that line the following:
"Requested by: Representatives Fox, Owens
DENR POSITION FOR SCRAP TIRE PROGRAM
SECTION 19.14. Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d) are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year and for the 2002-2003 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites."

SIGNED Stan Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NER

Adopted VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 66
(to be filled in by
Principal Clerk)

S1005-ALD-6 [v.1]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
SB1005 (S1005-PCS3873-LH-20), House Appropriations Committee Report, as amended by Amendment #40

Representative Baker

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, as amended by Amendment #40, on Page H 4, Item 26 Increase Gypsy Moth Control Funds, by increasing the amount for the 2001-2002 fiscal year, as amended, by the sum of $5,000; and

on Page H 11, Item 65 Increase Receipts, by increasing the reduction for the 2001-2002 fiscal year by the sum of $5,000; and

by adjusting the appropriate totals in the House Appropriations Committee Report, as amended, and S1005-PCS3873-LH-20 accordingly.

SIGNED Leo L. Baker
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

IT Intellectual property

AVV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 67
(to be filled in by
Principal Clerk)

S1005-ALB-67 [v.2]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Tolson

moves to amend the bill on page 51, line 44 through page 52, line 6, by rewriting those lines to read:

"**STATE AGENCIES TO REPORT ON INTELLECTUAL PROPERTY**

SECTION 15.1.(a) Prior to the transfer of any patentable intellectual property or the release of any State grants or loans to non-State entities for purposes related to the development of patentable intellectual property, each State department, agency, institution or other entity of the State shall prepare a written evaluation of the following matters:

(1) If the proposed or pending transaction involves the transfer of patentable intellectual property developed by State employees within the scope of their employment:

a. The nature of the state's interest in the patentable intellectual property.

b. The potential value of the state's interest in the patentable intellectual property.

c. How to best protect the State's interest in the patentable intellectual property, as appropriate.

(2) If the proposed or pending transaction involves the release of state grants or loans to a non-State entity for purposes related to the

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 67
(to be filled in by
Principal Clerk)

S1005-ALB-67 [v.2]

development of patentable intellectual property, the extent to which the release or the use of the State grants or loans for purposes related to the development of patentable intellectual property may affect the public purpose of the State financial aid to the non-State entity.

Each State agency engaging in transfers of patentable intellectual property or the release of State grants or loans subject to this subsection shall, immediately upon the completion of the written evaluation required by this section, forward a copy of the written evaluation to the Governor, the Joint Legislative Commission on Governmental Operations, and the Chairs of the House of Representatives Science and Technology Committee and the Senate Information Technology Committee.

SECTION 15.1.(b) The provisions of subsection (a) of this section do not apply to The University of North Carolina and its constituent institutions, or to the North Carolina Community Colleges System, or to employees of these respective institutions who are subject to the intellectual property and inventor policies of the institutions employing them."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 71
(to be filled in by
Principal Clerk)

S1005-ALY-40 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Russell

moves to amend the bill on page 91, line 21, by inserting the following on that line:

"Requested by: Representatives Nesbitt and Russell
DHHS SUPPORT TO LOCAL GOVERNMENTS

SECTION 21.18G. It is the intent of the General Assembly that the Department of Health and Human Services continue to provide human resources assistance to local governments that were previously provided by the Regional Personnel Offices notwithstanding the loss of related positions.

SIGNED Carolyn Russell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 72
(to be filled in by
Principal Clerk)

S1005-ALL-12 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS 3873

Representative Michaux

moves to amend the bill on page 144, line 33-34,
by deleting the quotation marks on line 33 and inserting on line 34:
"(j) Each community mediation center receiving State funds shall function as, or as part of, a nonprofit organization or local government entity. A community mediation center functioning as a nonprofit organization shall have a governing board of directors that consists of a significant number of citizens from the surrounding community. State funds may not be used for indirect costs associated with contracts between the community mediation center and another entity for the provision of management or related services."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

AVV

EDITION No. _____

H. B. No. _____ DATE 6/26/2001

S. B. No. 1005 Amendment No. 74
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Miller
Sen.)

moves to amend the bill on page 56, line 46

( ) WHICH CHANGES THE TITLE

by deleting December 1, 2001, and substituting "April 1, 2002,";

and further moves to amend the bill on page 56, lines 48-49, by inserting the following between those lines:

"SECTION 15.5.(e) The study shall also compare the costs of outsourcing discrete functions and activities versus performing those activities with State government employees or contractors working for State agencies."

SECTION 15.5.(f) G.S. 143-23 is amended by adding a new subsection to read:

"(a5) Notwithstanding any other provision of this section, a department, institution or other spending agency of the State may, with the approval of the Director of the Budget, increase the amount of funds available for salaries, wages, and related expenses in connection with the hiring and retention of State employees to work in information technology positions, provided that there is a corresponding reduction in recurring funds, at a minimum, in the expenditures line item for purchased contractual services related to information technology. Departments and entities of State government shall employ the mechanism provided for in this section exclusively to maximize cost savings to the State for information technology services."

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

clean up

A voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 75
(to be filled in by Principal Clerk)

S1005-ALB-71 [v.2]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representatives Easterling, Oldham, Redwine, Thompson

moves to amend the bill on page 59, line 51, by deleting "House Bill 232" and substituting "House Bill 1430"

further moves to amend the bill on page 239, line 32, by deleting ", Health"

further moves to amend the bill on page 251, line 52, by deleting "134-40.6(7)a." and substituting "135-40.6(7)a."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

DHHS

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 76
(to be filled in by
Principal Clerk)

S1005-ALY-39 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Earle and Nye

moves to amend the committee report on page G7, item #68, by deleting that item;

and on page G3, item #30, by rewriting that item to read:

"**30.**	**New Inflationary Increases**	($6,372,690)R	($8,872,690)R
	Reduces new inflationary increases for most services.".		

SIGNED Beverly Earle
Amendment Sponsor

SIGNED Doc Nye
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

APPROPRIATIONS COMMITTEE MEETING
June 26, 2001
643 LOB

AMENDMENTS NOT ADOPTED TO SENATE BILL 1005, THE APPROPRIATIONS ACT OF 2001

Ed Guideline/charter School Enrollment

Division 34 Yes 36/NO

Failed

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S1005-ALE-68 [v.3]

Date 6/25 ,2001

Comm. Sub. [NO]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Daughtry

moves to amend the bill on page 211, line 49, by deleting the line and substituting the following:

"GUIDELINES FOR CHARTER SCHOOL AVAILABILITY AND ENROLLMENT

SECTION 28.26.(a) G.S. 115C-238.29D(b) reads as rewritten:

'(b) The State Board shall authorize no more than five charter schools per year in one local school administrative unit. The State Board shall authorize no more than ~~100~~ 125 charter schools statewide. If more than five charter schools in one local school administrative unit or more than ~~100~~ 125 schools statewide meet the standards for final approval, the State Board shall give priority to applications that are most likely to further State education policies and to strengthen the educational program offered in the local school administrative units in which they are located.'"; and

Further moves to amend the bill on page 211, line 50, by deleting "**SECTION 28.26**" and substituting "**SECTION 28.26.(b)**";and

Further moves to amend the committee report on page F2, item 12, by increasing the amount for the 2001-02 fiscal year by $2,000,000 and by increasing the amount for the 2002-2003 fiscal year by $3,000,000; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S1005-ALE-68 [v.3]

Further moves to amend the committee report on page F2, item 15, by decreasing the amount for the 2001-2002 fiscal year by $2,000,000 and by decreasing the amount for the 2002-2003 fiscal year by $3,000,000.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

DPI Guideline/charter School Enrollment

roll call 42 N 31 Y

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S1005-ALE-69 [v.2]

Date 6/25 ,2001

Comm. Sub. [NO]
Amends Title [NO]
Third Edition

Representative Daughtry

moves to amend the bill on page 211, line 49, by deleting the line and substituting the following:

"GUIDELINES FOR CHARTER SCHOOL AVAILABILITY AND ENROLLMENT

SECTION 28.26.(a) G.S. 115C-238.29D(b) reads as rewritten:

'(b) The State Board shall authorize no more than five charter schools per year in one local school administrative unit. The State Board shall authorize no more than 125 charter schools statewide. If more than five charter schools in one local school administrative unit or more than 125 schools statewide meet the standards for final approval, the State Board shall give priority to applications that are most likely to further State education policies and to strengthen the educational program offered in the local school administrative units in which they are located.'"; and

Further moves to amend the bill on page 211, line 50, by deleting "**SECTION 28.26**" and substituting "**SECTION 28.26.(b)**";and

Further moves to amend the committee report on page F2, item 12, by increasing the amount for the 2001-02 fiscal year by $2,000,000 and by increasing the amount for the 2002-2003 fiscal year by $3,000,000; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S1005-ALE-69 [v.2]

Further moves to amend the committee report on page F8, after item 54, by adding a new item to read:

"54.1 **Reduce General Fund/Overhead Receipts** ($2,000,000) R ($3,000,000) R

Budget a portion of overhead receipts generated from federal indirect cost funds from research grants.";

And by modifying the totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 6/25, 2001 **Amendment No.** 2

Total: Yes 31 **No** 42 **Bill Number:** S. 1005

42 NO
31 yes

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair	✓		Church
	✓	Oldham, Chair			Clary
	✓	Redwine, Chair			Coates
✓		Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
	✓	Adams		✓	Culpepper
		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker			Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart			Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
		Bowie			Grady
	✓	Boyd-McIntyre	✓		Gulley
		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
	J	Howard			Sherrill
	#	Hunter	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus		✓	Sutton
✓		Justus	✓		Teague
✓		Kiser		✓	Tolson
		Lucas		✓	Tucker
		McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller		✓	Warner
	✓	Miner		✓	Warren
✓		Mitchell		✓	Warwick
	✓	Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye			Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
____	✓	Hackney, Spkr Pro Tem	____	____	Dedmon, Maj. Leader
____	✓	Baddour, Maj. Leader	____	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

Ed
DPI
guideline / charter school enrollment

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 3
(to be filled in by Principal Clerk)

S1005-ALE-68 [v.1]

Date 6/25 ,2001

Comm. Sub. [yes ~~NO~~]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Daughtry

moves to amend the bill on page 211, line 49, by deleting the line and substituting the following:

"GUIDELINES FOR CHARTER SCHOOL AVAILABILITY AND ENROLLMENT

SECTION 28.26.(a) G.S. 115C-238.29D(b) reads as rewritten:

'(b) The State Board shall authorize no more than five charter schools per year in one local school administrative unit. The State Board shall authorize no more than ~~100~~ 125 charter schools statewide. If more than five charter schools in one local school administrative unit or more than ~~100~~ 125 schools statewide meet the standards for final approval, the State Board shall give priority to applications that are most likely to further State education policies and to strengthen the educational program offered in the local school administrative units in which they are located.'"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

S1005-ALE-68 [v.1]

On page 211, line 50, by deleting "**SECTION 28.26**" and substituting "**SECTION 28.26.(b)**".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed. Univ. Press Board

DIVISION 39 No 28

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

28 yes 39 no

S1005-ALH-19 [v.2]

AMENDMENT NO. 4
(to be filled in by Principal Clerk)

Date 6/25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-cslh--20

Representative Ellis

moves to amend the bill on page 238, line 53,
by rewriting that line to read:
"Requested by: Representative Ellis
OUT OF STATE TUITION PAY FULL COST/NEED BASED FINANCIAL AID

SECTION 31.13. The Board of Governors shall set the rate of tuition for out of State students attending constituent institutions of The University of North Carolina in equal four year increments to equate to the full cost of attending The University of North Carolina.

The receipts generated by this section shall be allocated to need based financial aid."

SIGNED _____
Amendment Sponsor

SIGNED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 4
(to be filled in by
Principal Clerk)

S1005-ALH-19 [v.2]

Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed
HS exit exams
Public Schools

F
NV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 11
(to be filled in by
Principal Clerk)

S1005-ALE-71 [v.1]

Date 6/25 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Michaux

moves to amend the bill on page 204, lines 5-14, by deleting the lines.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ED UNC tuition increase

F

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 17
(to be filled in by
Principal Clerk)

S1005-ALB-68 [v.1]

Date 6/21e ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Nesbitt

moves to amend the bill on page 238, line 53, by adding the following:
"Requested by: Representative Nesbitt
REPLACE UNC-CH AND NCSU CAMPUS INITIATED TUITION INCREASE WITH OVERHEAD RECEIPTS

SECTION 31.13. The Board of Governors of The University of North Carolina shall rescind the campus-initiated tuition increase for the 2001-2002 academic year at the University of North Carolina at Chapel Hill and North Carolina State University. The amount of receipts that would be generated by a three hundred dollar ($300.00) tuition increase at the University of North Carolina at Chapel Hill and North Carolina State University shall be transferred for the 2001-2002 academic year from overhead receipts at each respective campus to replace the lost tuition receipts from rescinding the campus-initiated tuition increase at each campus."

SIGNED _____
Amendment Sponsor

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 17
(to be filled in by
Principal Clerk)

S1005-ALB-68 [v.1]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Ed UNC system UNC Hosp research

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Fails Division 37/23 6/26

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE June 25, 2001

S. B. No. _____ Amendment No. 18
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Michaux
Sen.)

moves to amend the bill on page Committee Report, line [redacted] on page F8

( ) ~~WHICH CHANGES THE TITLE~~

by adding a new reduction after item 54 to read:

"54.1 [redacted] Reduce General Fund/Overhead Receipts ($3,121,534)R ($3,121,534)R

Budget a portion of overhead receipts generated from federal indirect cost funds from research grants."

and by adding an expansion item on page F11 to read:

"86. [redacted] Focused Growth Institutions $3,121,534 R $3,121,534R

Provide funds for the special needs of Focused Growth Institutions as requested by the UNC Board of Governors."

SIGNED _____

ADOPTED _____ FAILED V D 37/23 TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Ed CC New Section

Original

Displaced Failed Division 30/29

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 19
(to be filled in by
Principal Clerk)

S1005-ALR-16 [v.4]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Carpenter

moves to amend the bill on page 238, line 53,
by rewriting that line to read:
"Requested by: Representative Carpenter
MODEL TEACHER EDUCATION CONSORTIUM

SECTION 31.13.(a) It is the intent of the General Assembly to encourage people to enter the teaching field. The purpose of this section is to assist in accomplishing this goal.

SECTION 31.13.(b) Funds appropriated by this act for the Model Teacher Education Consortium shall be used only for education programs needed by teachers' assistants and other school employees who are seeking initial certification as classroom teachers.

SECTION 31.13.(c) Notwithstanding subsection (b) of this section, funds may continue to be allocated for programs offered through the Model Teacher Consortium that are needed by its students who are enrolled on or before June 30, 2001."

SIGNED Margo Carpenter
Amendment Sponsor

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 19
(to be filled in by
Principal Clerk)

S1005-ALR-16 [v.4]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Failed JV

EDITION No. _____ perfecting

H. B. No. _____ DATE 6/26/2001

S. B. No. 1005 Amendment No. 24

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Baddour
Sen.)

Amendment #23 2 20

1 moves to amend ~~the bill~~ on page _____, line _____

2 ( ) WHICH CHANGES THE TITLE

3 by deleting the sentence that begins

4 on that line.

5

6

7

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16

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18

19

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

HHS Auth Prior

Original

Failed VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 28
(to be filled in by
Principal Clerk)

S1005-ALN-30 [v.1]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873-LH20

Representative Wright

moves to amend the bill on page 83, line 13,
by deleting the line and renumbering the remaining subdivisions of that subsection accordingly; and

further moves to amend the bill on page 101, lines 24 and 25,
by deleting the lines and renumbering the remaining subdivisions of that subsection accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Gen Gov
Crime control & Public Safety

Eliminate state Boxing Commission

F Division 37 Nos 35 Yes

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 41
(to be filled in by Principal Clerk)

S1005-ALT-7 [v.4]

Date 6/26 ,2001

Comm. Sub. [~~NO~~ yes]
Amends Title [NO]
S1005-CSLH-20

Representative Daughtry

moves to amend the Proposed Committee Substitute on page 174, lines 18-38, by rewriting those lines to read:
"Requested by: Representative Daughtry
ELIMINATE STATE BOXING COMMISSION
SECTION 26.7A.(a) Effective June 30, 2001, Article 68 of Chapter 143 of the General Statutes is repealed, and the North Carolina State Boxing Commission is abolished.
SECTION 26.7A.(b) If House Bill 232, 2001 General Assembly, or a similar bill affecting the North Carolina State Boxing Commission becomes law, any provisions amending the law governing the North Carolina State Boxing Commission are repealed effective June 30, 2001.";

and further moves to amend the Committee Report on page I 18, item 98, by rewriting that item to read:

"Boxing Commission		
98 Eliminate Boxing Commission	**($217,174) R**	**($217,174) R**
The Boxing Commission shall cease to exist June 30, 2001.	-3.00	-3.00;

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 41
(to be filled in by
Principal Clerk)

S1005-ALT-7 [v.4]

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Expansion Fund JPS

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 43
(to be filled in by
Principal Clerk)

S1005-ALL-9 [v.3]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873

Representative Tucker

moves to amend the bill on page 3, line 25,
by decreasing the amounts on that line by $660,000 for each fiscal year;

and on page 3, line 20,
by increasing the amounts on that line by $660,000 for each fiscal year;

and moves to amend the House Appropriations Committee Report on page I 5 by adding a new item to read:

"29A Reduction in State Bar Appropriation ($660,000) R ($660,000) R
Reduces funding to the North Carolina State Bar
for Legal Services.";

and on page I 16, Item 86,
by increasing the recurring amounts for that item by $660,000 for each fiscal year;

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 43
(to be filled in by
Principal Clerk)

S1005-ALL-9 [v.3]

1 and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

JPS Dept Sup Court Judges

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 44
(to be filled in by
Principal Clerk)

S1005-ALL-7 [v.3]

Date 6/26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873

Representative Hensley

moves to amend the bill on page 145, line 7,
by deleting "24" and substituting "10B";

and on page 145, line 50,
by rewriting that line to read:

"Third 10B (part of Wake, ~~2~~ 3";

and on page 147, line 6,
by rewriting that line to read:

"Eighth 24 Avery, Madison 1";

and on page 147, line 29, by deleting "24" and substituting "10B";

and moves to amend the House Appropriations Committee Report on page I 2, Item 13,

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALL-7 [v.3]

by deleting "District #24 (Avery, Mitchell, Watauga, Yancey, Madison)" and substituting "District 10B (part of Wake)".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

JPS

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 46
(to be filled in by
Principal Clerk)

S1005-ALL-10 [v.2]

Date 6.26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PCS3873

Representative Michaux

moves to amend the bill on page 143, line 34,
by inserting "**(a)**" after the period;

and on page 144, line 34, by adding to that line:

"**SECTION 22.2.(b)** Of the funds appropriated to the Judicial Department for grants to community mediation centers, the sum of ninety-five thousand dollars ($95,000) shall be allocated to a Durham-based nonprofit organization for the provision of dispute settlement services in Durham, Vance, Warren, Caswell, Person, Franklin, and Granville Counties. The grant to Carolina Correctional Services, previously funded to serve these counties, shall be reduced by the sum of ninety-five thousand dollars ($95,000)."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

gr S

Out of order

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 47
(to be filled in by
Principal Clerk)

S1005-ALK-56 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Sutton

moves to amend the bill on page 166, line 37,
by deleting "ten million dollars ($10,000,000)" and substituting "eight million five hundred thousand dollars ($8,500,000)";
and further moves to amend the bill on page 166, line 41,
by deleting "two million five hundred thousand dollars ($2,500,000)" and substituting "two million one hundred twenty-five thousand dollars ($2,125,000)"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Fail roll call

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 58 a
(to be filled in by
Principal Clerk)

S1005-ALE-77 [v.2]

Date 6.26 ,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Warner

moves to amend the bill on page 219, lines 4-9, by rewriting the lines to read:
"Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson, Warner
LIMITATION ON USE OF KINDERGARTEN FUNDS
SECTION 28.44. Local boards of education may, in their discretion, (i) use teacher positions allocated to reduce class size in kindergarten to hire classroom teachers for kindergarten or (ii) transfer the funds for teacher assistants for kindergarten classes."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Fails

Date: _____, 2001 _____ Amendment No. 58 Warner

Total: Yes 40 No 8740 Bill Number: S1005

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair			Coates
	✓	Thompson, Chair		✓	Cole
✓		Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair		✓	Creech
			✓		Culp
✓		Adams		✓	Culpepper
		Allred		✓	Daughtry
	✓	Arnold	✓		Davis
	✓	Baker		✓	Dockham
	✓	Barbee	✓		Earle
	✓	Barefoot			Ellis
✓		Barnhart			Esposito
✓		Bell		✓	Fox
	✓	Blue		✓	Gillespie
	✓	Bonner		✓	Goodwin
		Bowie	✓		Grady
	✓	Boyd-McIntyre		✓	Gulley
✓		Brubaker		✓	Haire
✓		Carpenter	✓		Hall

12

23

Amdt 58
Warner

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
	✓	Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
	✓	Holmes	✓		Sexton
✓		Howard		✓	Sherrill
	#	Hunter	✓		Shubert
✓		Insko	✓		Smith
		Jeffus	✓		Sutton
✓		Justus		✓	Teague
✓		Kiser		✓	Tolson
✓		Lucas	✓		Tucker
✓		McAllister	✓		Underhill
✓		McLawhorn		✓	Walend
✓		Michaux	✓		Walker
	✓	Miller	✓		Warner
		Miner	✓		Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
✓		Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

Warner SB 58

YES	NO	NAME	YES	NO	NAME
___	___	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

10
10

Out of Order

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 59
(to be filled in by
Principal Clerk)

S1005-ALE-78 [v.3]

Date _____,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS

Representative Shubert

moves to amend the bill on page 205, lines 1-6, by deleting the lines and substituting:

" **SECTION 28.17.(d)** Chapter 115C of the General Statutes is amended by adding a new section to read:

SECTION 2. Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-174.13A. Parental right to receive test results.**

A school shall provide to a student's parent or guardian the results of any test administered to the student pursuant to this Article. The information provided to the parent or guardian shall include (i) a copy of the test administered, (ii) the student's responses, (iii) corrections or notations made by the evaluator of the test, and (iv) the

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 59
(to be filled in by
Principal Clerk)

S1005-ALE-78 [v.3]

teacher's or other test evaluator's assessment of the student's academic strengths and weaknesses based on the test results.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Capital for Juvenile Justice & Delinquency Prevention

* Adopted voice vote in Capital Subcomm.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 63
(to be filled in by Principal Clerk)

S1005-ALB-70 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Miner

moves to amend the bill on page 271, line 37 by adding the following:
"Requested by: Representative Miner

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 63
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Miner

moves to amend the bill on page 271, line 37 by adding the following:
"Requested by: Representative Miner

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Displaced

IT sp Prov

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

study agency use of contractors for IT

S1005-ALR-13 [v.1]

AMENDMENT NO. 68
(to be filled in by
Principal Clerk)

Date June 25 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Miller

moves to amend the bill on page 56, line 46, by deleting "December 1, 2001," and substituting "April 1, 2002,";

and further moves to amend the bill on page 56, lines 48-49, by inserting the following between those lines:

"SECTION 15.5.(e) The study shall also compare the costs of outsourcing discrete functions and activities versus performing those activities with State government employees or contractors working for State agencies."

SECTION 15.5.(f) G.S. 143-23 is amended by adding a new subsection to read:

"(a5) Notwithstanding any other provision of this section, a department, institution or other spending agency of the State may, with the approval of the Director of the Budget, increase the amount of funds available for salaries, wages, and related expenses in connection with the hiring and retention of State employees to work in information technology positions, provided that there is a corresponding reduction, at a minimum, in the expenditures line item for purchased contractual services related to information technology. Departments and entities of State government shall employ the

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 68
(to be filled in by
Principal Clerk)

S1005-ALR-13 [v.1]

mechanism provided for in this section exclusively to maximize cost savings to the State for information technology services.'".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Salaries & EMP Benefits
Severance Pay

Fails
Division
38
34

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 69
(to be filled in by
Principal Clerk)

S1005-ALR-11 [v.6]

Date 6-25-01 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-PCS3873-LH-20

Representative Russell

moves to amend the bill on page 246, lines 39-40, by inserting the following between the lines:

"Requested by: Representative Russell

STATE EMPLOYEE SALARY HISTORY MADE PUBLIC

SECTION 32.19A. G.S. 126-23 reads as rewritten:

"**§ 126-23. Certain records to be kept by State agencies open to inspection.**

Each department, agency, institution, commission and bureau of the State shall maintain a record of each of its employees, showing the following information with respect to each such employee: name, age, date of original employment or appointment to the State service, current position, title, salary history and current salary, date and amount of most recent increase or decrease in salary, date of most recent promotion, demotion, transfer, suspension, separation, or other change in position classification, and the office or station to which the employee is currently assigned. Subject only to rules and regulations for the safekeeping of the records, adopted by the State Personnel Commission, every person having custody of such records shall permit them to be inspected and examined and copies thereof made by any person during regular business hours. Any person who is denied access to any such record for the purpose of inspecting, examining or copying the same shall have a right to compel compliance

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALR-11 [v.6]

with the provisions of this section by application to a court of competent jurisdiction for a writ of mandamus or other appropriate relief.'".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Capital Water Resources Dev Project Funds

Failed

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 70
(to be filled in by
Principal Clerk)

S1005-ALH-21 [v.1]

Date 6-26 ,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Haire

moves to amend the bill on page 268, line 9,
by rewriting that line to read:
"l. Jackson County Greenway Project 35,000
m. Haywood County Greenway Project 35,000
n. Eliminate straight piping in Western NC 1,170,450"' and

on page 268, line 50,
by adding on that line the following:
"SECTION 33.3(e). In considering water resources projects, the Department shall make every effort to ensure fair geographic representation among those projects."

SIGNED _____
Amendment Sponsor

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 70
(to be filled in by
Principal Clerk)

S1005-ALH-21 [v.1]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Out of Order

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 73
(to be filled in by
Principal Clerk)

S1005-ALL-6 [v.5]

Date _____,2001

Comm. Sub. [NO]
Amends Title [NO]
PCS3873

Representative Arnold

moves to amend the bill on page 266, line 35,
by inserting on that line a new section to read:

"Requested by: Representative Arnold
PROVIDE FOR CAREER FIREFIGHTERS' AND RESCUE SQUAD WORKERS' BENEFITS IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 32.33.(a) Article 12E of Chapter 143 of the General Statutes reads as rewritten:

"Article 12E.

"Retirement Benefits for Local Governmental Law-Enforcement ~~Officers.~~ Officers and Career Firefighters and Rescue Squad Workers.

"**§ 143-166.50. Retirement benefits for local governmental law-enforcement ~~officers.~~ officers and career firefighters and rescue squad workers.**

(a) Definitions. – The following words and phrases as used in this Article, unless a different meaning is plainly required by the context, have the following meaning:

(1) "Beneficiary" means any person in receipt of a retirement allowance or other benefit from a Retirement System.

(1a) "Career firefighter" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a fire department certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the prevention, detection, and suppression of fire.

(1b) "Career rescue squad worker" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a rescue squad or emergency medical services team certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the alleviation of human suffering and assistance to persons who are in difficulty, who are injured, or who become suddenly ill, by providing proper and efficient care or emergency medical services.

(2) "Employer" means a county, city, town or other political subdivision of the State.

(3) "Law-enforcement officer" means a full-time paid employee of an employer, who possesses the power of arrest, who has taken the law enforcement oath administered under the authority of the State as prescribed by G.S. 11-11, and who is certified as a law enforcement officer under the provisions of Chapter 17C of the General Statutes or certified as a deputy sheriff under the provisions of Chapter 17E of the General Statutes. "Law enforcement officer" also means the sheriff of the county. The number of paid personnel employed as law enforcement officers by a law enforcement agency may not exceed the number of law enforcement positions approved by the applicable local governing board.

(4) "Law-Enforcement Officers' Retirement System" means the system provided for under Article 12 of Chapter 143 of the General Statutes, as it existed prior to January 1, 1986.

(5) "Local Governmental Employees' Retirement System" means the Local Governmental Employees' Retirement System of North Carolina provided for under Article 3 of Chapter 128 of the General Statutes.

(6) "Member" means an ~~officer~~ officer, firefighter, or rescue squad worker included in the membership of a retirement system, including former ~~officers~~ officers, firefighters, or rescue squad workers no longer employed who also elected to leave their accumulated contributions on deposit with a Retirement System.

(7) "Officer" means a "law-enforcement officer."

(8) "State" means the State of North Carolina.

(b) Basic Retirement System. – On and after January 1, 1986, law-enforcement officers employed by an employer shall be members of the Local Government Employees' Retirement System, and beneficiaries who were last employed as officers by an employer, or who are surviving beneficiaries of officers last employed by an employer, are beneficiaries of the Local Governmental Employees' Retirement System and paid in benefit amounts then in effect. All members of the Law-Enforcement Officers' Retirement System last employed and paid by an employer are members of the Local Retirement System.

(c) Rights. – Notwithstanding any other provisions of law, any accrued or inchoate rights of a member of the Law-Enforcement Officers' Retirement System as of his transfer to the Local Governmental Employees' Retirement System on January 1, 1986, including the rights to a vested deferred retirement allowance and to commence retirement at certain ages with required years of service as a law-enforcement officer, may in no way be diminished; provided, however, in no event may a member

commence retirement and continue membership service with the same Retirement System after January 1, 1986.

(d) Court Cost Receipts. – Of the sum derived from the cost of court provided for in G.S. 7A-304(a)(3), the amount designated for this Article, except for the amount designated for the provisions of G.S. 143-166.50(e), shall be paid over to the pension accumulation fund of the Local Governmental Employees' Retirement System and shall offset, to the extent of these receipts, the employers' normal contribution rate required in G.S. 128-30(d)(2) as it pertains to law enforcement officers.

(e) Supplemental Retirement Income Plan for Local Governmental Law-Enforcement Officers. – As of January 1, 1986, all law-enforcement officers employed by a local government employer, are participating members of the Supplemental Retirement Income Plan as provided by Article 5 of Chapter 135 of the General Statutes. In addition to the contributions transferred from the Law-Enforcement Officers' Retirement System, participants may make voluntary contributions to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participants; provided, in no instance shall the total contributions by a participant exceed ten percent (10%) of a participant's compensation within any calendar year. From July 1, 1987, until July 1, 1988, local government employers of law enforcement officers shall contribute an amount equal to at least two percent (2%) of participating local officers' monthly compensation to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participating local officers; and on and after July 1, 1988, local government employers of law enforcement officers shall contribute an amount equal to five percent (5%) of participating local officers' monthly compensation to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participating local officers.

Additional contributions shall also be made to the individual accounts of all participants in the Plan, except for Sheriffs, on a per capita equal-share basis from the

sum of one dollar and twenty-five cents ($1.25) for each cost of court collected under G.S. 7A-304.

(e1) Rights of Participants under the Uniformed Services Employment and Reemployment Rights Act. – A participant whose employment is interrupted by reason of service in the Uniformed Services, as that term is defined in section 4303(16) of the Uniformed Services Employment and Reemployment Rights Act, Public Law 103-353, hereafter referred to as "USERRA", shall be entitled to all rights and benefits that the participant would have been entitled to under this section had the participant's employment not been interrupted, provided that the participant returns to service as a law enforcement officer while the participant's reemployment rights are protected under the provisions of USERRA.

(e2) Supplemental Retirement Income Plan for Full-Time Local Career Firefighters and Rescue Squad Workers. – As of January 1, 2002, all career firefighters and career rescue squad workers employed by a local government employer are participating members of the Supplemental Retirement Income Plan as provided by Article 5 of Chapter 135 of the General Statutes. Participants may make voluntary contributions to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participants; however, in no instance shall the total contributions by a participant exceed ten percent (10%) of a participant's compensation within any calendar year. On and after January 1, 2002, local government employers of career firefighters or career rescue squad workers shall contribute an amount equal to five percent (5%) of participating firefighters' or rescue squad workers' monthly compensation to the Supplemental Retirement Income Plan to be credited to the designated individual accounts of participating firefighters or rescue squad workers."

SECTION 32.33.(b). G.S. 128-21 is amended by adding two new subdivisions to read:

"(17a) "Career firefighter" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a fire department

certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the prevention, detection, and suppression of fire.

(17b) "Career rescue squad worker" means a person (i) who is a full-time paid employee of an employer that participates in the Local Governmental Employees' Retirement System and maintains a rescue squad or emergency medical services team certified by the North Carolina Department of Insurance, and (ii) who is actively serving in a position with assigned primary duties and responsibilities for the alleviation of human suffering and assistance to persons who are in difficulty, who are injured, or who become suddenly ill, by providing proper and efficient care or emergency medical services."

SECTION 32.33.(c). G.S. 128-24(5) reads as rewritten:

"(5) The provisions of this subdivision (5) shall apply to any member whose membership is terminated on or after July 1, 1965, and who becomes entitled to benefits hereunder in accordance with the provisions hereof.

a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a

member who so separates from service on or after July 1, 1967, the aforestated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforestated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer.

b. In lieu of the benefits provided in paragraph a of this subdivision, any member who separates from service prior to the attainment of the age of 60 years, for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System may elect to retire on an early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired. Such early retirement allowance so elected shall be equal to the deferred retirement allowance otherwise payable at the attainment of the age of 60 years reduced by the percentage thereof indicated below.

Age at Retirement	Percentage Reduction

59		7
58		14
57		20
56		25
55		30
54		35
53		39
52		43
51		46
50		50

b1. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement ~~officer~~ officer, career firefighter, or career rescue squad worker at the time of separation from service prior to the attainment of the age of 50 years, for any reason other than death or disability as provided in this Article, after completing 15 or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System, may elect to retire on a deferred early retirement allowance upon attaining the age of 50 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred early retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law

enforcement ~~officers.~~ officers, career firefighters, or career rescue squad workers.

b2. In lieu of the benefits provided in paragraphs a and b of this subdivision, any member who is a law enforcement officer at the time of separation from service prior to the attainment of the age of 55 years, for any reason other than death or disability as provided in this Article, after completing five or more years of creditable service in this capacity immediately prior to separation from service, and who leaves his total accumulated contributions in this System may elect to retire on a deferred service retirement allowance upon attaining the age of 55 years or at any time thereafter; provided, that the member may commence retirement only upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to commence retirement. The deferred service retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to law enforcement ~~officers.~~ officers, career firefighters, or career rescue squad workers.

b3. Deferred retirement allowance of members retiring on or after July 1, 1995. – In lieu of the benefits provided in paragraphs a. and b. of this subdivision, any member who separates from service prior to attainment of age 60 years, after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System, may elect to retire on a deferred retirement allowance upon attaining the age of 50 years or any time thereafter; provided that such member may

so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement ~~officer or~~ officer, an eligible former law enforcement ~~officer.~~ officer, a career firefighter, an eligible former career firefighter, a career rescue squad worker, or an eligible former career rescue squad worker.

c. Should a beneficiary who retired on an early or service retirement allowance be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

d. Should a beneficiary who retired on an early or service retirement allowance be restored to service as an employee, then the retirement allowance shall cease as of the first day of the month following the month in which the beneficiary is restored to service and the beneficiary shall become a member of the Retirement System and shall contribute thereafter as allowed by law at the uniform contribution payable by all members.

Upon his subsequent retirement, he shall be paid a retirement allowance determined as follows:

1. For a member who earns at least three years' membership service after restoration to service, the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restriction; provided, that if the prior allowance was based on a social security leveling payment option, the allowance shall be adjusted actuarially for the difference between the amount received under the optional payment and what would have been paid if the retirement allowance had been paid without optional modification.
2. For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to

service; provided, that if the prior retirement allowance was based on a social security leveling payment option, the prior allowance shall be adjusted actuarially for the difference between the amount that would have been paid for each month had the payment not been suspended and what would have been paid if the retirement allowance had been paid without optional modification."

SECTION 32.33.(d). G.S. 128-27(a) reads as rewritten:

"(a) Service Retirement Benefits. –

(1) Any member may retire upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 60 years and have at least five years of creditable service or shall have completed 30 years of creditable service, or if a ~~fireman, he~~ career firefighter or career rescue squad worker, the member shall have attained the age of 55 years and have at least five years of creditable service.

(2) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1019, s. 1.

(3) Repealed by Session Laws 1971, c. 325, s. 12.

(4) Any member who was in service October 8, 1981, who had attained 60 years of age, may retire upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired.

(5) Any member who is a law enforcement ~~officer,~~ officer, career firefighter, or career rescue squad worker and who attains age 50 and completes 15 or more years of creditable service in this capacity or who attains age 55 and completes five or more years of creditable service in this capacity, may retire upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, ~~he~~ the member desires to be retired; provided, also, any member who has met the conditions required by this ~~subdivision~~ section but does not retire, and later becomes an employee other than as a law enforcement ~~officer,~~ officer, career firefighter, or career rescue squad worker continues to have the right to commence retirement."

SECTION 32.33.(e). G.S. 128-27(b18) reads as rewritten:

"(b18) Service Retirement Allowance of Member Retiring on or After July 1, ~~2000.~~2000, but Before January 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, but before January 1, 2002, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
2. The service retirement allowance as computed under G.S. 128-27(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his

retirement allowance shall be computed as in G.S. 128-27(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
2. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b18)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION32.33.(f). G.S. 128-27 is amended by adding a new subsection to read:

"(b19) Service Retirement Allowance of Member Retiring on or After January 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after January 1, 2002, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer, an eligible former law enforcement officer, a career firefighter, an eligible former career firefighter, a career rescue squad worker, or an eligible former career rescue squad worker shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, career firefighter, or career rescue squad worker, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer, career firefighter, or career rescue squad worker and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b19)(1)a. reduced by one-third of one percent

(1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer, an eligible former law enforcement officer, a career firefighter, an eligible former career firefighter, a career rescue worker, or an eligible former career rescue squad worker shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 32.33.(g). G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall

have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c.,~~ G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c., notwithstanding the requirement of obtaining age 50.

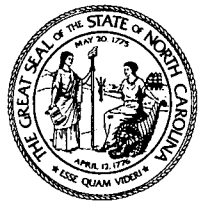
(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 32.33.(h). G.S. 105-228.5(d)(2) reads as rewritten:

"(2) Other Insurance Contracts. – The tax rate to be applied to gross premiums on all other insurance contracts issued by insurers shall be ~~one and nine-tenths percent (1.9%).~~ two and three hundred nineteen



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALL-6 [v.5]

ten-thousandths percent (2.0319%). The net proceeds shall be credited to the General Fund."

SECTION 32.33.(i). Subsection (h) of this section is effective for taxable years beginning on or after January 1, 2001. The remainder of this section becomes effective January 1, 2002, but shall not affect the rights of a person who is a vested member of the Local Governmental Employees' Retirement System on that date to any disability benefits for which that person is otherwise eligible on that date."

and on page 4, line 19, by inserting the following:

"State Treasurer – Local Governmental Employees' Retirement System";	6,500,000	13,000,000

and on page 5, lines 35-36,
By inserting between those lines the following:

"Increase in Gross Premiums Tax (Section 32.33(h) of this act)	6,500,000	13,000,000"

and further moves to amend the House Appropriations Committee Report on page J 13, by adding a new item to read:

"31A Firefighter and Rescue Squad Worker Benefits Provides for a General Fund appropriation to the Local Governmental Employees' Retirement System to provide benefits for Career Firefighters and Rescue Squad Workers in that System.";	**6,500,000**	**13,000,000**

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALL-6 [v.5]

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Fails

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 77
(to be filled in by
Principal Clerk)

S1005-ARC-50 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Shubert

moves to amend the bill on page 205, by inserting between lines 6 and 7 the following:

"**SECTION 28.17.(d1)** Chapter 115C of the General Statutes is amended by adding a new section to read:

'**§ 115C-174.13A. Parental right to receive test results.**

A school shall provide to a student's teacher the results of any test administered to the student pursuant to this Article. The information provided to the teacher shall include (i) a copy of the test administered, (ii) the student's responses, (iii) corrections or notations made by the evaluator of the test, and (iv) the teacher's or other test evaluator's assessment of the student's academic strengths and weaknesses based on the test results. The teacher shall inform the student's parents or guardians of the test results concerning strengths and weaknesses as part of the teacher's regular reports. After a student has taken a test and the results have been received by the teacher, the

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. 77
(to be filled in by
Principal Clerk)

S1005-ARC-50 [v.1]

teacher shall permit the student's parents or guardians, upon request, to see but not to copy the test.'."

SIGNED Jean H Shubert
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 26, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ben McLawhorn	OSC
Jara Jason	DMH/DD/SAS
ART RABAGE	DMH/DD/SAS
Harleen Scott Robbins	DMH/DD/SAS
Terry Hawkesley	N.C. Park Council & NC Food Banks
Margaret Malone	NC Housing Finance Agency
Angie Harris	Marpin Taylor + Ellis
Betsy Bufal	DCR
Andrea Crawford	DCR
Vicky Lowe	OSA
Dale Overcash	The ARC
Janet Silverwood	NC Council
Raleigh S. C.	Raleigh S. Chamber of Commerce
Paul Hughes	IDC - Rutherfordton
Jay Smith	UNC
Lee Logan	UNC
Hal Miller	NCACCT
Clifton B. McLeod	U.D.C.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 26, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jennifer Bennett	NCDPI
Denice Harbor	Lt. Governor's Office
Robin Riddick	NCASA
Bob Hobgood	AOC
Joe Lewis	NAHC
JACK MEEK	[illegible]
Gary Walker	NC Justice
Helen Moore	Self Help
Drew Nelson	Rep. Hackney's Office
Robert Dolan	ESC
BRANDON THOMAS	SEANC
Tracy Brown	SEANC
Sharon Matthews	DOT/DMV
Shannon Ramsaur	NCDSS
Larry Dick	DJJDP

VISITOR REGISTRATION SHEET

APPROPRIATIONS — June 26, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JB MILLIKEN	UNC
Suzanne Williams	NCCCS
Kenneth Bray	NCCCS
Steve Scott	NCCCS
Willie Riddick	DOR
McKinley Wooten, Jr.	DOA

HOUSE APPROPRIATIONS COMMITTEE

2001 SESSION, Book 3 of 3

Co-Chairs
Representative Ruth Easterling
Representative David Redwine
Representative Warren P. Oldham
Representative Gregg Thompson

Rita Harris
Committee Assistant

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA
Thursday, August 23, 2001

S 247	Reallocate Clean Water Bonds, Sponsor: Sen. Kerr
H1388	Remove Sunset on State Ports Tax Credit, Sponsors: Rep. Hurley, McComas, Preston, and Smith
S394	Revise Advisory Members of SBE, Sponsor: Sen. Miller
H1213	Rebate and Grant Program for AFVS (Alternative Fuel Vehicle Rebate & Infrastructure Grant) Sponsor: Rep. Tolson

Minutes
House Appropriations Committee Meeting
Thursday, August 23, 2001
9:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order for the purposes of considering S 247, Reallocate Clean Water Bonds; H1388, Remove Sunset on State Ports Tax Credit; S394, Revise Advisory Members of SBE; H1213, Rebate and Grant Program for AFVS (Alternative Fuel Vehicle Rebate & Infrastructure Grant). He recognized the House Pages in attendance.

The Co-Chair recognized the bill sponsor, Representative Hurley to explain H 1388, Remove Sunset on State Ports Tax Credit. Co-Chair Representative Culpepper moved and to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote. Representative Hurley stated the bill extends a 5-year sunset on the State Ports Authority. In exchange for that, a tax credit is given for wharfage, handling, and throughput charges and makes wood chips ineligible for the credit. Wood chips are declining, therefore were not included. He referred to the Fiscal Note attached. The Chair recognized Mr. Eric Stromberg with N C State Ports Authority, who expressed the tax credits are very effective in generating business. Representative Smith moved the proposed committee substitute be given a favorable report.

The Co-Chair recognized Representative Bonner to explain S 394, Revise Advisory Members of State Board of Education. Rep. Redwine explained that this bill has two sections and the second section is technical and extends the reporting requirement for the Heart Disease and Stroke Prevention Task Force. Rep. Bonner explained that this bill changes the advisory components of the bill. He stated that the Bill Analysis is before the membership (attached). Rep. Arnold offered a motion to adopt a proposed committee substitute, which requires the bill to be sent to the Joint Legislative Education Oversight Committee for study. The motion passed by voice vote. Rep. Arnold then made a motion to give the proposed committee substitute and favorable report.

The Chair then recognized Senator Kerr to explain S 247, Reallocate Clean Water Bonds. Rep. Owens moved to adopt the proposed committee substitute and it was done by voice vote for purposes of discussion. Sen. Kerr then explained the bill shifts the still-remaining $75 million of the loan portion of the bonds to grants for Unsewered Community Grants and Supplemental Grants and .2 million to the Rural Center for administrative cost. The Chair recognized Jean Crews Klein of the NC Rural Center give an explanation of the point system to address critical needs.

Rep. Shubert requested a roll call vote on Rep. Wright's motion to give the proposed committee substitute a favorable report. By a vote of 56/9, the motion passed.

Co-Chair moved and to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote. Meeting adjourned at noon.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

☒ Committee Substitute for
H.B. 1388 A BILL TO BE ENTITLED AN ACT TO REMOVE THE SUNSET ON THE STATE PORTS TAX CREDITS AND TO EXCLUDE WOOD CHIPS FROM THE STATE PORTS TAX CREDITS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 2, unfavorable as to Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

Adopted Voice vote

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1388
PROPOSED COMMITTEE SUBSTITUTE H1388-CSSV-54 [v.1]

8/22/2001 11:40:54 AM

Short Title: Extend Sunset on State Ports Tax Credit. (Public)

Sponsors:

Referred to:

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO EXTEND THE SUNSET ON THE STATE PORTS TAX CREDITS AND TO EXCLUDE WOOD CHIPS FROM THE STATE PORTS TAX CREDITS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 4 of Chapter 977 of the 1991 Session Laws, as amended by Section 3 of Chapter 495 of the 1995 Session Laws and by Section 29.1 of S.L. 1997-443, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after March 1, ~~1992, and ending on or before February 28, 2001.~~ 1992 and expires for taxable years beginning on or after January 1, 2006."

SECTION 2. Section 4 of Chapter 681 of the 1993 Session Laws, as amended by Section 17 of Chapter 17 of the 1995 Session Laws, by Section 4 of Chapter 495 of the 1995 Session Laws, and by Section 29.1 of S.L. 1997-443, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after January 1, ~~1994, and ending on or before February 28, 2001.~~ 1994 and expires for taxable years beginning on or after January 1, 2006."

SECTION 3. G.S. 105-130.41(a), as reenacted by Section 1 of this act, reads as rewritten:

"(a) Credit. – A taxpayer whose waterborne cargo is loaded onto or unloaded from an ocean carrier calling at the State-owned port terminal at Wilmington or Morehead City, without consideration of the terms under which the cargo is moved, is allowed a credit against the tax imposed by this Part. The amount of credit allowed is equal to the excess of the wharfage, handling (in or out), and throughput charges assessed on the cargo for the current taxable year over an amount equal to the average of the charges for the current taxable year and the two preceding taxable years. The credit applies to forest ~~products,~~products ~~other~~ than wood chips, break-bulk ~~cargo~~ cargo, and container cargo, including less-than-container-load cargo, that is loaded onto or unloaded from an ocean

carrier calling at either the Wilmington or Morehead City port terminal and to bulk cargo that is loaded onto or unloaded from an ocean carrier calling at the Morehead City port terminal. To obtain the credit, taxpayers must provide to the Secretary a statement from the State Ports Authority certifying the amount of charges for which a credit is claimed and any other information required by the Secretary."

SECTION 4. G.S. 105-151.22(a), as reenacted by Section 2 of this act, reads as rewritten:

"(a) Credit. – A taxpayer whose waterborne cargo is loaded onto or unloaded from an ocean carrier calling at the State-owned port terminal at Wilmington or Morehead City, without consideration of the terms under which the cargo is moved, is allowed a credit against the tax imposed by this Part. The amount of credit allowed is equal to the excess of the wharfage, handling (in or out), and throughput charges assessed on the cargo for the current taxable year over an amount equal to the average of the charges for the current taxable year and the two preceding taxable years. The credit applies to forest ~~products,~~products other than wood chips, break-bulk ~~cargo~~ cargo, and container cargo, including less-than-container-load cargo, that is loaded onto or unloaded from an ocean carrier calling at either the Wilmington or Morehead City port terminal and to bulk cargo that is loaded onto or unloaded from an ocean carrier calling at the Morehead City port terminal. To obtain the credit, taxpayers must provide to the Secretary a statement from the State Ports Authority certifying the amount of charges for which a credit is claimed and any other information required by the Secretary."

SECTION 5. This act is effective for taxable years beginning on or after March 2, 2000.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 1

HOUSE BILL 1388

Short Title:	Remove Sunset on State Ports Tax Credit.	(Public)
Sponsors:	Representatives Hurley, McComas, Preston, Smith; and Redwine.	
Referred to:	Finance.	

April 26, 2001

A BILL TO BE ENTITLED

AN ACT TO REMOVE THE SUNSET ON THE STATE PORTS TAX CREDITS AND TO EXCLUDE WOOD CHIPS FROM THE STATE PORTS TAX CREDITS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 4 of Chapter 977 of the 1991 Session Laws, as amended by Section 3 of Chapter 495 of the 1995 Session Laws and by Section 29.1 of S.L. 1997-443, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after March 1, ~~1992, and ending on or before February 28, 2001.~~ 1992."

SECTION 2. Section 4 of Chapter 681 of the 1993 Session Laws, as amended by Section 17 of Chapter 17 of the 1995 Session Laws, by Section 4 of Chapter 495 of the 1995 Session Laws, and by Section 29.1 of S.L. 1997-443, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after January 1, ~~1994, and ending on or before February 28, 2001.~~ 1994."

SECTION 3. G.S. 105-130.41(a), as reenacted by Section 1 of this act, reads as rewritten:

"(a) Credit. – A taxpayer whose waterborne cargo is loaded onto or unloaded from an ocean carrier calling at the State-owned port terminal at Wilmington or Morehead City, without consideration of the terms under which the cargo is moved, is allowed a credit against the tax imposed by this Part. The amount of credit allowed is equal to the excess of the wharfage, handling (in or out), and throughput charges assessed on the cargo for the current taxable year over an amount equal to the average of the charges for the current taxable year and the two preceding taxable years. The credit applies to forest ~~products,~~products other than wood chips, break-bulk ~~cargo~~ cargo, and container cargo, including less-than-container-load cargo, that is loaded onto or unloaded from an ocean carrier calling at either the Wilmington or Morehead City port terminal and to bulk

cargo that is loaded onto or unloaded from an ocean carrier calling at the Morehead City port terminal. To obtain the credit, taxpayers must provide to the Secretary a statement from the State Ports Authority certifying the amount of charges for which a credit is claimed and any other information required by the Secretary."

SECTION 4. G.S. 105-151.22(a), as reenacted by Section 2 of this act, reads as rewritten:

"(a) Credit. – A taxpayer whose waterborne cargo is loaded onto or unloaded from an ocean carrier calling at the State-owned port terminal at Wilmington or Morehead City, without consideration of the terms under which the cargo is moved, is allowed a credit against the tax imposed by this Part. The amount of credit allowed is equal to the excess of the wharfage, handling (in or out), and throughput charges assessed on the cargo for the current taxable year over an amount equal to the average of the charges for the current taxable year and the two preceding taxable years. The credit applies to forest ~~products,~~products other than wood chips, break-bulk ~~cargo~~ cargo, and container cargo, including less-than-container-load cargo, that is loaded onto or unloaded from an ocean carrier calling at either the Wilmington or Morehead City port terminal and to bulk cargo that is loaded onto or unloaded from an ocean carrier calling at the Morehead City port terminal. To obtain the credit, taxpayers must provide to the Secretary a statement from the State Ports Authority certifying the amount of charges for which a credit is claimed and any other information required by the Secretary."

SECTION 5. This act is effective for taxable years beginning on or after March 2, 2000.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 1388 (First Edition)

SHORT TITLE: Remove Sunset on State Ports Tax Credit

SPONSOR(S): Representatives Hurley, McComas, Preston, and Smith

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
General Fund					
Tax Credit	($657,000)	($657,000)	($657,000)	($657,000)	($657,000)
Exclude Wood Chips	$96,000	$96,000	$96,000	$96,000	$96,000
Net GF	($561,000)	($561,000)	($561,000)	($561,000)	($561,000)
EXPENDITURES					

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue; North Carolina State Ports Authority

EFFECTIVE DATE: This act is effective for taxable years beginning on or after March 2, 2000.

BILL SUMMARY: The bill removes the sunset on the North Carolina State Ports Authority tax credit for wharfage, handling, and throughput charges and makes wood chips ineligible for the credit.

BACKGROUND:

The 1992 General Assembly enacted the State Ports Authority income tax credit to encourage exporters to use the two State-owned port terminals at Wilmington and Morehead City. The amount of the tax credit is equal to the amount of wharfage, handling, and throughput charges paid to the North Carolina State Ports Authority in the taxable year that exceeds the average amount of charges paid to the Authority for the current tax year and the two previous tax years. The credit is limited to 50% of the tax imposed on the taxpayer for the taxable year. Any excess credit may be carried forward and applied to the taxpayer's income tax liability for the next five years. The maximum cumulative credit that one taxpayer may claim is $2 million. Originally scheduled to sunset in 1996, the sunset was extended by the General Assembly in 1995 and again in 1997. The tax credit ended on February 28, 2001.

ASSUMPTIONS AND METHODOLOGY: The North Carolina State Ports Authority makes an annual report to the General Assembly detailing the annual increase in cargo tons, cargo fees, and the amount of tax credit taken in the previous year. The income tax credits reported in these annual statements since the program's inception are as follows:

1993	$ 26,867
1994	$512,003
1995	$643,965
1996	$854,645
1997	$515,977
1998	$814,986
1999	$656,134
2000	$741,836 (preliminary report by phone)

The average tax credit for the seven years 1994 through 2000 is $677,078 and the median tax credit for the same period is $656,134. This fiscal note will use the median credit amount rounded up to the nearest thousand, thus extending the State Ports Authority tax credit will cost the state General Fund $657,000 per year over the next five years. The Ports Authority staff reports that no company has reached the $2 million maximum cumulative credit and there are no companies close to the maximum amount of credits.

Since 1996-97, the two companies that ship wood chips through Morehead City have earned the following tax credits:

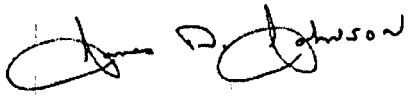
1996-97	$47,900
1997-98	$150,300
1998-99	$90,000
1999-00	0
2000-01	0

A Deputy Executive Director with the State Ports Authority said the volume of wood chip shipments did not qualify for a tax credit in the last two fiscal years. Without projections of wood chip shipments over the next five years, this fiscal analysis assumes an average tax credit of $96,000 based on actual credits received from 1996 to 1999. By excluding wood chips from tax credit eligibility, $96,000 can be subtracted from the $657,000 estimated credit each year. The net cost of extending the credit will be $561,000 each fiscal year.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson



DATE: April 30, 2001

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ House Committee Substitute for
S.B. 394 A BILL TO BE ENTITLED AN ACT TO APPOINT SCHOOL ADMINISTRATORS TO THE STATE BOARD OF EDUCATION AS ADVISORY MEMBERS AND TO REDUCE THE NUMBER OF STUDENT ADVISORS TO THE STATE BOARD OF EDUCATION.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill , unfavorable as to Committee Substitute Bill .

☒ With a favorable report as to House committee substitute bill (# 2), ☒ which changes the title, unfavorable as to House committee substitute bill #1.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

adopted
V V

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 394

House Committee Substitute Favorable 7/19/01

PROPOSED HOUSE COMMITTEE SUBSTITUTE S394-CSLB-101 [v.1]

8/23/2001 9:37:46 AM

Short Title: Study Advisory SBE Members/Heart Task Force. (Public)

Sponsors:

Referred to:

March 12, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE SHALL STUDY THE ISSUE OF ADVISORY MEMBERS TO THE STATE BOARD OF EDUCATION AND TO EXTEND THE REPORTING DATES AND EXPIRATION DATE FOR THE HEART DISEASE AND STROKE PREVENTION TASK FORCE.

The General Assembly of North Carolina enacts:

SECTION 1. The Joint Legislative Education Oversight Committee shall study the issue of changing the advisory membership of the State Board of Education, and shall report to the 2001 Regular Session of the General Assembly prior to its reconvening in 2002.

SECTION 2. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.

SECTION 3. This act is effective when it becomes law.

SENATE BILL 394:
Revise Advisory Members of SBE

BILL ANALYSIS

Committee:	House Education	**Introduced by:**	Senator Miller
Date:	July 10, 2001	**Summary by:**	Shirley Iorio, Ph D
Version:	Second Edition		Education Policy Analyst

SUMMARY: ***Senate Bill 394 would add the State Principal of the Year and a local superintendent as advisors to the State Board of Education (Board), and would reduce to one the number of student advisors on the Board.***

CURRENT LAW: Section 4(1) of Article IX of the NC Constitution directs the Governor to appoint 11 members to the State Board of Education for overlapping terms of eight years. Eight members represent the eight educational districts set out in G.S. 115C-65 and three members are at-large. These appointments are subject to confirmation by the General Assembly in joint session. G.S. 115C-10 requires the Governor to submit the names of his appointees to the presiding officers of each chamber on or before the 60th legislative day, and the General Assembly, pursuant to joint resolution, to meet in joint session to consider the appointments.

The State Board of Education shall consist of the following members:

- The Lieutenant Governor
- The State Treasurer
- Eleven members appointed by the Governor, subject to confirmation by the General Assembly in joint session:
    - Of the appointive members, one shall be appointed from each of the eight educational districts (see attachment) and three shall be appointed as members at large.
    - Not more than one public school employee paid from State or local funds may serve as an appointive member.
    - No spouse of any public school employee paid from State or local funds may serve as an appointive member.
    - No employee of the Department of Public Instruction may serve as an appointive member.
    - No spouse of an employee of the Department of Public Instruction may serve as an appointive member.
- Four advisory members:
    - 2 high school students appointed by the Governor for two-year terms; and
    - 2 State Teachers of the Year, as designated by the Department of Public Instruction, for two-year terms by virtue of receiving that honor.

(Summary is continued on the back of this page.)

BILL ANALYSIS: The proposed changes to the State Board of Education (Board) would increase by one the number of advisory members on the Board.

All advisory members would receive per diem, travel and subsistence expenses according to G.S. 138-5 and G.S. 138-6

The State Board would have the discretion to exclude any of the advisory members from executive sessions.

Section 1. There would be one student advisor on the Board. The Governor would appoint a high school senior for one year beginning June 15 of each year. If the student is no longer enrolled in a North Carolina public school, or if a vacancy otherwise occurs, the Governor would appoint a student advisor for the remainder of the unexpired term.

Currently, there are two student advisors. The Governor appoints a high school junior for a two-year term, and a high school senior for a one-year term.

This section is effective June 15, 2001, and would apply to terms of high school student advisors beginning on or after that date.

Section 2. The State Principal of the Year would serve as an advisory member for one year. If a vacancy occurred, the principal who was next runner-up to that State Principal of the Year would serve as an advisory member for the remainder of the unexpired term.

Currently, there is not a principal advisor appointed to the State Board of Education.

The Governor would appoint a superintendent of a local school system to serve as an advisor for one year. If a vacancy occurred for any reason, the Governor would appoint a superintendent advisor for the remainder of the unexpired term.

Currently, there is not a superintendent advisor appointed to the State Board of Education.

This section is effective June 15, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 2

SENATE BILL 394
House Committee Substitute Favorable 7/19/01

Short Title: Revise Advisory Members of SBE. (Public)

Sponsors:

Referred to:

March 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPOINT SCHOOL ADMINISTRATORS TO THE STATE BOARD OF EDUCATION AS ADVISORY MEMBERS AND TO REDUCE THE NUMBER OF STUDENT ADVISORS TO THE STATE BOARD OF EDUCATION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-11(a1) reads as rewritten:

"(a1) Student ~~advisors~~ advisor. – The Governor is hereby authorized to appoint ~~two~~ one high school ~~students~~ student who ~~are~~ is enrolled in the public schools of North Carolina as ~~advisors~~ an advisor to the State Board of Education. The student ~~advisors~~ advisor shall participate in State Board deliberations in an advisory capacity only. The State Board may, in its discretion, exclude the student ~~advisors~~ advisor from executive sessions.

The Governor shall ~~make initial appointments of student advisors to the State Board as follows:~~

~~(1) One high school junior shall be appointed for a two-year term beginning September 1, 1986, and expiring June 14, 1988; and~~

~~(2) One high school senior shall be appointed for a one-year term beginning September 1, 1986, and expiring June 14, 1987. When an initial or subsequent term expires, the Governor shall appoint a high school junior for a two-year term beginning June 15 of that year. If a student advisor is no longer enrolled in the public schools of North Carolina or if a vacancy otherwise occurs, the Governor shall appoint a student advisor for the remainder of the unexpired term.~~ appoint a high school senior for a one-year term beginning June 15 of each year. If a student advisor is no longer enrolled in the public schools of North Carolina or if a vacancy otherwise occurs, the Governor shall appoint a student advisor for the remainder of the unexpired term.

The student advisor shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

SECTION 2. G.S. 115C-11 is amended by adding two new subsections to read:

"(a3) State Principal of the Year Advisor. – Each State Principal of the Year, as designated by the Department of Public Instruction, shall serve ex officio as an advisor to the State Board of Education. Each State Principal of the Year shall begin service as an advisory member to the State Board at the commencement of the principal's term as State Principal of the Year and shall serve for one year. The State Principal of the Year shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the State Principal of the Year from executive sessions.

In the event a vacancy occurs in the State Principal of the Year's advisory position, the principal who was next runner-up to that State Principal of the Year shall serve as the advisory member to the Board for the remainder of the unexpired term. The State Principal of the Year advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(a4) Superintendent Advisor. – The Governor shall appoint a superintendent of a local school administrative unit as an advisor to the State Board of Education. The superintendent advisor shall serve for a term of one year. The superintendent advisor shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the superintendent advisor from executive sessions.

In the event that a superintendent advisor ceases to be a superintendent in a local school administrative unit, the position of superintendent advisor shall be deemed vacant. In the event that a vacancy occurs in the position for whatever reason, the Governor shall appoint a superintendent advisor for the remainder of the unexpired term. The superintendent advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

SECTION 3. This act becomes effective June 15, 2001, and Section 1 applies to terms of high school student advisors beginning on or after that date.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ Committee Substitute for
S.B. 247 A BILL TO BE ENTITLED AN ACT TO REALLOCATE THE PROCEEDS OF THE CLEAN WATER BONDS AND TO DELAY ISSUANCE OF THE BONDS.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill, unfavorable as to the original bill.

☒ With a favorable report as to House committee substitute bill, ☒ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

adopted
rollcall 56/9
Shubert

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 247

Finance Committee Substitute Adopted 6/28/01

PROPOSED HOUSE COMMITTEE SUBSTITUTE S247-CSLH-31 [v.4]

8/23/2001 8:54:13 AM

Short Title: Reallocate Clean Water Bonds/Defer Bond Issue. (Public)

Sponsors:

Referred to:

February 26, 2001

A BILL TO BE ENTITLED

AN ACT TO REALLOCATE THE PROCEEDS OF THE CLEAN WATER BONDS AND TO DEFER THE ISSUANCE OF THE CLEAN WATER BONDS, NATURAL GAS BONDS, AND PUBLIC SCHOOL BUILDING BONDS UNTIL AFTER JANUARY 1, 2002.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Notwithstanding any other provision of law, the State Treasurer shall defer the issuance of any of the following until after January 1, 2002:

(1) State of North Carolina Clean Water Bonds authorized in S.L. 1998-132.

(2) State of North Carolina Natural Gas Bonds authorized for the construction of natural gas facilities in S.L. 1998-132.

(3) State of North Carolina Public School Building Bonds authorized for public school building capital improvements in S.L 1995-631.

SECTION 1.(b) Payments to local government units or payments to match federal funds that otherwise would have been made from the proceeds of Clean Water Bonds issued during the period between September 1, 2001 and January 1, 2002 may, at the discretion of the Director of the Budget be paid from General Fund cash balances. The total of the payments shall not exceed fifty million dollars ($50,000,000). Any payment from General Fund cash balances made pursuant to this authorization shall be repaid to the General Fund from the proceeds of Clean Water Bonds issued after January 1, 2002.

SECTION 2. Withdrawal of Loan Funds. – Pursuant to Section 5.1(i) of S.L. 1998-132, the following amounts of the Clean Water Bond proceeds allocated for loans in Section 5.1(h) of S.L. 1998-132 are withdrawn from allocation under Section 5.1(h) of S.L. 1998-132 and reallocated as provided in this act:

(1) Water supply and distribution systems and water conservation projects:

a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating ..... $ 340,000
b. Reserved for loans to local government units whose bond rating is 75 or more $28,483,251

(2) Wastewater collection systems and wastewater treatment works:
a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating ..... $ 2,900,000
b. Reserved for loans to local government units whose bond rating is 75 or more $39,701,795
Total Withdrawn for Reallocation $71,425,046

SECTION 3. Reallocation for Unsewered Community Grants. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of thirty-five million six hundred twelve thousand five hundred twenty-three dollars ($35,612,523) is reallocated to be used to provide unsewered community grants to eligible local government units to assist with wastewater treatment works and wastewater collection systems for the same purpose and in accordance with Section 5.1(g) of S.L. 1998-132. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(g) of S.L. 1998-132. The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(g) of S.L. 1998-132.

SECTION 4. Reallocation for Supplemental Grants. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of thirty-five million six hundred twelve thousand five hundred twenty-three dollars ($35,612,523) is reallocated to be used to provide supplemental grants to eligible local government units to match federal, State, and other grant or loan program funds to plan or improve needed water and sewer projects. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(f) of S.L. 1998-132 and this act. The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(f) of S.L. 1998-132.

SECTION 5. Cap on Supplemental Grants. – Notwithstanding the provisions of Section 5.1(f) of S.L. 1998-132 and Section 2(b) of S.L. 2000-156, a maximum of twenty-one million five hundred thousand dollars ($21,500,000) of supplemental grant funds may be certified by the Rural Economic Development Center to the State Treasurer each fiscal year through June 30, 2005, and the State Treasurer may issue the amount certified up to this maximum each fiscal year through June 30, 2005. Upon certification for the fiscal year ending June 30, 2005, the State Treasurer

may issue the remaining balance of the funds allocated under Section 5.1(f) of S.L. 1998-132, Section 2(b) of S.L. 2000-156, and this act for any purpose authorized under Section 5.1(f) of S.L. 1998-132.

SECTION 6. Reallocation by Rural Economic Development Center. – Notwithstanding the provisions of S.L. 1998-132, S.L. 2000-156, and Sections 3 and 4 of this act, if the Rural Economic Development Center determines that there has been a change in any fiscal year in the relative needs between the purposes provided in Section 3 of this act and the purposes provided in Section 4 of this act, the Rural Economic Development Center may reallocate funds from Section 3 purposes to Section 4 purposes or from Section 4 purposes to Section 3 purposes. The Board of Directors of the Rural Economic Development Center must approve in advance any reallocation under this section. At least 30 days before making a reallocation under this section, the Rural Economic Development Center must consult with the Joint Legislative Commission on Governmental Operations.

SECTION 7.(a) Reallocation for Administrative Expenses. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of two hundred thousand dollars ($200,000) is reallocated to the Rural Economic Development Center to be used in the 2001-2002 fiscal year to administer bond funds allocated for grants pursuant to S.L. 1998-132, S.L. 2000-156, and this act. This amount shall be remitted to the Rural Economic Development Center as soon as possible after July 1, 2001.

SECTION 7.(b) Reports. – Section 11(a) of S.L. 1998-132 reads as rewritten:

"Section 11. Reports on Grants.

(a) The Rural Economic Development Center shall prepare and file each year on or before July 31 with the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division a report for the preceding fiscal year concerning the allocation and making of grants authorized by this act. The report shall be signed by the Chair of the Board of Directors of the Rural Economic Development Center. The report shall set forth for the preceding fiscal year:

(1) Itemized and total allocations of grants authorized and unallocated funds for the grant program as of the end of the preceding fiscal ~~year;~~year.

(2) Identification of each grant agreement entered into by the Rural Economic Development Center during the preceding fiscal year and the total amount of grants authorized by the grant ~~agreements;~~agreements.

(3) The amount disbursed to each local government unit pursuant to the grant agreements during the preceding fiscal year and the total amount of the ~~disbursements; and~~disbursements.

(4) A summary for the five preceding years of the information required by subdivisions (1) through (3) of this subsection.

(5) An itemized accounting of the Center's expenditures of bond funds allocated for administering grants under this act, as amended, and a certification that bond funds allocated for this purpose have been used for no other purpose.

(6) A detailed description of the criteria and point system used for awarding grants.

(a1) The Rural Economic Development Center shall report to the Joint Legislative Commission on Governmental Operations at least 60 days before making any change to the criteria or point system used for awarding grants authorized by this act."

SECTION 8. Effective Date. – This act is effective when it becomes law.

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: August 23, 2001 **Amendment No.** 1 Arnold PCS

Total: Yes 56 **No** 9 **Bill Number:** S. 247

YES	NO	NAME	YES	NO	NAME
✓		Easterling, Chair			Church
✓		Oldham, Chair	✓		Clary
✓		Redwine, Chair	✓		Coates
✓		Thompson, Chair	✓		Cole
✓		Owens, Vice-Chair	✓		Crawford, Mark
✓		Crawford, Jim Vice-Chair			Creech
			✓		Culp
		Adams			Culpepper
		Allred	✓		Daughtry
	✓	Arnold	✓		Davis
✓		Baker			Dockham
✓		Barbee			Earle
✓		Barefoot		✓	Ellis
	✓	Barnhart	✓		Esposito
✓		Bell	✓		Fox
		Blue	✓		Gillespie
✓		Bonner	✓		Goodwin
		Bowie			Grady
✓		Boyd-McIntyre		✓	Gulley
		Brubaker	✓		Haire
	✓	Carpenter	✓		Hall

YES	NO	NAME	YES	NO	NAME
✓		Harrington	✓		Rogers
	✓	Hensley	✓		Russell
		Hiatt	✓		Saunders
	✓	Hilton	✓		Setzer
✓		Holmes	✓		Sexton
		Howard	✓		Sherrill
		Hunter		✓	Shubert
✓		Insko	✓		Smith
✓		Jeffus	✓		Sutton
✓		Justus	✓		Teague
	✓	Kiser	✓		Tolson
✓		Lucas	✓		Tucker
		McAllister			Underhill
✓		McLawhorn	✓		Walend
✓		Michaux	✓		Walker
		Miller			Warner
		Miner	✓		Warren
✓		Mitchell	✓		Warwick
		Morgan	✓		Weatherly
		Nesbitt	✓		West
✓		Nye	✓		Wilson, G
✓		Preston	✓		Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
____	____	Hackney, Spkr Pro Tem	____	____	Dedmon, Maj. Leader
____	____	Baddour, Maj. Leader	____	____	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 247 (Second Edition)

SHORT TITLE: Reallocate Clean Water Bond Fund

FISCAL IMPACT ($MILLION)

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
EXPENDITURES					
State General Fund	-0-	$2.6	$5.4	$8.0	$7.9

PRINCIPAL DEPARTMENT AFFECTED: The Department of Natural and Economic Resources and the Rural Economic Development Center administer the loans and grants affected. The enactment of the bill will not affect the budget requirements of either entity.

EFFECTIVE DATE: When the bill becomes law.

BILL SUMMARY: The 1998 Clean Water Bond Act allocated $300 million to pass-through loans to local government units whose debt service would be fully repaid by the units applying for the loans. The General Assembly reallocated $200 million of the remaining $285.2 million of the uncommitted loans to grants during the 2000 session.

SB 247 makes the following changes to the authorized bonds: (1) shifts the still-remaining $75 million of the loan portion of the bonds to grants; (2) allocates $37.4 million of the $75 million to Unsewered Community Grants, $37.4 million to Supplemental Grants and $.2 million to administrative costs of the Rural Economic Development Center; and (3) provides that no Clean Water Bonds for Unsewered Community Grants and Supplemental Grants may be issued between July 1, 2001 and January, 1, 2002.

ASSUMPTIONS AND METHODOLOGY: The State's debt service on the clean water loans would be offset by loan repayments from local units under the 1998 authorization. The Office of State Budget Planning and Management, in theory, should schedule the loan repayments so that they would completely offset the State's debt service requirements for a particular year. By converting the loans to grants, the local government repayment would be eliminated and the State's net debt service would increase in the same fashion as $75 million of new bonds issued by the State.

The starting point for the calculation was a May 8, 2001 debt service simulation of the Office of State Treasurer. This schedule showed the annual principal and interest requirements under the planned issuance schedule for the remaining $695 million ofClean

Water Bonds and the remaining public school and higher education bonds. Interest rate assumptions ranged from 5.75% for the near-term issues and 6.25% for the issuance dates that are farther out.

It was assumed for the purpose of analysis that the $75 million of converted Clean Water loan bonds would have been sold over the next three years as part of the $695 million of total Clean Water bonds. The provision in the bill that prohibits the Fall 2001 sale would likely move the $250 million issuance of planned Clean Water Bonds from September 1, 2001 to March 1, 2002. Under the revised planning schedule, the next $250 million of Clean Water Bonds would be sold on March 1, 2003 and the final $195 million would be sold on March 1, 2004.

The effect of this scheduling assumption is that $27.0 million of the converted bonds would be included in the March 1, 2002 sale of bonds, $27.0 million would be part of the March 1, 2003 sale, and the remaining $21.0 million would be part of the March 1, 2004 sale.

The annual debt service requirements for these issues were then calculated by prorating the debt service requirements for the general obligation bonds that are to be sold on these planned issuance dates.

FISCAL RESEARCH DIVISION: 733-4910
PREPARED BY: Dave Crotts

APPROVED BY: James D. Johnson



DATE: July 3, 2001

SENATE BILL 247:
Reallocate Clean Water Bonds/Defer Bond Issue

BILL ANALYSIS

Committee:	House	**Sponsor:**	Senator Kerr
Date:	August 23, 2001	**Analysis by:**	Martha H. Harris
Version:	S247-CSLH-31		Staff Attorney
		Revised by:	Emily Johnson

SUMMARY: SL 1998-132 authorized the issuance of $800 million in Clean Water Bonds, which was subsequently approved by the State's voters. In 2000, the General Assembly reallocated $200 million in Clean Water Bonds proceeds from a loan program in DENR to related grant programs. This bill would reallocate the remaining $71.4 million in the DENR loan programs for grant programs administered by the Rural Economic Development Center and for related administrative expenses. Converting loan funds to grant funds will reduce loan repayments that would have otherwise been credited to the General Fund.

This bill also provides that the remaining Clean Water Bonds, Natural Gas Bonds, and Public School Building Bonds may not be issued until January 1, 2002, or afterwards. At the discretion of the Governor, payments to local governments and to match federal funds that would have been made from Clean Water Bond proceeds may be made from General Fund cash balances. After the Clean Water Bonds are issued the General Fund must be repaid from the bond proceeds for any Clean Water Bond costs covered by General Fund cash balances.

BACKGROUND: S.L. 1998-132 authorized the issuance of $800 million in Clean Water Bonds. The bonds were approved by the voters in November 1998. Of the $800 million, $300 million was designated for loans to local governments, administered by DENR, to be used for water supply systems, water conservation projects, water reuse projects, wastewater collection systems, and wastewater treatment works. Repayments of the loans are credited to the General Fund. The remaining $500 million of Clean Water Bond proceeds was allocated for various grant programs and to match federal wastewater or water assistance funds. S.L. 1998-132 provided that the $800 in Clean Water Bonds could be reallocated by the General Assembly between the various loan and grant programs designated in the act.

S.L. 2000-156 withdrew $200 million of the $300 million loan funds and reallocated the funds for four grant programs that were established in the Clean Water Bonds Act: High Unit Cost grants administered by DENR and Unsewered Community, Supplemental, and Capacity grants, administered by the Rural Economic Development Center. The

2000 legislation also adjusted the annual caps on the amount of Supplemental and Capacity grants that can be issued each year.

ANALYSIS: This bill withdraws the remaining, uncommitted $75 million of the $300 million loan funds and reallocates the funds as follows:

- $35.6 million for Unsewered Community Grants. Unsewered Community Grants are grants administered by the Rural Economic Development Center for units of local government serving small, rural communities not served by centralized sewer systems for wastewater collection and treatment. These funds are expected to be granted over four years, with two grant cycles each year.
- $35.6 million for Supplemental Grants. Supplemental Grants are grants administered by the Rural Economic Development Center to help local governments match other grant or loan funds. The bill also makes a conforming change to the annual cap on these Supplemental grants, so that the additional $35.6 will be granted over four years, with two grant cycles each year.
- $200,000 for administrative expenses of the Rural Economic Development Center in making grants of bond funds. The funds are to be remitted to the Center as soon as possible after July 1, 2001. The bill requires the Rural Center to include with its annual reports to Gov Ops details on how these funds have been spent.

The bill also provides that the Rural Center may change the allocation of funds between Unsewered Community grants and Supplemental grants if it determines that there has been a change in the relative needs for the two types of grants.

The bill requires the Rural Center to include in its annual report to Gov Ops a description of the criteria and point system it uses to award grants, and requires the Rural Center to report to Gov Ops at least 60 days before changing the criteria or point system for awarding grants.

Finally, the bill provides that no Clean Water Bonds, Natural Gas Bonds, or Public School Building Bonds may be issued until January 1, 2002, or afterwards. These bonds are scheduled to be issued in September 2001. Those bonds will increase General Fund debt service requirements. In addition, changing some of the uses of the Clean Water Bonds from loans to grants would further increase debt service. Delaying issuance of the bonds until January 1, 2002, or a later date would move this fiscal impact into the 2002-2003 fiscal year.

The bill allows payments to be made from General Fund cash balances, at the Governor's discretion, to be made to local government units scheduled to receive Clean Water Bond payments and to match federal clean water funds. The General Fund must be repaid

from the Clean Water Bond proceeds after the Clean Water Bonds are issued for any costs covered with General Fund cash balances.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 2

SENATE BILL 247

Finance Committee Substitute Adopted 6/28/01

Short Title: Reallocate Clean Water Bond Funds. (Public)

Sponsors:

Referred to:

February 26, 2001

A BILL TO BE ENTITLED

AN ACT TO REALLOCATE THE PROCEEDS OF THE CLEAN WATER BONDS AND TO DELAY ISSUANCE OF THE BONDS.

The General Assembly of North Carolina enacts:

SECTION 1. Delay. – Notwithstanding any other provision of law, the State Treasurer shall not issue or sell, during the period between July 1, 2001, and January 1, 2002, any State of North Carolina Clean Water Bonds authorized for unsewered community grants or supplemental grants in S.L. 1998-132 and in Sections 3 and 4 of this act.

SECTION 2. Withdrawal of Loan Funds. – Pursuant to Section 5.1(i) of S.L. 1998-132, the following amounts of the Clean Water Bond proceeds allocated for loans in Section 5.1(h) of S.L. 1998-132 are withdrawn from allocation under Section 5.1(h) of S.L. 1998-132 and reallocated as provided in this act:

(1) Water supply and distribution systems and water conservation projects:

a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating ..... $ 5,100,000

b. Reserved for loans to local government units whose bond rating is 75 or more $27,402,114

(2) Wastewater collection systems and wastewater treatment works:

a. Reserved for loans to local government units whose bond rating is less than 75 or who have no bond rating ..... $ 2,900,000

b. Reserved for loans to local government units whose bond

rating is 75 or more $39,701,795
Total Withdrawn for Reallocation $75,103,909

SECTION 3. Reallocation for Unsewered Community Grants. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of thirty-seven million four hundred fifty-one thousand nine hundred fifty-five dollars ($37,451,955) is reallocated to be used to provide unsewered community grants to eligible local government units to assist with wastewater treatment works and wastewater collection systems for the same purpose and in accordance with Section 5.1(g) of S.L. 1998-132. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(g) of S.L. 1998-132. The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(g) of S.L. 1998-132.

SECTION 4. Reallocation for Supplemental Grants. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of thirty-seven million four hundred fifty-one thousand nine hundred fifty-four dollars ($37,451,954) is reallocated to be used to provide supplemental grants to eligible local government units to match federal, State, and other grant or loan program funds to plan or improve needed water and sewer projects. Grants from amounts reallocated shall be awarded and administered by the Rural Economic Development Center in accordance with Section 5.1(f) of S.L. 1998-132 and this act. The funds reallocated under this section shall be awarded on the criteria set out in Section 5.1(f) of S.L. 1998-132.

SECTION 5. Cap on Supplemental Grants. – Notwithstanding the provisions of Section 5.1(f) of S.L. 1998-132 and Section 2(b) of S.L. 2000-156, a maximum of twenty-one million five hundred thousand dollars ($21,500,000) of supplemental grant funds may be certified by the Rural Economic Development Center to the State Treasurer each fiscal year through June 30, 2005, and the State Treasurer may issue the amount certified up to this maximum each fiscal year through June 30, 2005. Upon certification for the fiscal year ending June 30, 2005, the State Treasurer may issue the remaining balance of the funds allocated under Section 5.1(f) of S.L. 1998-132, Section 2(b) of S.L. 2000-156, and this act for any purpose authorized under Section 5.1(f) of S.L. 1998-132.

SECTION 6. Reallocation by Rural Economic Development Center. – Notwithstanding the provisions of S.L. 1998-132, S.L. 2000-156, and Sections 3 and 4 of this act, if the Rural Economic Development Center determines that there has been a change in any fiscal year in the relative needs between the purposes provided in Section 3 of this act and the purposes provided in Section 4 of this act, the Rural Economic Development Center may reallocate funds from Section 3 purposes to Section 4 purposes or from Section 4 purposes to Section 3 purposes. The Board of Directors of the Rural Economic Development Center must approve in advance any reallocation under this section. At least 30 days before making a reallocation under this section, the Rural Economic Development Center must consult with the Joint Legislative Commission on Governmental Operations.

SECTION 7.(a) Reallocation for Administrative Expenses. – Of the funds withdrawn pursuant to this act from allocation under Section 5.1(h) of S.L. 1998-132, the sum of two hundred thousand dollars ($200,000) is reallocated to the Rural Economic Development Center to be used in the 2001-2002 fiscal year to administer bond funds allocated for grants pursuant to S.L. 1998-132, S.L. 2000-156, and this act. This amount shall be remitted to the Rural Economic Development Center as soon as possible after July 1, 2001.

SECTION 7.(b) Reports. – Section 11(a) of S.L. 1998-132 reads as rewritten:

"Section 11. Reports on Grants.

(a) The Rural Economic Development Center shall prepare and file each year on or before July 31 with the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division a report for the preceding fiscal year concerning the allocation and making of grants authorized by this act. The report shall be signed by the Chair of the Board of Directors of the Rural Economic Development Center. The report shall set forth for the preceding fiscal year:

(1) Itemized and total allocations of grants authorized and unallocated funds for the grant program as of the end of the preceding fiscal ~~year;~~year.

(2) Identification of each grant agreement entered into by the Rural Economic Development Center during the preceding fiscal year and the total amount of grants authorized by the grant ~~agreements;~~agreements.

(3) The amount disbursed to each local government unit pursuant to the grant agreements during the preceding fiscal year and the total amount of the ~~disbursements; and~~disbursements.

(4) A summary for the five preceding years of the information required by subdivisions (1) through (3) of this subsection.

(5) An itemized accounting of the Center's expenditures of bond funds allocated for administering grants under this act, as amended, and a certification that bond funds allocated for this purpose have been used for no other purpose.

(6) A detailed description of the criteria and point system used for awarding grants.

(a1) The Rural Economic Development Center shall report to the Joint Legislative Commission on Governmental Operations at least 60 days before making any change to the criteria or point system used for awarding grants authorized by this act."

SECTION 8. Effective Date. – This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — August 23, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Henry M Lancaster III	LCA
Mike Causey	McDonald + Meyer, PLLC
John Alley	Alley Associates
Andy Romanet	NCLM
Harry Payne	NCAHP
[illegible]	[illegible]
[illegible]	NCICU
Steve Woodson	NC Farm Bureau
[illegible]	NCCCS
Ed Rego	N.C.A.C.C
Joanne Schoos Stevens	
Mark Fleming	NC State
[illegible]	[illegible]
[illegible]	Agri Alliance of N.C.
Ellen Shaw Thorne	UNC Chapel Hill
DAVID BARNES	Poyner + Spruill LLP
Mark Lanier	UNCW

Return to Rita

VISITOR REGISTRATION SHEET

APPROPRIATIONS — August 23, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Belcher	Belcher Assoc
Susan Harrison	WCPSS
Leanne Winner	NCSBA
Anna Morris	Public School Forum
Linda Suggs	NCASA
Ross M. Smith	PCS PHOSPHATE
[illegible]	NCPAPA
Sue Campbell	NCCBE
Margaret Westbrook	Kennedy Covington
Sharon Lipscomb	NC Rural Center
Erik Stromberg	NCSPA
HASKELL PITTET	"
Jean Greenstein	NC Rural Center
Tina Murphrey	NC Rural Center
Heather Yandow	NC Conservation Network
DONALD SHAW	NC Selective Service System
Hal Miller	NC ACCT
Tommy Rhoades	NTCC

Return to Rita

VISITOR REGISTRATION SHEET

APPROPRIATIONS — August 23, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Hope Lanier	Piedmont Natural Gas, Chanolle NC
Larry Shirky	State Energy Office
TOM TIMBAIED	EDWARDS & KELCEY
Anne Tazewell	Triangle J Council of Govts
Sharon Stroud	State Energy Office
Martha Glass	DOT
Bubba King	OSBM
Biff Harris	OSBM
Johnny Gray	OSBM
Wayne Williams	OSBM
Jane Smith	DENR
Lao Ruberti	CJPC
Michelle Frazier	NC Bar Assoc.
[illegible] Winn	NCLAPN
Robert Nagan	Carolina Journal
Russell Hageman	DENR, DAQ
Wayne Hurdle	DMV-DOT
Roz Savitt ☺	NC Child Care Coalition

Return to Rita Harris -

VISITOR REGISTRATION SHEET

Name of Committee _____ Date _____

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ruth Sabbie	NCDOT
Steve Shaber	Ramey & Sorrell
Gary Smith	DENR
Andrea Mayo	DENR
Tony Solari	NCPC - SMART START
Mark DiMaio	ASTRAZENECA
Caroline McKinney	NCAE
Eddie Davis	NCAE
John McMillan	MF&S. P.A.

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

Wednesday, September 12, 2001
643 LOB
8:30 AM

S 400	No Sales Tax on Certain Publications	Rep. Nesbitt
H 635	Regulate Body Piercing	Rep. Mitchell
H 1245	NCDL/Selective Service Registration	Rep. Baddour, Wainwright

Minutes
House Appropriations Committee Meeting
September 12, 2001
643 LOB
8:30 AM

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order at 8:50 am for the purposes of considering the following bills:

S 400, No Sales Tax on Certain Publications
H 635, Regulate Body Piercing
H 1245, NCDL/Selective Service Registration

Representative Thompson recognized the House Pages in attendance then recognized Representative Nesbitt to explain S400, No Sales Tax on Certain Publications. Representative Nesbitt referred the committee members to the bill summary. Representative Haire was recognized to offer an amendment to the bill. After Representative Nesbitt asked the presiding chair to recognize Mr. John Bussian with the NC Press Association to offer remarks in favor of the bill, Representative Haire withdrew his amendment. Representative Hall made a motion to give the bill a favorable report. By a Division vote 29/15 the bill was favorably reported.

Next, Representative Frank Mitchell was recognized to explain H 635, Regulate Body Piercing. He referred the membership to the (attached) bill summary and the fiscal note and stated that the bill provides for regulation of body piercing by the Department of Environment and Natural Resources in accordance with rules adopted by the Commission of Health Services. A motion to adopt the proposed committee substitute for the purposes of discuss passed by voice vote. A technical amendment offered by Representative Mitchell changing the date from October to December passed by voice vote. An amendment offered by Representative Sutton inserting after "piercing" the words "of another person" failed by voice vote. Representative Owens made a motion to give a favorable report to committee substitute bill #2, unfavorable as to committee substitute #1. The motion passed by voice vote.

Presiding Appropriations Co-Chair Representative Gregg Thompson recognized Representative Baddour to explain H1245, NCDL/Selective Service Registration. He stated that the bill would provide that any male US citizen or immigrant who is age 18 – 26 must be registered with the Selective Service System when applying for the issuance, renewal, duplication of a drivers license, a commercial drivers license, or an identification card. The fiscal impact of the bill is $64,860.
Rep. Fox offered a technical amendment changing to date from October to January 2002, which was adopted by voice vote. Rep. Howard offered an amendment requiring proof of residency and a valid social security number.

Director Gerry Cohen, Bill Drafting Division was recognized and stated the General Statute now requires a social security number before the issuance of a license.

Ruth Sappie, Department of Transportation Liaison was asked to state the position of the Division of Motor Vehicle. She said that it is possible that DMV is issuing drivers license to individuals without a social security number. She preferred to speak to the DMV Commissioner and consult the Attorney General's office. If the committee would allow her time to research she will bring back a report on the social security issue.

Rep. Baddour encouraged the committee to proceed with taking action on this bill.

Rep. Justus stated that considering what happened yesterday, 9.11.01, we should make sure we follow the laws set forth.

House Appropriations Co-Chair Rep. Redwine offered a motion to displace the bill and pending Howard amendment until a further date. Motion passed by voice vote.

Presiding Co-Chair Rep. Easterling invited the membership to celebrate Representative Redwine's Birthday by having some Birthday cake. This is only the 2nd time in 18years that Rep. Redwine has been here for his birthday, stated Rep. Thompson.

Rep. Easterling adjourned the meeting at 10:40 am.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE

You are hereby notified that the Committee on **APPROPRIATIONS** will meet as follows:

DAY & DATE: **Wednesday, September 12, 2001**

TIME: **8:30 AM**

LOCATION: **643 LOB**

The following bills will be considered (Bill # & Short Title):

S 400 SUM FAV No Sales Tax on Certain Publications Sponsor: Sen. Hoyle

H 635 SUM FAV Regulate Body Piercing Sponsor-Rep. Mitchell

H 1245 ✓ NCDL/Selective Service Registration, Sponsors: Rep. Baddour, Wainwright

Respectfully,

Representatives Easterling, Oldham, Redwine & Thompson
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **4:30** on **Tuesday, September 11, 2001**

___Principal Clerk
___Reading Clerk - House Chamber

Rita Harris, Committee Assistant

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:

By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ House Committee Substitute for

S.B. 400 A BILL TO BE ENTITLED AN ACT TO TREAT NEWSPAPER VENDING MACHINES AS STREET VENDORS FOR SALES TAX PURPOSES, TO EXEMPT FREE CIRCULATION PUBLICATIONS FROM THE SALES TAX, AND TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY THE SALES AND USE TAX TREATMENT OF PUBLICATIONS

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 5

SENATE BILL 400

Corrected Copy 3/13/01
Finance Committee Substitute Adopted 7/12/01
Fourth Edition Engrossed 7/30/01
House Committee Substitute Favorable 9/4/01

Short Title: No Sales Tax on Certain Publications. (Public)

Sponsors:

Referred to:

March 12, 2001

A BILL TO BE ENTITLED

AN ACT TO TREAT NEWSPAPER VENDING MACHINES AS STREET VENDORS FOR SALES TAX PURPOSES, TO EXEMPT FREE CIRCULATION PUBLICATIONS FROM THE SALES TAX, AND TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY THE SALES AND USE TAX TREATMENT OF PUBLICATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.13(28) reads as rewritten:

"(28) Sales of newspapers by newspaper street ~~vendors and~~vendors, by newspaper carriers making door-to-door ~~deliveries~~ deliveries, and by means of vending machines and sales of magazines by magazine vendors making door-to-door sales."

SECTION 2. G.S. 105-164.13 is amended by adding a new subdivision to read:

"(39) Sales of paper, ink, and other tangible personal property to commercial printers and commercial publishers for use as ingredient or component parts of free circulation publications, and sales by printers of free circulation publications to the publishers of these publications. As used in this subdivision, the term "free circulation publications" means publications that meet each of the following conditions:

a. Are published on a periodic basis at recurring intervals.

b. Are mailed or are distributed house-to-house, by street distributors, in racks, or in any other manner at other locations without charge to the recipient.

The ratio of news to advertising in a publication is not a factor in determining whether the publication is a free circulation publication."

SECTION 3. The Revenue Laws Study Committee shall study the sales and use tax exemptions that apply to publications. This study is needed to determine if all publications are taxed uniformly. The study shall include a determination of the need for the following exemptions:

(1) Sales of newspapers by door-to-door deliveries.

(2) Sales of newspapers through vending machines.

(3) Sales of paper, ink, and other tangible personal property for use in free circulation publications and sales by printers of free circulation publications to publishers.

(4) Sales of advertising supplements and other printed matter to be distributed with or as part of a newspaper.

The Revenue Laws Study Committee may report its findings, together with any recommended legislation, to the 2002 Regular Session of the 2001 General Assembly and shall make a final report, together with any recommended legislation, to the 2003 Session of the General Assembly.

SECTION 4. Sections 1 and 2 of this act become effective October 1, 2001, and apply to sales made on or after that date. Sections 1 and 2 of this act expire October 1, 2003. The remainder of this act is effective when it becomes law.

SENATE BILL 400:
No Tax on Newspapers Sold in Vending Machines

BILL ANALYSIS

Committee:	House Appropriations	**Analysis by:**	Martha Walston
Date:	September 12, 2001		Committee Counsel
Version:	5th Edition		House Finance
Sponsor:	Senator Hoyle		Revised by Emily Johnson

SUMMARY: SB 400 (5th Ed) does the following:

- *Exempts from the sales and use tax newspapers sold through vending machines.*
- *Exempts from the sales and use tax the sales of paper, ink, and other tangible personal property to commercial printers and publishers for use in free circulation publications and the sales by printers of the free circulation publications to the publishers. (This part of the bill is identical to HB 975, introduced by Rep. Nesbitt, Blue, and Morris.)*
- *Places a two year sunset on the above two proposed sales tax exemptions*
- *Directs the Revenue Laws Study Committee to study the sales and use tax exemptions that apply to publications and to make a final report no later than the 2003 Regular Session.*

The tax exemptions in this act become effective October 1, 2001. The remainder of the act becomes effective when it becomes law.

CURRENT LAW REGARDING SECTION 1 OF SB 400

Taxable sales of newspapers and magazines: Retail sales of newspapers, magazines, and other publications are subject to the 4% state sales and use tax under G.S. 105-164.4 and any applicable local tax unless the sales are exempt under G.S. 105-164.13.

Exempt sales of newspapers and magazines: Under G.S. 105-164.13(28) the following sales of newspapers and magazines are exempt from sales and use tax:

- Sales of newspapers by newspaper street vendors
- Sales of newspapers by newspaper carriers making door-to-door deliveries
- Sales of magazines by magazine vendors making door-to-door sales

The Secretary of Revenue has interpreted the sales tax statutes as they apply to newspapers and magazines as follows:

A. Taxable sales of newspapers and magazines:

1. Retail sales by newspaper publishers located inside or outside NC and engaged in business in NC if the sales are (a) over the counter, (b) by subscription delivered

through the mail to subscribers in NC, or (c) through newspaper vending racks located on the premises of the publisher.

2. Retail sales made by retailers such as newsstands, grocery stores, restaurants, drug stores, etc, if the sales are over the counter sales or sales through newspaper vending racks located on the premises of the retailer.
3. Sales of gift subscriptions by publishers who have nexus in NC are taxable in the following examples:
   a. Sales of gift subscriptions by publishers located in NC to donors in NC when delivery is made by mail to donees located inside or outside of NC;
   b. Sales of gift subscriptions by publishers located in NC to donors located outside NC when delivery is made by mail to donees located in NC.
4. Subscription sales delivered through the mail to subscribers located in NC by a publisher located outside NC who does not have nexus in this State are taxable. The publisher is not liable for collecting tax; however, the subscriber is liable for remitting use tax directly to the Department of Revenue.
5. Sales through newspaper vending racks located inside or on the premises of a store or business are taxable whether such sales are made by the owner of the business or another vendor. Such sales are not considered to be sales made by street vendors.
6. Over the counter sales of magazines.

B. Exempt sales of newspapers and magazines:

1. The following retail sales by newspaper publishers located inside or outside NC and engaged in business in NC are exempt:
   a. Sales by subscription delivered through the mail to subscribers outside NC;
   b. Sales by subscription delivered door-to-door by employees or contract carriers of the publisher;
   c. Sales through newspaper vending racks located off the premises of the publisher as a newspaper street vendor.
2. Sales by persons physically selling newspapers as newspaper street vendors are exempt from tax.
3. Retail sales made through vending racks located off the premises of the retailer are exempt as sales by a newspaper street vendor.
4. Sales by independent newspaper carriers making door-to-door deliveries are exempt from tax.
5. Sales of gift subscriptions by publishers who have nexus in NC are exempt in the following examples:
   a. Sales of gift subscriptions by publishers located in NC to donors located outside of NC when delivery is made by mail to donees located outside of NC.
   b. Sales of gift subscriptions by publishers located outside of NC to donors located in NC when delivery is made by mail to donees located inside or outside of NC.
6. Sales through newspaper vending racks which are not located on the street but are in public areas such as shopping centers and malls, airport terminals, train

stations, bus stations and other similar locations or facilities, but not inside or on the premises of a store or business, are considered to be sales by street vendors and are exempt from sales tax.

7. Retail sales of magazines by subscription delivered through the mail to subscribers inside or outside NC are exempt from tax.

CURRENT LAW REGARDING SECTION 2 OF SB 400

Under current law, supplies (paper, ink, and other tangible personal property) sold for free publications are subject to sales and use tax. Prior to October 1, 1999, a sales tax exemption was given for sales of paper, ink, and other tangible personal property to commercial printers and publishers for use as component parts in free circulation publications that contained advertising of a general nature. The exemption applied to general shoppers guides, but not to more specialized guides, such as real estate guides. (The statute specifically required that the free circulation publication contain advertising of a general nature.) The exemption was repealed because it was believed to be unconstitutional. The first amendment of the US Constitution generally does not allow a state to discriminate between publications based on content. Also, based on a 1987 U.S. Supreme Court decision, this exemption was arguably unconstitutional.[1] To be constitutional, the exemption needed to be expanded to include all free circulation publications or it needed to be repealed. The first amendment of the United States Constitution does not allow a state to discriminate between publications based on content. Therefore since the prior law clearly violated this rule by exempting guides with general content but not those with narrower content, the 1999 General Assembly repealed this sales tax exemption, effective October 1, 1999. The result was that supplies sold for all free publications became subject to sales tax on a uniform basis.

BILL ANALYSIS: Section 1 of SB 400 exempts all sales of newspapers through vending machines from sales and use tax.

Section 2 of SB 400 reinstates the sales tax exemption on the supplies sold for free circulation publications, but does not base the exemption on the content of the publication. Instead, a free circulation publication would be defined as a publication that meets the following conditions:

- Is published on a periodic basis at recurring intervals.
- Is mailed or is distributed house-to-house, by street distributors, in racks, or in any other manner at other locations without the charge to the recipient.

The ratio of news to advertising a publication would not be a factor in determining whether the publication is a free circulation publication.

Section 3 of the bill directs the Revenue Laws Study Committee to study the sales and use tax exemptions that apply to publications.

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[1] In *Arkansas Writer's Project, Inc. v. Ragland*, 481 US 221, the US Supreme Court invalidated an Arkansas sales tax scheme that taxed general interest magazines but exempted single topic printed material. The NC tax exemption operated just the opposite: it taxed component parts used in single topic advertising publications but exempted component parts used in advertising publications that contained advertising of a general nature. Constitutionally, these distinctions appear meaningless.

Section 4 of the bill sets out the effective date and also includes a sunset provision. The tax exemptions set out in sections one and two of the bill become effective October 1, 2001, apply to sales made on or after that date, and sunset on October 1, 2003. The remainder of the bill is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 400 (House Finance Committee Substitute)

SHORT TITLE: No Sales Tax on Certain Publications

SPONSOR(S):

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
General Fund					
Vending Machines	* See Assumptions and Methodology *				
Free Publications	($3,070,000)	($4,600,000)	($1,530,000)		
Local Governments					
Vending Machines	* See Assumptions and Methodology *				
Free Publications	($1,530,000)	($2,300,000)	($770,000)		

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Department of Revenue, Local Governments.

EFFECTIVE DATE: This act becomes effective October 1, 2001, and applies to sales made on or after that date. The exemptions in section 1 and 2 of the bill expire on October 1, 2003.

BILL SUMMARY: Under current law newspapers sold by street vendors and newspaper carriers making door-to-door deliveries are exempt from sales tax. The bill extends that exemption specifically to newspapers sold through all vending machines. This bill also exempts the paper, ink, and other ingredients used to produce free circulation publications from the state and local sales and use tax. Both exemptions expire on October 1, 2003. The Revenue Laws Study Committee is directed to study the sales and use tax exemptions that apply to publications and report to the 2002 Session of the General Assembly.

ASSUMPTIONS AND METHODOLOGY:

Newspapers in Vending Machines

Currently the 6% state and local sales tax is due on newspapers sold over the counter. Newspapers sold by traditional street vendors and door-to-door carriers are exempt from the tax. All taxable vending machine sales are subject to only 50% of the existing tax rate for that item.

In the past few years confusion has arisen about the tax status of newspapers sold through vending machines at convenience stores, shopping areas, and malls. The Department of Revenue's interpretation of the law is that newspapers sold through vending machines in public areas are a form of "street vendor" and are exempt.

"Newspapers sold in or near a stand-alone convenience store are not considered a street vendor sale, and are subject to tax. Sales through newspaper vending racks located inside or on the premises of a store or business are taxable whether such sales are made by the owner of the business or another vendor. Such sales are not considered to be sales made by street vendors. Sales through newspaper vending racks which are not located on the street but are in public areas such as shopping centers and malls, airport terminals, train stations, bus stations and other similar locations or facilities, but not inside or on the premises of a store or business, are considered to be sales by street vendors and are exempt from sales tax". (Technical Bulletins, Section 7-16-B.10 & 11).

Because of the confusion over this provision, the Department of Revenue agreed to not pursue any of these taxes before April 1, 2001, and to not attempt to collect back taxes previous to this date. The Department has indicated, however, that they consider these non-vendor sales to be taxable, and believe these taxes are now due. They also plan to include these taxes in audit considerations (after the April 1, 2001 date).

Because this item is not recorded separately on the sales tax returns, and since this item has not been considered in most recent audits, no estimate is available from the Department. The Press Association believes that most independent carriers are not currently collecting or remitting the tax. Because there is no good data available, no fiscal estimate is possible. However, it is expected the impact of this bill will be relatively small given the limited number of papers sold through stand alone machines, and the fact that all vending machine sales that are taxable are only subject to 50% of the current tax rate (6%) or 3%.

Free Publications

Prior law granted a sales tax exemption for sales of paper, ink, and other tangible personal property to commercial printers and publishers for use as component parts in free circulation publications that contained advertising of a general nature. The exemption applied to general shoppers guides but not to more specialized publications such as real estate guides. The First Amendment of the United States Constitution does not allow a state to discriminate between publications based on their content. The prior law exemption clearly violated this rule by exempting guides with general content but not those with narrower content. Section 10 of Senate Bill 1112 (S.L. 1999-438) repealed the exemption, effective October 1, 1999, so that supplies sold for all free publications are now subject to tax on a uniform basis.

Prior to the 2000 Session of the General Assembly, Department of Revenue field auditors were asked to collect free publications from their regions and forward them by courier mail to the central office in Raleigh. These documents were used to estimate the annual statewide sales volumes of free publications. The Tax Research Division of the Department of Revenue used the estimated sales data for free publications, as well as sales and use tax collections data and information from the North Carolina Press Association to estimate the fiscal impact of this proposed tax exemption. In a memo dated June 6, 2000, the Tax

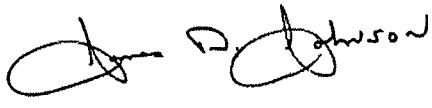
Research Division estimated that the exemption proposed in this bill will reduce General Fund revenues by $4.6 million per year and will reduce local sales tax revenues by $2.3 million per year. No growth rate was assumed for future years due to the lack of market information for free publications. The first year impact is adjusted for the October 1, 2001 effective date (9 months minus 1 month lag). The third year estimate is adjusted for the October 1, 2003 expiration date. (3 months plus 1 month lag)

NOTE: To exempt just those free publications that were exempt prior to October 1, 1999 would cost $2.1 million in state revenues and $1.05 million in local revenues. However, returning to the prior law revives the constitutionality question.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Linda Struyk Millsaps & Richard Bostic

APPROVED BY: James D. Johnson



DATE: September 4, 2001

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT withdrawn

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 9-12-01

S. B. No. 2500 Amendment No. 1

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Haire

)

Sen.)

1 moves to amend the bill on page 1, line 13

2 ( ) WHICH CHANGES THE TITLE

3 by Strike Sec 2 in its entirety

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ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

2000 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ Committee Substitute for
H.B. 635 A BILL TO BE ENTITLED AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 2, unfavorable as to Committee Substitute Bill # 1

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 635
Committee Substitute Favorable 4/12/01
PROPOSED COMMITTEE SUBSTITUTE H635-PCS6351-LB-107

Short Title: Regulate Body Piercing. (Public)

Sponsors:

Referred to:

March 15, 2001

A BILL TO BE ENTITLED

AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-29(c) reads as rewritten:

"(c) The Commission shall adopt rules:

(1) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1022, s. 5.

(2) Establishing standards for approving sewage-treatment devices and holding tanks for marine toilets as provided in G.S. 75A-6(o).

(3) Establishing specifications for sanitary privies for schools where water-carried sewage facilities are unavailable as provided in G.S. 115C-522.

(4) Establishing requirements for the sanitation of local confinement facilities as provided in Part 2 of Article 10 of Chapter 153A of the General Statutes.

(5) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1075, s. 1.

(5a) Establishing eligibility standards for participation in Department reimbursement programs.

(6) Requiring proper treatment and disposal of sewage and other waste from chemical and portable toilets.

(7) Establishing statewide health outcome objectives and delivery standards.

(8) Establishing permit requirements for the sanitation of premises, utensils, equipment, and procedures to be used by ~~a person~~persons engaged in ~~tattooing~~,tattooing or body piercing, as provided in Part 11 of Article 8 of this Chapter.

(9) Implementing immunization requirements for adult care homes as provided in G.S. 131D-9 and for nursing homes as provided in G.S. 131E-113."

SECTION 2. G.S. 130A-39(g) reads as rewritten:

"(g) A local board of health may impose a fee for services to be rendered by a local health department, except where the imposition of a fee is prohibited by statute or where an employee of the local health department is performing the services as an agent of the State. Notwithstanding any other provisions of law, a local board of health may impose cost-related fees for services performed pursuant to Article 11 of this Chapter, 'Wastewater Systems,' for services performed pursuant to Part 10, Article 8 of this Chapter, 'Public Swimming Pools', and for services performed pursuant to Part 11, Article 8 of this Chapter, ~~'Tattooing'.~~'Tattooing and Body Piercing'. Fees shall be based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board or boards of commissioners. The fees collected under the authority of this subsection are to be deposited to the account of the local health department so that they may be expended for public health purposes in accordance with the provisions of the Local Government Budget and Fiscal Control Act."

SECTION 3. Part 11 of Chapter 130A of the General Statutes reads as rewritten:

"Part 11. ~~Tattooing.~~ Tattooing and Body Piercing.

"§ 130A-283. Tattooing regulated.

(a) Definition. – As used in this Part, the term 'tattooing' means the inserting of permanent markings or coloration, or the producing of scars, upon or under human skin through puncturing by use of a needle or any other method.

(b) Prohibited Practice. – No person shall engage in tattooing without first obtaining a tattooing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, who perform tattooing within the normal course of their professional practice are exempt from the requirements of this Part.

(c) Application. – To obtain a tattooing permit, a person ~~must~~shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a tattooing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and ~~must~~shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a tattooing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that tattooing is being performed in violation of this ~~Part.~~section or materials are not being disposed of as provided in G.S. 130A-285. ~~In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning the enforcement of this Part.~~

(e) Limitation. – A permit issued pursuant to this ~~Part~~section does not authorize a person to remove a tattoo from the body of a human being. Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400."

"**§ 130A-284. Body piercing regulated.**

(a) Definition. – As used in this Part, the term 'body piercing' means the creation of an opening in the body of a human being so as to create a permanent hole for the purpose of inserting jewelry or other decoration. Body piercing includes piercing an ear, lip, tongue, nose, naval, or eyebrow. Body piercing does not include piercing an ear lobe with a disposable, single-use stud or solid needle that is applied using a mechanical device to force the needle or stud through the ear lobe.

(b) Prohibited Practice. – No person shall engage in body piercing without first obtaining a body piercing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, are exempt from the requirements of this Part.

(c) Application. – To obtain a body piercing permit, a person shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a body piercing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a body piercing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that body piercing is being performed in violation of this section or materials are not being disposed of as provided in G.S. 130A-285.

(e) Limitation. – Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-285. Management and disposal of materials.**

Materials used by persons engaged in tattooing and body piercing shall be disposed of in accordance with rules adopted by the Commission pursuant to G.S. 130A-309.26.

"**§ 130A-286. Appeals.**

In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning enforcement of this Part."

SECTION 4. This act becomes effective December 1, 2001.

HOUSE BILL 635:
Regulate Body Piercing

BILL ANALYSIS

Committee:	House Appropriations	**Sponsor:**	Rep. Mitchell
Date:	September 12, 2001	**Analysis by:**	Martha Walston*
Version:	2nd Edition		Finance Committee Counsel
			Revised by Emily Johnson

SUMMARY: House Bill 635 provides for regulation of body piercing by the Department of Environment and Natural Resources in accordance with rules adopted by the Commission of Health Services. The Bill incorporates the regulatory scheme for body piercing into Part 11 of Chapter 130A of the General Statutes which currently regulates tattooing. The Bill also requires that the materials used to perform tattooing and body piercing be disposed of in accordance with the laws governing the disposal of medical waste. The current version of the bill was given a favorable report in House Finance. The act becomes effective October 1, 2001.

CURRENT LAW: The business of body piercing currently is unregulated, but in 1993 legislation was enacted to authorize the Department of Environment and Natural Resources (DENR) to regulate the business of tattooing. Under Part 11 of Chapter 130 of the General Statutes, a person must obtain a permit from DENR to engage in the business of tattooing. Once a permit application is received, the local health department must inspect the premises of the applicant and determine whether the applicant meets the requirements for a tattooing permit. The Commission for Health Services has established requirements for a tattooing permit which include provisions for posting the permit, maintaining appropriate water and sewer, disposing of materials used in tattooing in accordance with the rules governing disposal of medical waste, maintaining records for two years, prohibiting tattooing of persons with visible skin problems, maintaining a tattooing room that is separate from other areas of the establishment, maintaining sterilization procedures, and keeping the premises clean and free of vermin.

G.S. 14-400 makes it unlawful to tattoo a person under age 18. In 1998, this statute was amended to make it unlawful to pierce any part of the body, other than ears of a person under 18 for the purpose of allowing the insertion of earrings, jewelry, or similar objects, unless the prior consent of a custodial parent or guardian is obtained. A violation of G.S. 14-400 is a Class 2 misdemeanor, punishable by up to 60 days' community service, intermediate, or active punishment.

HOUSE BILL 635: House Bill 635 would duplicate the current statutory regulatory scheme for tattooing and make it applicable to body piercing.

Section 1 requires the Commission for Health Services to adopt rules establishing permit requirements for the sanitation of premises, utensils, equipment, and procedures to be used by persons engaged in body piercing if this bill is enacted.

Section 2 authorizes a local board of health to impose cost-related fees for services performed under the bill's proposed regulatory scheme for body piercing. Current law gives this authority for services performed under the tattooing statute. Fees are based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board of commissioners. The fees are deposited to the account of the local health department for public health purposes.

Section 3 amends the tattooing statute to include the regulation of body piercing. The new statutes under Part 11 of Chapter 130 do the following:

- Definition of Body Piercing. Body piercing is the creation of an opening in the body of a human being so as to create a permanent hole for the purpose of inserting jewelry or other decoration. Body piercing does not include piercing an ear lobe with a disposable, single-use stud or solid needle that is applied using a mechanical device to force the needle or stud through the ear lobe.
- Permit Requirements and Exemptions. Requires a permit from DENR to engage in body piercing. Licensed physicians, and physician assistants and nurse practitioners supervised by a licensed physician are exempt. The permit must be renewed annually.
- Permit Application Requirements. Upon receipt of a permit application, DENR, acting through the local health department must inspect the premises, instruments, utensils, equipment and procedures of the applicant to see if the applicant meets the requirements of a permit set by the Commission for Health Services.
- Violations. DENR may deny a permit if the applicant does not meet the permit requirements. DENR may suspend, revoke, or refuse to renew a permit if it learns that body piercing is being performed in violation of the statute or if materials are not being disposed of as provided for medical waste.
- Compliance Does Not Bar Criminal Prosecution. Compliance with body piercing and tattooing statutes does not bar criminal prosecution under G.S. 14-400.
- Medical Waste Rules Apply. Materials used by person engaged in tattooing and body piercing must be disposed of in accordance with medical waste rules.
- APA Governs Appeals. The Administrative Procedure Act will govern appeals concerning enforcement of the tattooing and body piercing statutes.

Dianna Jessup and Amy Currie, Research Division contributed to this summary.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 635 – Second Edition

SHORT TITLE: Regulate Body Piercing

SPONSOR(S):

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES	No estimate available				
EXPENDITURES:	$45,000	$38,000	$38,000	$38,000	$38,000
POSITIONS:	0.50	0.50	0.50	0.50	0.50

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Environment and Natural Resources (DENR), Division of Environmental Health; Commission for Health Services; Local Health Departments

EFFECTIVE DATE: October 1, 2001

BILL SUMMARY:

The House committee substitute substantially changes the 1st edition of the bill. The committee substitute mandates the Commission for Health Services (Commission) to regulate body piercing in the same manner as it does tattooing. The Commission is charged with establishing the requirements for a body-piercing permit required of each person engaged in the practice of body piercing. The bill requires DENR, acting through the local health departments, to inspect the premises, instruments, utensils, equipment and procedures of the applicant to determine whether the applicant meets the permit requirements set by the Commission before a permit can be issued. Amends G.S.130A-39 to allow local boards of health to assess fees to recover costs for inspection of persons engaged in body piercing. The bill also requires materials used by persons in body piercing be disposed of in accordance with the law governing the disposal of medical waste. The definition of body piercing included in the bill does not include certain ear lobe piercing.

ASSUMPTIONS AND METHODOLOGY:

Revenue:

A precise count of the number body piercing technicians and the number of body piercing facilities in North Carolina is not available. However, based on its experience permitting tattoo artists, DENR's Division of Environmental Health estimates that statewide there are between 200 to 300 body-piercing technicians and between 150 and 200 facilities that provide body-piercing services. Since county health departments are allowed to set the permit fee based on their cost to administer the body-piercing permit, there is no estimate available on the amount of revenue that will be raised from permit fees.

Expenditures:

Local Health Departments: This bill makes use of the existing work force at county health departments to inspect and permit body-piercing technicians and allows county boards of health to charge permit fees to recover local costs. Consequently, county health departments will need no appropriation to regulate body piercing.

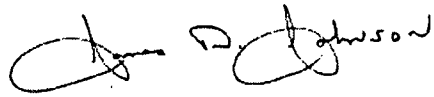
Division of Environmental Health: This bill duplicates the current regulatory scheme for tattooing and makes it applicable to body piercing. As a result, this fiscal note assumes that the rules, training and supervision of the body-piercing program will be based largely on the existing the tattooing program. These rules and training will need to be revised to include sections specific to body piercing; however, no new staff will be needed to make these revisions. This note also assumes that the body-piercing portion of the training for local environmental health specialist can be combined with the tattoo portion of the training to minimize additional training costs to the Division.

Before a local environmental health specialist is authorized to conduct an inspection on behalf of the Department, that specialist must be evaluated on-site by a Regional Environmental Health Specialist employed by the Division of Environmental Health. The number of on-site evaluations that will need to be completed is estimated to be 100. This estimate is based upon the assumption that each county will employ at least one local environmental health specialist responsible for inspecting and permitting body piercing technicians practicing in their respective county. To complete these on-site evaluations, the Department will need the equivalent of one part time regional environmental health specialist. The cost of this employee with benefits and operating costs is estimated to be $38,000, plus one-time computer and furniture expenses of $7,500.

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Richard Bostic and Jennifer Hoffmann

APPROVED BY: Jmaes D. Johnson



DATE: May 22, 2001

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

adopted voice vote

EDITION No. _____

H. B. No. 635 DATE 9.12.01

S. B. No. _____ Amendment No. 1

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Frank Mitchell

Sen.)

moves to amend the bill on page 3, line 36

( ) WHICH CHANGES THE TITLE

by deleting "October 1, 2001" and substituting "December 1, 2001".

SIGNED W. F. Mitchell

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Failed

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 635 DATE 9.12.01

S. B. No. _____ Amendment No. #2
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Ronnie Sutton
Sen.)

@ 2

1 moves to amend the bill on page _____, line 11
2 ( ) WHICH CHANGES THE TITLE
3 by inserting after "piercing" the words
4 _____
5 "of another person"
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SIGNED _____

ADOPTED _____ FAILED ✓ voice vote TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 635

Committee Substitute Favorable 4/12/01

Short Title: Regulate Body Piercing. (Public)

Sponsors:

Referred to:

March 15, 2001

A BILL TO BE ENTITLED

AN ACT TO REGULATE THE BUSINESS OF BODY PIERCING.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 130A-29(c) reads as rewritten:

"(c) The Commission shall adopt rules:

(1) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1022, s. 5.

(2) Establishing standards for approving sewage-treatment devices and holding tanks for marine toilets as provided in G.S. 75A-6(o).

(3) Establishing specifications for sanitary privies for schools where water-carried sewage facilities are unavailable as provided in G.S. 115C-522.

(4) Establishing requirements for the sanitation of local confinement facilities as provided in Part 2 of Article 10 of Chapter 153A of the General Statutes.

(5) Repealed by Session Laws 1989 (Regular Session, 1990), c. 1075, s. 1.

(5a) Establishing eligibility standards for participation in Department reimbursement programs.

(6) Requiring proper treatment and disposal of sewage and other waste from chemical and portable toilets.

(7) Establishing statewide health outcome objectives and delivery standards.

(8) Establishing permit requirements for the sanitation of premises, utensils, equipment, and procedures to be used by ~~a person~~persons engaged in ~~tattooing~~,tattooing or body piercing, as provided in Part 11 of Article 8 of this Chapter.

(9) Implementing immunization requirements for adult care homes as provided in G.S. 131D-9 and for nursing homes as provided in G.S. 131E-113."

SECTION 2. G.S. 130A-39(g) reads as rewritten:

"(g) A local board of health may impose a fee for services to be rendered by a local health department, except where the imposition of a fee is prohibited by statute or where an employee of the local health department is performing the services as an agent of the State. Notwithstanding any other provisions of law, a local board of health may impose cost-related fees for services performed pursuant to Article 11 of this Chapter, 'Wastewater Systems,' for services performed pursuant to Part 10, Article 8 of this Chapter, 'Public Swimming Pools', and for services performed pursuant to Part 11, Article 8 of this Chapter, ~~'Tattooing'.~~'Tattooing and Body Piercing'. Fees shall be based upon a plan recommended by the local health director and approved by the local board of health and the appropriate county board or boards of commissioners. The fees collected under the authority of this subsection are to be deposited to the account of the local health department so that they may be expended for public health purposes in accordance with the provisions of the Local Government Budget and Fiscal Control Act."

SECTION 3. Part 11 of Chapter 130A of the General Statutes reads as rewritten:

"Part 11. ~~Tattooing.~~ Tattooing and Body Piercing.

"§ 130A-283. Tattooing regulated.

(a) Definition. – As used in this Part, the term 'tattooing' means the inserting of permanent markings or coloration, or the producing of scars, upon or under human skin through puncturing by use of a needle or any other method.

(b) Prohibited Practice. – No person shall engage in tattooing without first obtaining a tattooing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, who perform tattooing within the normal course of their professional practice are exempt from the requirements of this Part.

(c) Application. – To obtain a tattooing permit, a person ~~must~~shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a tattooing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and ~~must~~shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a tattooing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that tattooing is being performed in violation of this ~~Part.~~section or materials are not being disposed of as provided in G.S. 130A-285. ~~In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning the enforcement of this Part.~~

(e) Limitation. – A permit issued pursuant to this ~~Part~~section does not authorize a person to remove a tattoo from the body of a human being. Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-284. Body piercing regulated.**

(a) Definition. – As used in this Part, the term 'body piercing' means the creation of an opening in the body of a human being so as to create a permanent hole for the purpose of inserting jewelry or other decoration. Body piercing includes piercing an ear, lip, tongue, nose, naval, or eyebrow. Body piercing does not include piercing an ear lobe with a disposable, single-use stud or solid needle that is applied using a mechanical device to force the needle or stud through the ear lobe.

(b) Prohibited Practice. – No person shall engage in body piercing without first obtaining a body piercing permit from the Department. Licensed physicians, as well as physician assistants and nurse practitioners working under the supervision of a licensed physician, are exempt from the requirements of this Part.

(c) Application. – To obtain a body piercing permit, a person shall apply to the Department. Upon receipt of the application, the Department, acting through the local health department, shall inspect the premises, instruments, utensils, equipment, and procedures of the applicant to determine whether the applicant meets the requirements for a body piercing permit set by the Commission. If the applicant meets these requirements, the Department shall issue a permit to the applicant. A permit is valid for one year and shall be renewed annually by applying to the Department for a permit renewal.

(d) Violations. – The Department may deny an application for a body piercing permit if an applicant does not meet the requirements set by the Commission for the permit. The Department may suspend, revoke, or refuse to renew a permit if it finds that body piercing is being performed in violation of this section or materials are not being disposed of as provided in G.S. 130A-285.

(e) Limitation. – Compliance with this Part is not a bar to prosecution for a violation of G.S. 14-400.

"**§ 130A-285. Management and disposal of materials.**

Materials used by persons engaged in tattooing and body piercing shall be disposed of in accordance with rules adopted by the Commission pursuant to G.S. 130A-309.26.

"**§ 130A-286. Appeals.**

In accordance with G.S. 130A-24(a), Chapter 150B of the General Statutes, the Administrative Procedure Act, governs appeals concerning enforcement of this Part."

SECTION 4. This act becomes effective October 1, 2001.

HOUSE BILL 1245:
NCDL/Selective Service Registration

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Rep. Baddour
Date:	September 12, 2001	**Summary by:**	Jeff Hudson
Version:	2nd		Phyllis Pickett

SUMMARY: House Bill 1245 would provide that any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age must be registered with the Selective Service System when applying for the issuance, renewal, or duplication of a drivers license, a commercial drivers license, or an identification card.

CURRENT LAW: Under current federal law, it is the duty of every male citizen of and immigrant to the United States who is between the ages of eighteen and twenty-six to register with the Selective Service System. Also under federal law, failure to comply with this requirement may affect eligibility for federal student aid, job training, federal employment, and citizenship, if an immigrant.

Under current State law, there is no provision that links obtaining a drivers license or identification card with registration with the Selective Service System. However, under State law, failure to comply with the federal Selective Service System registration requirement may affect eligibility for State-supported scholarship and financial assistance programs for postsecondary education as well as employment by the State and its political subdivisions.

BILL ANALYSIS: House Bill 1245 would provide that any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age must be registered with the Selective Service System when applying for the issuance, renewal, or duplication of a drivers license, a commercial drivers license, or an identification card. House Bill 1245 would also provide that the Division of Motor Vehicles will electronically forward the personal information necessary to register with the Selective Service System when a person required to be registered applies for a license or identification card. Application for a license or identification card indicates that the applicant has already complied with the registration requirements or that he authorizes the Division to forward the necessary information to the Selective Service for registration.

EFFECTIVE DATE: House Bill 1245 would become effective October 1, 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H **2**

HOUSE BILL 1245
Committee Substitute Favorable 4/24/01

Short Title: NCDL/Selective Service Registration. (Public)
Sponsors:
Referred to:

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT MALE RESIDENTS AGE EIGHTEEN THROUGH TWENTY-FIVE COMPLY WITH THE SELECTIVE SERVICE SYSTEM'S REGISTRATION REQUIREMENTS WHEN APPLYING FOR A DRIVERS LICENSE OR IDENTIFICATION CARD.

The General Assembly of North Carolina enacts:

SECTION 1. Article 2 of Chapter 20 is amended by adding a new section to read:

"**§ 20-9.2. Selective service system registration requirements.**

(a) Any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age shall be registered in compliance with the requirements of the Military Selective Service Act, 50 U.S.C. § 453 (1948), when applying for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card.

(b) The Division shall forward in an electronic format the necessary personal information of the applicants identified in subsection (a) of this section required for registration to the Selective Service System. An application for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card indicates that the applicant has already registered with the Selective Service or that he authorizes the Division to forward the necessary information to the Selective Service for registration. The Division shall notify the applicant that his application for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card serves as his consent to be registered with the Selective Service System pursuant to this section."

SECTION 2. This act becomes effective October 1, 2001.

Prepared By:	C. Douglas Haynes	Phone	715-5513	Date/Time	04/24/2001
Reviewed By:		Phone		Date/Time	5:30:00 PM
DMV personnel consulted regarding implementation			Wayne H. Hurder		

MIS BILL REVIEW, 2001-2002

BILL NUMBER/EDITION: House Bill 1245

SHORT TITLE: NCDL/Selective Service Registration

SPONSOR(S): Representatives Baddour; and Wainwright.

BILL SUMMARY: H1245 would require the Driver License section within the Division of Motor Vehicles to produce electronic information required for registration to the Selective Service System.

FISCAL IMPACT: Expenditures: Increase (x) Decrease ( ) No Impact ( ) No Est. Available ( )
Revenues: Increase ( ) Decrease () No Impact (x) No Est. Available ( )

FUND AFFECTED: Highway Fund (X) General Fund ( ) Local Fund ( ) Other Funds ( )

PROPOSED EFFECTIVE DATE: October 1, 2001

PRINCIPAL DEPARTMENT(S)/PROGRAM AFFECTED:

FISCAL IMPACT

MIS	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06
Personnel					
Non-Personnel	$56,400				
ITS Charges	8,460				
Total	$64,860				
# POSITIONS:					
RECEIPTS/FEES					
Hwy Fund					
Other ( )					

ASSUMPTIONS AND METHODOLOGY: SOURCES OF DATA:

SOURCES OF DATA: Driver License

TECHNICAL CONSIDERATIONS: (see attachment)

SECTION POSITION:

House Bill 1245
NCDL/Selective Service Registration
Fiscal Notes

Technical Considerations

SADLS (State Automated Driver License System) will require modifications to implement the Selective Service Registration process for Driver License Applicants. The following changes will be required:

- Modification of Driver License On Line Certification process to prompt the applicant of the Selective Serivce requirement and the fact that issuance of a license or id card serves as his consent to be registered.
- Addition of indicators for Selective Service notification.
- Addition of logic to handle the queuering of indicatiors for applicants aged 18 to 26 programmactically within the Certification process.
- Creation of new business rules for handling new process/indicators
- Change of Customer Merge Process to handle new business rules
- Create new table to hold necessary personal information to be sent to Selective Service System
- New batch process to physically send information to the Selective Service System.

Technical Level of Effort - Complex

Detailed Cost Justifications:

Activity	Estimated Hours
Analysis	120
Design	150
Programming/Testing	200
System Testing	75
Client Testing	80
Implementation	40
Post Implementation	40
	=======
	705 x $80/hr = $56,400

ITS Charges = (15% of Programming & testing & implementation hours) x $80 = .15 x 705 hrs x $80 hour =$8,460

Total Estimate (including Programming & ITS charges) = $64,860

Prepared By:	Wayne Hurder	Phone	861-3191	Date/Time	042301, 8 am
Reviewed By:		Phone		Date/Time	
IST personnel consulted regarding implementation procedures.					

DMV BILL REVIEW 2000-01

BILL NUMBER/EDITION: H1245

SHORT TITLE: NCDL Selective Service Registration

SPONSOR(S): Rep. Baddour

BILL SUMMARY: An to require that male residents age 18 through 25 comply with the Selective Service Systems registration requirements before a license or ID may be issued by the Division of MotorVehicles.

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( ) No Impact ( ) No Est. Available (X)
Revenues: Increase ( ) Decrease ( ) No Impact (X) No Est. Available ( )

FUND AFFECTED: Highway Fund (X) General Fund ( ) Local Fund ( ) Other Funds ( )

PROPOSED EFFECTIVE DATE: October 1, 2001

PRINCIPAL DEPARTMENT(S)/PROGRAM AFFECTED: Driver License Section, DOT IT

FISCAL IMPACT

DMV:	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06
Personnel					
Non-Personnel:					
Total					
# POSITIONS:					
RECEIPTS/FEES					

ASSUMPTIONS AND METHODOLOGY: Based on the version of the bill read, every male customer, age 18 through 25, will have to be queried to determine if they have registered with the Selective Service System or if they consent to do so. Some customers may not understand the inquiry, especially those from another country, so in one out of ten cases, the examiner will have to explain the nature of the question. It is estimated that about 500,000 customers fall into this category. It is estimated that they will visit the driver license once every three years, or that on average 167,000 customers will have to be queried annually, at least during the first years until a customer has been seen at least once and a history built on their response to the question.

It is assumed that a certain portion of the customers will refuse to give consent, either willfully or out of confusion over the request.

SOURCES OF DATA: State Automated Driver License System

TECHNICAL CONSIDERATIONS: SADLS will have to be changed to provide a field to document that the eligible customer has applied for a driver license or ID card and, consequently, has given consent for registration with the Selective Service. DOT IT will then have to provide the Selective Service Administration with the information on a routine basis in an electronic format..

SECTION POSITION: Neutral, although the Section has concerns over legislation that would deny a driver license to a customer. Based on conversations with Donald Shaw, state director of the Selective Service System, they will support a change in the bill that would make applying for a license automatically registration for the Selective Service. **If this change were enacted, the bill would not significantly increase the amount of time spent with customers. However, there would still be programming charges involved for IT.**

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Adopted voice vote

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 1295 DATE 9.12.01

S. B. No. _____ Amendment No. 1

COMMITTEE SUBSTITUTE _____ (to be filled in by Principal Clerk)

(Rep.) Stan Fox
Sen.)

1 moves to amend the bill on page 1, line 25

2 ( ) WHICH CHANGES THE TITLE

3 by deleting "October 1, 2001" and

4 substituting "~~October 1, 2001~~

5

6 "January 1, 2002".

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SIGNED Stan Fox

ADOPTED ✓ voicevote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

September 12, 2001 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Doug Lassiter	NCSTA
R. Paul Wilms	NCHBA
Steve Mitchell	Novartis
Ken Melton	Allen Associates, Inc.
[illegible]	NC Food Banks
John Kunto	NCFPC
Brian Francis	Meck County
Cam Cove	BPMHL
Angie Harris	Maupin Taylor & Ellis
Sharon Matthews	DOT/DMV
David King	DOT
Jim Hayes	DENR
John Bussian	NC Press Assn
Teri Saylor	NC Press Association
Ted Vaden	Chapel Hill News
Bill Bowman	Upcoming Weekly/Kidsville News
Milton Alford	OSBM
Henry M Lancaster II	LCA

VISITOR REGISTRATION SHEET

APPROPRIATIONS — September 12, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Wayne Williams	State Budget Office
Thomas Cheek	" " "
Hal Miller	NCACCT
Willie R. Riddick	DOR
Jesse Helms	U.S. Senate
Susan Torres	WCPSS
Patrice Reeves	NCACC
Gene Causby	NCSBSA
Irving Brown	NCMS
Stacy Flannery	NCHCFA
Margaret Westbrook	Kennedy Covington

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

Wednesday, September 26, 2001

643 LOB

8:30 AM

H 1245	NCDL/Selective Service Registration, Rep. Baddour
S 879	NC School of Science & Math/Budget Flexibility, Rep. Michaux
H 644	Toll Road and Bridge Authority Created, Rep. Crawford
H1299	Underground Storage Tank Program Funds, Rep. Gibson

Minutes
House Appropriations Committee Meeting
Wednesday, September 26, 2001
8:50 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order for the purposes of considering:

H 1245, NCDL/Selective Service Registration, Rep. Baddour
S 879, NC School of Science & Math/Budget Flexibility, Rep. Michaux
H 644, Toll Road and Bridge Authority Created, Rep. Crawford
H1299, Underground Storage Tank Program Funds, Rep. Gibson

The Co-Chair stated that H1245 with a pending amendment by Rep. Howard was before the committee. In the absence of Rep. Howard the presiding Chair recognized the bill sponsor, Representative Baddour to explain the bill.

Rep. Shubert and Rep. Justus requested information regarding facts and figures in the Attorney General's decision or ruling on the social security issue Representative Redwine informed the members that the budget bill, which had passed, addressed the issue and could be found on page 205 of the bill. The language states the requirement of a taxpayer identification number or social security number to obtain a drivers license.

Rep. Kiser asked that Mr. Wayne Hurder, Director of the Drivers License Certification Division of the Department of Motor Vehicles to be recognized to explain the DMV procedure for issuing drivers license. He explained that the law requiring a social security number be provided for issuance of a drivers license passed by the General Assembly in August, '97 with a October, 97 implementation date. It was part of a bill involving the collection of child support monies. The Attorney General's office interpreted the intent of the requirement in the bill for a social security number was for the purpose of tracking people who were delinquent in child support. It was not a written advisory opinion but there are documents pertaining to that matter. Rep. Shubert requested documentation. Mr. Hurder, when asked, supplied the membership with the fact that 388,000 applicants since October '97 did not have a number. Rep. Justus stating that one of the individuals who highjacked the planes on September 11, 2001 had a NC driver's license with out a social security number.

Rep. Baddour was then recognized to offer a technical amendment changing the date to April 1, 2002 and was adopted by voice vote on a motion by Representative Easterling. Co-Chair Redwine stated that the Rep. Howard amendment is displaced in her absence. Representative Easterling moved give the committee substitute a favorable report unfavorable as to committee substitute bill #1.

Representative Redwine thanked DMV and asked them to provided documents requested by some of the members.

Rep. Michaux was recognized to explain S. 879, NC School of Science & Math/Budget Flexibility. This bill adds a new section giving the school budget flexibility.

A motion by Representative Owens passed by voice vote giving S 879 a favorable report.

H 644,Toll Road and Bridge Authority Created was the next bill on the agenda and Representative Crawford was recognized and explained the bill sets up a toll authority for the state of North Carolina. He stated this bill comes from a blue ribbon study, which determined transportation needs of the state total 556 million a year. NC does not have the dollars to build these roads. There are five areas in the state that could use a toll road to help the control of traffic and address environmental problems. This bill came from the department to the Transportation Committee and passed Finance Committee and passed the first reading on the floor. Some amendments were added that changed other areas in the bill and it went back to the Transportation Committee. He stopped there to take questions from the memberships. Rep. Rogers asked and Rep. Crawford responded that the Transportation Board as well as the Transportation Oversight Committee in the General Assembly has to approve everything that the Authority does. The issues Rep. Owens had regarding the Bridge Authority that had been appealed has been put back in the bill. The issues that Rep. Blue had regarding turnpikes have been addressed as well as the concerns of other members. Rep. Blue expressed concerns with the language pertaining to the outer loop in Wake County. Mr. David King with DOT was recognized to make a statement in that regard.

Representative Cole's motion to adopt the proposed committee substitute for discussion and his motion for a favorable report as to committee substitute bill #2, unfavorable as to committee substitute bill #2 was passed by voice vote.

Bill Sponsor Representative Gibson was recognized to explain H1299, Underground Storage Tank Program Funds. Co-Chair Representative Oldham moved to adopt the proposed committee substitute for the purpose of discussion. The motion was adopted by voice vote. Then Representative explained that the Department of Environment and Natural Resources is requesting from leaking underground storage tank funds, 495 thousand or 2.4% per year for 6 years. Farm Bureau requested section 2 of the bill and no opposition to this language has been expressed. Dexter Matthews, Acting Director of the Division of Waster Management was recognized to address the committee and explained the money would be used for operating cost. George Givens, Research Division stated that Part 2A of the General Statute is the clean up program and Part 2B is the regulatory portion.

Rep. Baker moved to give the proposed committee substitute, which changes the title, a favorable report. The motion passed and the meeting was adjourned at 9:50 am.

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

☒ Committee Substitute for
H.B. 1245 A BILL TO BE ENTITLED AN ACT TO PROVIDE THAT MALE RESIDENTS AGE EIGHTEEN THROUGH TWENTY-FIVE COMPLY WITH THE SELECTIVE SERVICE SYSTEM'S REGISTRATION REQUIREMENTS WHEN APPLYING FOR A DRIVERS LICENSE OR IDENTIFICATION CARD

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 2, unfavorable as to Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

9.26.01

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H 3

HOUSE BILL 1245
Committee Substitute Favorable 4/24/01
Committee Substitute #2 Favorable 9/27/01

Short Title: NCDL/Selective Service Registration. (Public)
Sponsors:
Referred to:

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT MALE RESIDENTS AGE EIGHTEEN THROUGH TWENTY-FIVE COMPLY WITH THE SELECTIVE SERVICE SYSTEM'S REGISTRATION REQUIREMENTS WHEN APPLYING FOR A DRIVERS LICENSE OR IDENTIFICATION CARD.

The General Assembly of North Carolina enacts:

SECTION 1. Article 2 of Chapter 20 is amended by adding a new section to read:

"**§ 20-9.2. Selective service system registration requirements.**

(a) Any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age shall be registered in compliance with the requirements of the Military Selective Service Act, 50 U.S.C. § 453 (1948), when applying for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card.

(b) The Division shall forward in an electronic format the necessary personal information of the applicants identified in subsection (a) of this section required for registration to the Selective Service System. An application for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card indicates that the applicant has already registered with the Selective Service System or that he authorizes the Division to forward the necessary information to the Selective Service System for registration. The Division shall notify the applicant that his application for the issuance, renewal, or duplication of a drivers license, commercial drivers license, or identification card serves as his consent to be registered with the Selective Service System pursuant to this section."

SECTION 2. This act becomes effective April 1, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 1245

Committee Substitute Favorable 4/24/01

Short Title: NCDL/Selective Service Registration. (Public)

Sponsors:

Referred to:

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT MALE RESIDENTS AGE EIGHTEEN THROUGH TWENTY-FIVE COMPLY WITH THE SELECTIVE SERVICE SYSTEM'S REGISTRATION REQUIREMENTS WHEN APPLYING FOR A DRIVERS LICENSE OR IDENTIFICATION CARD.

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SECTION 2. This act becomes effective October 1, 2001.

House Bill 1245

NCDL/SELECTIVE SERVICE REGISTRATION.

Bill Text: Edition 1 | Edition 2 | Edition 3 | Edition 4

Introduced by: Baddour; Wainwright;

P/L = Public/Local Bill | **$** = Affects Appropriations
* = Bill Text Has Changed

Session:	2001 - 2002	**Prime Sponsors:**	Philip A. Baddour, Jr..
Fiscal Note:	N/A	**Attributes:**	P *

Date		Action
04/11/2001	H	Filed
04/12/2001	H	Ref To Com On Judiciary II
04/24/2001	HA	Reptd Fav Com Substitute
04/24/2001	H	Re-ref Com On Appropriations
06/11/2001	H	Assigned To Appropriations Subcommittee on Transportation
09/27/2001	H	Reptd To Appropriations
09/27/2001	HA	Reptd Fav Com Substitute
09/27/2001	H	Cal Pursuant Rule 36(b)
10/03/2001	H	Placed On Cal For 10/4/2001
10/04/2001	H	Passed 2nd Reading
10/09/2001	HA	Amend Adopted #1
10/09/2001	H	Passed 3rd Reading
10/11/2001	S	Rec From House
10/11/2001	S	Ref To Com On Judiciary II

[how a law is made]

Bill Look-Up

Enter a bill number to search for.
Example: Enter S7 to search for Senate Bill 7 or H7 to search for House Bill 7.

2001 - 2002 Session **Bill Number:** Look-Up

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 1245 DATE 9.26

S. B. No. _____) Amendment No. 1

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Baddour
)
Sen.)

@ 1 25

1 moves to amend the bill on page _____, line _____
2 ( ) WHICH CHANGES THE TITLE
3 by deleting "October 1, 2001" and substituting
4 "April 1, 2002"
5
6 further moves to amend the bill on page 1, lines
7 19 and 20 by deleting
9 "Selective Service" and substituting
10 "Selective Service System"
11
12
13
14
15
16
17
18
19

SIGNED Rep A Baddour

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Displaced not in attendance 9/26

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1245

AMENDMENT NO. 7
(to be filled in by Principal Clerk)

H1245-ALK-76 [v.1]

Date 9.12 ,2001

Comm. Sub. [YES]
Amends Title [YES]
Second Edition

Representative Howard

moves to amend the bill on page 1, line 4,
by rewriting that line to read:
"REGISTRATION REQUIREMENTS AND TO PROVIDE ONE FORM OF IDENTIFICATION PROVING RESIDENCY IN NORTH CAROLINA WHEN APPLYING FOR A DRIVERS";
and further moves to amend the bill on page 1, line 25,
by rewriting that line to read:
"**SECTION 2.** G.S. 20-7(b1) reads as rewritten:
`(b1) Application. – To obtain a drivers license from the Division, a person must complete an application form provided by the Division, present at least two forms of identification approved by the Commissioner, ~~be~~ at least one of which proves that the applicant is a resident of this State, and demonstrate his or her physical and mental ability to drive safely a motor vehicle included in the class of license for which the person has applied. The Division may copy the identification presented or hold it for a brief period of time to verify its authenticity. To obtain an endorsement, a person ~~must~~ shall demonstrate his or her physical and mental ability to drive safely the type of motor vehicle for which the endorsement is required.
The application form ~~must request~~ shall require all of the following information, and it ~~must~~ shall contain the disclosures concerning the request for an applicant's social

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security number required by section 7 of the federal Privacy Act of 1974, Pub. L. No. 93-579:

(1) The applicant's full name.
(2) The applicant's mailing address and residence address.
(3) A physical description of the applicant, including the applicant's sex, height, eye color, and hair color.
(4) The applicant's date of birth.
(5) The applicant's social security number. The Division shall not issue a license to an applicant who fails to provide the applicant's social security number.
(6) The applicant's signature.'

SECTION 3. This act becomes effective October 1, 2001."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HOUSE BILL 1245:
NCDL/Selective Service Registration

BILL ANALYSIS

Committee: House Appropriations
Date: September 12, 2001
Version: 2nd

Introduced by: Rep. Baddour
Summary by: Jeff Hudson
Phyllis Pickett

SUMMARY: House Bill 1245 would provide that any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age must be registered with the Selective Service System when applying for the issuance, renewal, or duplication of a drivers license, a commercial drivers license, or an identification card.

CURRENT LAW: Under current federal law, it is the duty of every male citizen of and immigrant to the United States who is between the ages of eighteen and twenty-six to register with the Selective Service System. Also under federal law, failure to comply with this requirement may affect eligibility for federal student aid, job training, federal employment, and citizenship, if an immigrant.

Under current State law, there is no provision that links obtaining a drivers license or identification card with registration with the Selective Service System. However, under State law, failure to comply with the federal Selective Service System registration requirement may affect eligibility for State-supported scholarship and financial assistance programs for postsecondary education as well as employment by the State and its political subdivisions.

BILL ANALYSIS: House Bill 1245 would provide that any male United States citizen or immigrant who is at least 18 years of age but less than 26 years of age must be registered with the Selective Service System when applying for the issuance, renewal, or duplication of a drivers license, a commercial drivers license, or an identification card. House Bill 1245 would also provide that the Division of Motor Vehicles will electronically forward the personal information necessary to register with the Selective Service System when a person required to be registered applies for a license or identification card. Application for a license or identification card indicates that the applicant has already complied with the registration requirements or that he authorizes the Division to forward the necessary information to the Selective Service for registration.

EFFECTIVE DATE: House Bill 1245 would become effective October 1, 2001.

Prepared By:	C. Douglas Haynes	Phone	715-5513	Date/Time	04/24/2001
Reviewed By:		Phone		Date/Time	5:30:00 PM
DMV personnel consulted regarding implementation			Wayne H. Hurder		

MIS BILL REVIEW, 2001-2002

BILL NUMBER/EDITION: House Bill 1245

SHORT TITLE: NCDL/Selective Service Registration

SPONSOR(S): Representatives Baddour; and Wainwright.

BILL SUMMARY: H1245 would require the Driver License section within the Division of Motor Vehicles to produce electronic information required for registration to the Selective Service System.

FISCAL IMPACT: Expenditures: Increase (x) Decrease ( ) No Impact ( ) No Est. Available ( )
Revenues: Increase ( ) Decrease () No Impact (x) No Est. Available ( )

FUND AFFECTED: Highway Fund (X) General Fund ( ) Local Fund ( ) Other Funds ( )

PROPOSED EFFECTIVE DATE: October 1, 2001

PRINCIPAL DEPARTMENT(S)/PROGRAM AFFECTED:

FISCAL IMPACT

MIS	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06
Personnel					
Non-Personnel	$56,400				
ITS Charges	8,460				
Total	$64,860				
# POSITIONS:					
RECEIPTS/FEES					
Hwy Fund					
Other ( )					

ASSUMPTIONS AND METHODOLOGY: SOURCES OF DATA:

SOURCES OF DATA: Driver License

TECHNICAL CONSIDERATIONS: (see attachment)

SECTION POSITION:

House Bill 1245
NCDL/Selective Service Registration
Fiscal Notes

Technical Considerations

SADLS (State Automated Driver License System) will require modifications to implement the Selective Service Registration process for Driver License Applicants. The following changes will be required:

- Modification of Driver License On Line Certification process to prompt the applicant of the Selective Serivce requirement and the fact that issuance of a license or id card serves as his consent to be registered.
- Addition of indicators for Selective Service notification.
- Addition of logic to handle the queuering of indicatiors for applicants aged 18 to 26 programmactically within the Certification process.
- Creation of new business rules for handling new process/indicators
- Change of Customer Merge Process to handle new business rules
- Create new table to hold necessary personal information to be sent to Selective Service System
- New batch process to physically send information to the Selective Service System.

Technical Level of Effort - Complex

Detailed Cost Justifications:

Activity	Estimated Hours
Analysis	120
Design	150
Programming/Testing	200
System Testing	75
Client Testing	80
Implementation	40
Post Implementation	40
	=======
	705 x $80/hr = $56,400

ITS Charges = (15% of Programming & testing & implementation hours) x $80 = .15 x 705 hrs x $80 hour =$8,460

Total Estimate (including Programming & ITS charges) = $64,860

Prepared By:	Wayne Hurder	Phone	861-3191	Date/Time	042301, 8 am
Reviewed By:		Phone		Date/Time	
IST personnel consulted regarding implementation procedures.					

DMV BILL REVIEW 2000-01

BILL NUMBER/EDITION: H1245

SHORT TITLE: NCDL Selective Service Registration

SPONSOR(S): Rep. Baddour

BILL SUMMARY: An to require that male residents age 18 through 25 comply with the Selective Service Systems registration requirements before a license or ID may be issued by the Division of MotorVehicles.

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( ) No Impact ( ) No Est. Available (X)
Revenues: Increase ( ) Decrease ( ) No Impact (X) No Est. Available ( )

FUND AFFECTED: Highway Fund (X) General Fund ( ) Local Fund ( ) Other Funds ( )

PROPOSED EFFECTIVE DATE: October 1, 2001

PRINCIPAL DEPARTMENT(S)/PROGRAM AFFECTED: Driver License Section, DOT IT

FISCAL IMPACT

DMV:	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06
Personnel					
Non-Personnel:					
Total					
# POSITIONS:					
RECEIPTS/FEES					

ASSUMPTIONS AND METHODOLOGY: Based on the version of the bill read, every male customer, age 18 through 25, will have to be queried to determine if they have registered with the Selective Service System or if they consent to do so. Some customers may not understand the inquiry, especially those from another country, so in one out of ten cases, the examiner will have to explain the nature of the question. It is estimated that about 500,000 customers fall into this category. It is estimated that they will visit the driver license once every three years, or that on average 167,000 customers will have to be queried annually, at least during the first years until a customer has been seen at least once and a history built on their response to the question.

It is assumed that a certain portion of the customers will refuse to give consent, either willfully or out of confusion over the request.

SOURCES OF DATA: State Automated Driver License System

TECHNICAL CONSIDERATIONS: SADLS will have to be changed to provide a field to document that the eligible customer has applied for a driver license or ID card and, consequently, has given consent for registration with the Selective Service. DOT IT will then have to provide the Selective Service Administration with the information on a routine basis in an electronic format..

SECTION POSITION: Neutral, although the Section has concerns over legislation that would deny a driver license to a customer. Based on conversations with Donald Shaw, state director of the Selective Service System, they will support a change in the bill that would make applying for a license automatically registration for the Selective Service. **If this change were enacted, the bill would not significantly increase the amount of time spent with customers. However, there would still be programming charges involved for IT.**

FROM: Gerry Cohen, Director of Bill Drafting
DATE: September 17, 2001
SUBJECT Social Security Numbers on Drivers Licenses

Evan has gotten me a copy of a Popular Government (from the Institute of Government) article from Spring 1999 that relates the whole history of this. After the law was passed, DMV attempted to enforce this strictly, but "backed away from that position after complaints from the Hispanic community", citing a Ruth Sheehan Article "DMV out to get it right for Hispanic customers", N&O page 1, December 19, 1997. The problem is that there are some ineligible (such as illegals, and even spouses of legal immigrants) to get Social Security numbers. Campbell's article said DMV attempted to avoid requiring the impossible.

Interestingly, the same requirement was put on marriage licenses, and the General Assembly came back in 1999 and enacted some new language, which might show intent as we did not do this for DMV:
old language in G.S. 51-8:
Each applicant for a marriage license shall provide on the application the applicant's social security number

added in 1999 by S.L. 1999-375:
If an applicant does not have a social security number and is ineligible to obtain one, the applicant shall present a statement to that effect, sworn to or affirmed before an officer authorized to administer oaths. Upon presentation of a sworn or affirmed statement, the register of deeds shall issue the license, provided all other requirements are met, and retain the statement with the register's copy of the license.

Campbells' comments on the DMV decision (which was supported by an AG opinion that the impossible was not required) "An equally plausible interpretation of the federal and state statutes is that they mean exactly what they say: unless an license applicant enters on the form a social security number -- no license may be issued. The General Assembly could revisit this issue and include specific provisions in G.S. 20-7 and G.S. 51-8 to deal with applicants who have no social security number and cannot obtain them."

Just like we did in 51-8, we could amend the statute.

My suggestion would be to EITHER do one of the following four actions:

1) amend 20-7 like we did in 51-8 and validate what DMV is doing
2) amend 20-7 to allow an alternate number, requiring applicants to get an IRS taxpayer ID number, which is available to anyone willing to contact the IRS
3) amend 20-7 to make it clear that those without SSN's can NOT get licenses
4) ask that administrative action be taken similar to #3, that is, no licenses to those without SSN's

http://ftp.fedworld.gov/pub/irs-pdf/fw7.pdf
An ITIN (Individual Taxpayer Identification Number) is a nine-digit number issued by the IRS to individuals who are required to have a US Taxpayer Identification Number but do not have and are unable to obtain a social security number SSN.
My personal suggestion would be to go with #2.

Here is the fulltext of the Sheehan article from the 1997 N&O

The News & Observer

December 19, 1997

DMV out to 'get it right' for Hispanic customers

Author: RUTH SHEEHAN; STAFF WRITER

Edition: Final
Section: News
Page: A1

Index Terms:
NC
DMV
Hispanic
Janice Faulkner

Estimated printed pages: 3

Article Text:

The chief of the state Division of Motor Vehicles announced Thursday the formation of a special task force to improve service to recent immigrants.

Acknowledging problems with the way the division has handled Spanish-speaking customers, **DMV** Commissioner Janice Faulkner pledged to clarify and expand the list of identification forms that customers may use and to beef up training for driver's license examiners.

In addition, she said at a meeting of **DMV** officials and public advocates that Wayne Hurder, head of the driver's license section, has been relieved of administrative duties so he can concentrate solely on field operations, with a particular focus on **DMV**'s dealings with the Hispanic community.

"This is not a downgrading of Mr. Hurder," said his supervisor, assistant commissioner Ed Carr. "It's a recognition of a need to be filled."

The News & Observer reported recently that some recent immigrants, particularly those who speak Spanish, have been turned away when applying for driver's licenses because they do not have valid Social Security numbers.

A new law aimed at deadbeat parents, which went into effect Oct. 1, requires all license applicants who have Social Security numbers to give them. Having a Social Security number is not, however, a prerequisite for getting a driver's license.

DMV officials initially played down complaints about their administration of the new law, citing misunderstandings on the part of some examiners and miscommunication due

to the language barrier. But Hispanic immigrants and their advocates say the Social Security rule is used by some license examiners as a tool for discriminating against Spanish-speaking customers.

Katie Pomerans, who works in the citizens affairs office of the state Department of Health and Human Services, told Faulkner on Thursday that she has fielded hundreds of telephone calls from Spanish-speaking people who were denied licenses because they do not have Social Security numbers or for other reasons.

Pomerans said that no matter how clearly the new law is understood in Raleigh, the message does not seem to be getting **out to** all **DMV** offices.

"I think there's a tendency not to believe people who come from a foreign culture or country," said Pomerans, a native of Uruguay. "Coming from another country and culture myself, I know how that feels."

Faulkner agreed with Pomerans' assessment.

"We are aware of the problem," the commissioner said. "We cannot disavow the situation you describe."

In recent years, partly in response to a discrimination lawsuit, the division has taken several steps to improve its service to Spanish-speakers. These include hiring translators, requiring diversity training for examiners and providing Spanish versions of the driver's license handbook and the written test.

Starting in 1998, the 20 largest driver's license offices in the state will employ a new system that will make it easier for Hispanic customers to take the test orally. And all the offices soon will be online with the Social Security Administration, allowing examiners to check the validity of Social Security numbers on the spot.

But Hispanic advocates said Thursday that recent immigrants are still experiencing problems at some **DMV** offices.

Wayne Cooper, honorary consul for the Mexican government in Charlotte, pointed to the agency's refusal to acknowledge Mexican passports as an acceptable form of identification.

Cooper and others said they have received reports that many **DMV** offices have run **out** of the Spanish version of the driver's license handbook.

Mitzi Powell, **DMV** public information director, said that the handbook is scheduled to be retranslated within two weeks and that a new printing will be sent to offices statewide a few months later.

In the meantime, Hurder promised that all offices will have at least a few copies on hand for license applicants to study on the spot.

Elaine Perkinson, a **DMV** customer affairs representative, said a telephone system for channeling complaints, including those from Spanish-speakers, will also be up and running in early 1998.

Faulkner noted that the state's Hispanic population has grown rapidly in recent years, to 4 percent of the total. That number is only going to **get** bigger, she said. She vowed to move quickly on the Mexican passport issue, and to improve the training for all examiners.

"The customer requirement for **DMV** is going to keep expanding," Faulkner said. "We're going to work on it until we **get it right**.

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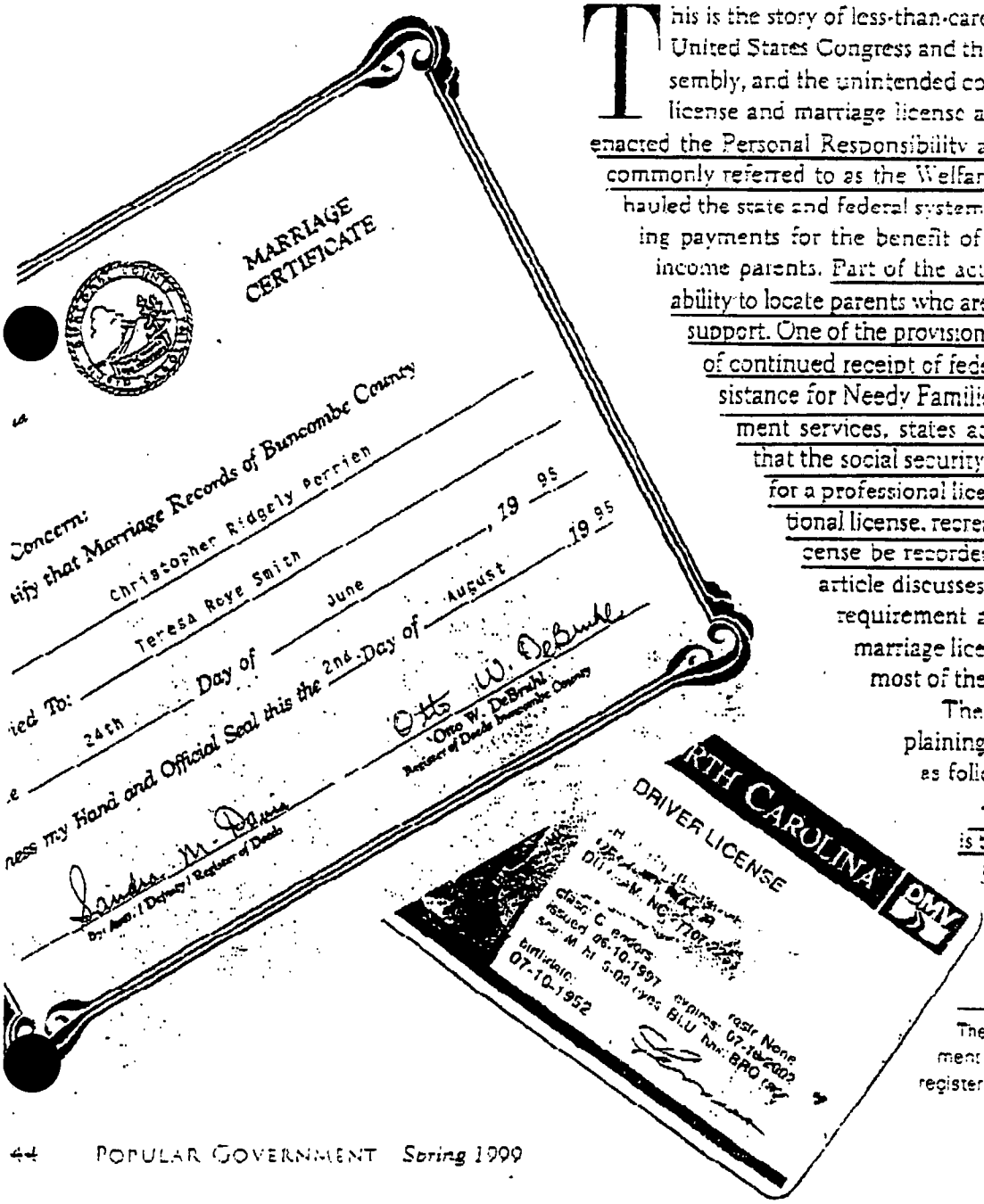
Total Estimate (including Programming & ITS charges) = $64,860

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SECTION POSITION: Neutral, although the Section has concerns over legislation that would deny a driver license to a customer. Based on conversations with Donald Shaw, state director of the Selective Service System, they will support a change in the bill that would make applying for a license automatically registration for the Selective Service. **If this change were enacted, the bill would not significantly increase the amount of time spent with customers. However, there would still be programming charges involved for IT.**

No Social Security Number? No License

WILLIAM A. CAMPBELL



This is the story of less-than-careful legislative drafting by the United States Congress and the North Carolina General Assembly, and the unintended consequences for many driver's license and marriage license applicants. In 1996, Congress enacted the Personal Responsibility and Work Opportunity Act,[1] commonly referred to as the Welfare Reform Act. The act overhauled the state and federal system of welfare payments, including payments for the benefit of dependent children of low-income parents. Part of the act attempts to improve states' ability to locate parents who are legally obligated to pay child support. One of the provisions requires that, as a condition of continued receipt of federal funds for Temporary Assistance for Needy Families and child-support enforcement services, states adopt "[p]rocedures requiring that the social security number of . . . any applicant for a professional license, driver's license, occupational license, recreational license, or marriage license be recorded on the application."[2] This article discusses the Social Security number requirement as it applies to driver's and marriage licenses, the two areas in which most of the problems have arisen.

The act's legislative history explaining this new requirement reads as follows:

> The Social Security number is the key piece of information around which the child support information system is constructed. Not only are

The author is an Institute of Government faculty member who advises registers of deeds.

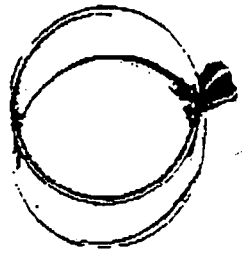
new hire and support order matches at the State and Federal level based on Social Security numbers, but so too are most data searches aimed at locating non-paying parents. Thus, giving child support offices access to new sources for obtaining Social Security numbers is important to successful functioning of several other components of the committee proposal. To promote privacy in keeping Social Security numbers confidential, the provision does not require States to place the numbers directly on the face of the licenses, decrees, or orders. Rather, the number must simply be kept in applications and records that, in most cases, are stored in computer files.[3]

The act makes no allowance for a license applicant who does not have a Social Security number. The legislative history also is silent on this point.

Effective October 1, 1997, the 1997 North Carolina General Assembly made the necessary changes in the state statutes concerning applications for driver's and marriage licenses.[4] In Section 20-7(b1) of the North Carolina General Statutes (hereinafter G.S.), North Carolina already required the application form for a driver's license to request the applicant's Social Security number.[5] The 1997 amendment to G.S. 20-7(b1) added the following language: "The Division shall not issue a license to an applicant who fails to provide the applicant's social security number." G.S. 51-8 was amended to require applicants for a marriage license to furnish their Social Security numbers. In neither G.S. 20-7 nor G.S. 51-8 was provision made for license applicants who do not have Social Security numbers. Indeed, one can argue that the amendment to G.S. 20-7(b1) expresses the legislature's clear intention that if an applicant cannot furnish a Social Security number, no driver's license should be issued.

The unintended consequences of the two legislatures not providing for applicants who have no Social Security number were that, at least temporarily, hundreds of applicants for driver's and marriage licenses could not obtain them. Who were they? Most were foreign nationals residing in or visiting North Carolina. There is no requirement that a person be a United States citizen to obtain a driver's or marriage license. Before enactment of the Social Security number requirement, many foreign nationals routinely obtained both types of licenses. The Social Security number requirement changed this situation dramatically because only two categories of foreign nationals are eligible for Social Security numbers: those who are admitted to the United States to establish permanent residence and those who are admitted for purposes of employment.[6] Those who are in this country for other purposes[7] or who are here illegally are not eligible. Problems quickly arose with these groups.

The North Carolina Division of Motor Vehicles (DMV) at first attempted to enforce the new requirement as written but backed away from that position after complaints from the Hispanic community.[8] DMV then made an administrative decision that G.S. 20-7(b1), as amended in 1997, was not intended to require the impossible and that if an applicant did not have a Social Security number, he or she could certify to that fact and be issued a license.[9]



"The register of deeds shall not issue a marriage license unless all of the requirements of this section have been met."

—G.S. 51-8

The situation with regard to marriage licenses was more complicated. Marriage licenses are issued by the registers of deeds in each of the state's 100 counties,[10] and a register can be held personally liable for issuing a license to an applicant who does not meet the statutory requirements for the license.[11] Many registers were—and are—reluctant to issue a license to an applicant without a Social Security number, especially in light of the last sentence of G.S. 51-8: "The register of deeds shall not issue a marriage license unless all of the requirements of this section have been met."[12] In summer 1998 an especially troublesome case in Guilford County caused the register to seek an opinion from the attorney general. One of the applicants was a foreign national who was in this country solely to get married and had no Social Security number. In an advisory opinion to Katherine Lee Payne, Guilford County register of deeds, dated August 14, 1998, Andrew A. Vanore, Jr., general counsel to the North Carolina Department of Justice, concluded that neither the federal statute requiring states to obtain Social Security numbers nor G.S. 51-8 was intended to prevent a foreign national who

is ineligible for a Social Security number from obtaining a marriage license. The general counsel stated that if a foreign national is ineligible for a Social Security number, signs an affidavit to that effect, and provides proof of foreign citizenship, he or she should be issued a marriage license, assuming all the other license requirements are met. Most registers of deeds have conformed their practices to this opinion, although they are not required to do so.

So, by means of an administrative decision in the one instance and an attorney general's opinion in the other, North Carolina has avoided the unfortunate effects on certain foreign nationals, including illegal immigrants, that could have resulted from a poorly thought through federal statute implemented by an unquestioning state legislative response.

But DMV's decision and the attorney general's advisory opinion may be wrong. An equally plausible interpretation of the federal and state statutes is that they mean exactly what they say: unless a license applicant enters on the application form a Social Security number—or a standardized identification number issued by a federal or state agency—no license may be issued. The General Assembly could revisit this issue and include specific provisions in G.S. 20-7 and G.S. 51-8 to deal with applicants who have no Social Security numbers and cannot obtain them. As one possibility, North Carolina might follow Virginia's example and provide that DMV shall issue a control number for license applicants without a Social Security number and that this number shall be used on all license applications in lieu of a Social Security number.[13] Another possibility is simply to require an affidavit from an applicant with no Social Security number that he or she is ineligible to obtain one. Either alternative would place DMV's decision on a firmer legal footing and bring uniformity to the issuance of marriage licenses.

NOTES

1. Personal Responsibility and Work Opportunity Act, Pub. L. No. 104-193, Aug. 22, 1996.

2. 42 U.S.C. § 666(a)(13)(A).

3. H.R. Rep. No. 651, 104th Cong., 2d Sess. 5 (1996), *reprinted in* 1996 U.S.C.C.A.N. 2470.

4. S.L. 1997-433. Because some legislators questioned the authority of Congress to impose these requirements on states, the General Assembly set an expiration date for this act of June 30, 1998. After receiving assurances from the attorney general that Congress very likely did possess such authority and because allowing the act to expire would have caused North Carolina to be out of compliance with the federal statute, in S.L. 1998-17 the 1998 General Assembly removed the expiration date. S.L. 1998-17 was effective June 25, 1998.

5. *See* 1994 N.C. Sess. Laws ch. 450. This requirement became effective January 1, 1995.

6. 42 U.S.C. § 405(c)(2)(B)(i)(I).

7. Foreign nationals may be legally admitted to the United States under numerous other circumstances, including as a student, as a member of an athletic team, as a member of a group of entertainers, or expressly for the purpose of marrying a U.S. citizen. *See* 8 U.S.C. §§ 1101(a)(15)(F) and 1184(c)(4) and (d).

8. *See* Ruth Sheehan, "DMV Out to 'Get It Right' for Hispanic Customers," *Raleigh News & Observer*, Dec. 19, 1997, p. 1.

9. Telephone interview with Harold F. Askins, special deputy attorney general, Nov. 23, 1998.

10. G.S. 51-8.

11. G.S. 51-17.

12. This sentence was added to the statute by S.L. 1997-453, the same act that imposed the requirement that applicants furnish their Social Security numbers.

13. *See* Va. Code Ann. §§ 46.2-342 and 32.1-267.

Briefing from DMV

Social Security Requirements for Driver Licenses

- NC GS 20-7(b1) states "the application form [for a driver license] must request...(5) The applicant's social security number. The Division shall not issue a license to an applicant who fails to provide the applicant's social security number."
- From the beginning, the Attorney General's office has told us that the requirement only applies to those persons who have a Social Security number, and that it was not a requirement that all applicants have a Social Security Number.
- The law results from HB301, which was introduced on behalf of the Social Service Division of DHHS for purposes of improving collection of child support from "deadbeat" parents. Federal legislation in 1996 created incentives for states to initiate improved efforts for child support collection.
- HB301 was designed "to enhance child support enforcement and paternity establishments in conformance with federal welfare reform requirements."
- In discussions with DSS in 1996 and 1997, HB301 was never presented as changing requirements for eligibility for a driver license.
- HB301 was intended to collect SSNs from customers with driver licenses (and not ID cards) in order to make it easier for DSS agencies to track customers and, if necessary, suspend their driving license in order to compel payment of overdue child support.
- The bill did not require collection of SSNs for ID cards, presumably because you cannot suspend a person's ID, and therefore there was no need to be concerned with them.
- The law passed August 19, 1997 and took effect October 1, 1997.
- At request of Social Security Administration, when a person indicates they do not have a social security number the examiner enters a series of "9s" in the SSN field.
- Since October 1, 1997, the Driver License Section has collected SSNs for 5,798,972 customers, out of a total of 6,685,204 active driver license records.
- In that period, we have had 388,195 cases where the customer said they did not have an SSN. This is 5.8% of the total licensed drivers.
- The ethnic breakdown for those is:
    - Hispanic 266,222
    - Caucasian 48,730
    - African American 36,099
    - Other 32,069
    - Asian 3,822
    - American Indian 1,253

- The fact that a person does not have a Social Security number does not necessarily mean they are in the country illegally. For instance, a computer programmer from India would have a work visa and an SSN; but the spouse might have a non-work visa and would not have to have a SSN in the country, since the spouse wouldn't be working.
- Realistically, probably most of our customers without an SSN are in the country without appropriate INS documents.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

☐ Committee Substitute for
S.B. 879 A BILL TO BE ENTITLED AN ACT TO PROVIDE SOME BUDGET FLEXIBILITY TO THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

9.26.01

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 3

SENATE BILL 879

Education/Higher Education Committee Substitute Adopted 4/12/01
Third Edition Engrossed 4/17/01

Short Title: NC School of Science & Math/Budget Flexibility. (Public)

Sponsors:

Referred to:

April 4, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE SOME BUDGET FLEXIBILITY TO THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 116-30.2 reads as rewritten:

"§ **116-30.2. Appropriations to special responsibility constituent ~~institutions.~~institutions and to the North Carolina School of Science and Mathematics.**

(a) All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), ~~and G.S. 143-23(a3)~~ and G.S. 120-76(8), each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions.

(b) The North Carolina School of Science and Mathematics is authorized to be designated as a special responsibility constituent institution for the purposes of G.S. 116-30.1, G.S. 116-30.4, G.S. 116-30.5, G.S. 116-30.6, and G.S. 116-31.10. In addition,

all General Fund appropriations made by the General Assembly for continuing operations of the North Carolina School of Science and Mathematics shall be made in the form of a single sum to each budget code of the School for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 120-76(8), the North Carolina School of Science and Mathematics may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Director of the School to be calculated to maintain and advance the programs and services of the School, consistent with the directives and policies of the Board of Trustees of the North Carolina School of Science and Mathematics. The preparation, presentation, and review of General Fund budget requests of the North Carolina School of Science and Mathematics shall be conducted in the same manner as are requests of the constituent institutions. The quarterly allotment procedure established under G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of the North Carolina School of Science and Mathematics. All General Fund monies so appropriated to the North Carolina School of Science and Mathematics shall be recorded, reported, and audited in the same manner as are General Fund appropriations to constituent institutions of The University of North Carolina."

SECTION 2. This act becomes effective July 1, 2001.

SENATE BILL 879:
School of Science/Math Flexibility.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Senator Lucas
Date:	September 26, 2001	**Summary by:**	Sara Kamprath
Version:	Third Edition		Committee Staff, House Education Committee

SUMMARY: ***This bill would provide greater budget flexibility for the North Carolina School of Science and Mathematics (School). It would take effect July 1, 2001.***

BACKGROUND: Beginning in 1991, the General Assembly has authorized the Board of Governors (upon the President's recommendation and after consultation with the State Auditor) to specify certain constituent institutions as Special Responsibility Constituent Institutions (SRCI). Sixteen institutions are now given greater discretionary authority over certain aspects of their budgeting, purchasing, and personnel. These institutions are also permitted to retain a designated percent of their reversions at the end of each fiscal year for one-time expenditures. The Board of Governors is required to direct each SRCI to include in its institutional effectiveness plan assessment measures of student learning and development in general undergraduate education. The Board also must report annually to the Joint Legislative Education Oversight Committee. The reports are to include the impact on undergraduate student learning, fiscal savings, management initiatives, increased efficiency and effectiveness, and other outcomes made possible by the flexibility.

BILL ANALYSIS: This bill would add a new subsection (b) to G.S. 116-30.2, currently applicable to the SRCIs. This new subsection would provide the following:

- The School may be designated as an SRCI after the Board of Governors finds that the School has the management staff and internal fiscal controls to administer the additional management authority and discretion delegated to it.
- The School is subject to the same rules, adopted by the Board of Governors, as the other SRCIs to receive and maintain that designation. These rules include procedures for reviewing the required financial audits and procedures for handling any financial problems.
- The Director would have greater flexibility in creating and abolishing positions when that would maintain and advance the School's programs and services.
- The Board of Governors shall direct the School to assess how this flexibility impacts on student learning. The Board will collect this assessment and include it as a part of the annual report to the Joint Legislative Education Oversight Committee on the impact on student learning, fiscal savings, management initiatives, increased efficiency and effectiveness, and other outcomes made possible by the flexibility given to all the SRCIs.
- The Board of Governors shall set the School's bid value benchmark, with regard to competitive bidding procedures, at an amount no greater than $250,000. The benchmark for the School shall be based on available staff resources, reviews of purchasing compliance, and audit results.
- All General Fund appropriations for continuing operations of the School would be made in a single sum to each budget code for each year of the fiscal period.

- The School would be permitted to expend monies from the General Fund and from the overhead receipts special fund in a manner that the Director calculates would maintain and advance the School's programs and services, consistent with the policies of the board of trustees.
- The School may transfer these funds, including funds for salaries, among line items.
- The quarterly allotment procedure would apply to the General Fund appropriations made for current operations of the School.
- The General Fund monies must be recorded, reported, and audited in the same way as the other SRCIs.
- Unlike the SRCIs, the School would NOT be allowed to retain reversions.

Robin Johnson contributed significantly to this summary.

S879-SMRJ-001

DIGEST
S 879. NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY

April 17, 2001
S 879. NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY. Intro. 4/4/01. Senate amendment makes the following changes to 2nd edition. *Authorizes* School of Science & Math to be designated as special responsibility constituent institution (previous amendment had directly designated school as such an institution).

April 16, 2001
S 879. NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY. Intro. 4/4/01. Senate amendment makes the following changes to 2nd edition. Makes School of Science & Mathematics a special responsibility constituent institution for purposes of all sections of GS Chapter 116, Art. 1, Part 2A.

April 12, 2001
S 879. NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY. Intro. 4/4/01. Senate committee substitute makes the following changes to 1st edition. Makes technical changes only.

April 4, 2001
S 879. NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY (=S 820). *TO PROVIDE SOME BUDGET FLEXIBILITY TO THE NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS.* Identical to S 820, introduced 4/3/01.
Intro. by Lucas.

Ref. to Education	GS 116

04/03/2001	S	Filed
04/04/2001	S	Ref To Com On Education/Higher Education
04/12/2001	S	Reptd Fav Com Substitute
04/12/2001	SA	Com Substitute Adopted
04/16/2001	SA	Amend Adopted #1
04/16/2001	S	Passed 2nd Reading
04/17/2001	S	Reconsidered 2nd Reading
04/17/2001	S	Reconsidered Adoption
04/17/2001	S	Amendment Withdrawn #1
04/17/2001	SA	Amend Adopted #2
04/17/2001	S	Passed 2nd & 3rd Reading
04/19/2001	H	Rec From Senate
04/19/2001	H	Ref To Com On Education
06/11/2001	H	Reptd Fav

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

☒ Committee Substitute for
H.B. 644 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE PUBLIC TOLL ROADS AND BRIDGES IN NORTH CAROLINA AND THE CREATION OF A TURNPIKE AUTHORITY

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 3, unfavorable as to Committee Substitute Bill # 2.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

9.26.01

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 644

Committee Substitute Favorable 6/18/01
Committee Substitute # 2 Favorable 8/13/01
Fourth Edition Engrossed 8/16/01
PROPOSED COMMITTEE SUBSTITUTE H644-CSRW-51 [v.9]

9/4/2001 9:40:22 AM

Short Title: Toll Road and Bridge Authority Created. (Public)

Sponsors:

Referred to:

March 15, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE PUBLIC TOLL ROADS AND BRIDGES IN NORTH CAROLINA AND THE CREATION OF A TURNPIKE AUTHORITY.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 136 of the General Statutes is amended by adding a new Article to read:

"Article 6H.

"Public Toll Roads and Bridges.

"**§ 136-89.180. Legislative findings.**

The General Assembly finds that the existing State road system is becoming increasingly congested and overburdened with traffic in many areas of the State; that the sharp surge of vehicle miles traveled is overwhelming the State's ability to build and pay for adequate road improvements; and that an adequate answer to this challenge will require the State to be innovative and utilize several new approaches to transportation improvements in North Carolina.

Toll funding of highway construction is feasible in North Carolina and can contribute to addressing the critical transportation needs of the State. A toll program can speed the implementation of needed transportation improvements by funding some projects with tolls.

"**§ 136-89.181. Definitions.**

The following definitions apply to this Article:

(1) "Turnpike Authority" means the public agency created by this Article.

(2) "Turnpike Authority Board" means the governing board of the Turnpike Authority.

(3) "Turnpike Project" means any primary or secondary road, bridge, or tunnel project that is included in the Transportation Improvement

Program prior to construction; and is planned and constructed in accordance with the provisions of this Article.

(4) "Turnpike System" means collectively all Turnpike Projects developed in accordance with the provisions of this Article.

"**§ 136-89.182. North Carolina Turnpike Authority.**

(a) Creation. – There is created a body politic and corporate to be known as the "North Carolina Turnpike Authority." The Authority is constituted as a public agency, and the exercise by the Authority of the powers conferred by this Article in the construction, operation, and maintenance of toll roads and bridges shall be deemed and held to be the performance of an essential governmental function.

(b) Administrative Placement. – The Authority shall be located within the Department of Transportation for administrative purposes but shall exercise all of its powers independently of the Department of Transportation except as otherwise specified in this Article.

(c) Board of Directors. – The North Carolina Turnpike Authority shall be governed by a seven-member Board of Directors consisting of the Secretary of Transportation and six members appointed by the Governor. One Authority member shall reside in each of the seven regions of the State specified in G.S. 136-17.2A(a). The Chair of the Authority shall be selected by the Board of Directors.

(d) Board of Transportation Members. – Not more than two members of the North Carolina Board of Transportation may serve as members of the Authority Board.

(e) Staggered Terms. – The initial appointments by the Governor to the Authority Board shall consist of three members appointed to terms ending January 14, 2003, and three members appointed to terms ending January 14, 2005. Thereafter, at the expiration of each stipulated term of office, all appointments shall be to a term of four years from the date of the expiration of the term.

(f) Vacancies. – All members of the Authority Board shall remain in office until their successors are appointed and qualify. The Governor may appoint a member to serve out the unexpired term of any member appointed by the Governor.

(g) Removal of Board Members. – Each member of the Authority Board appointed by the Governor, notwithstanding subsection (e) of this section, shall serve at the pleasure of the Governor. The Chair of the Authority serves at the pleasure of the Authority Board.

(h) Conflicts of Interest, Ethics, Etc. – Members of the Authority Board shall be subject to provisions of G.S. 136-13, 136-13.1, and 136-14.

(i) Compensation. – The appointed members of the Authority Board shall receive no salary for their services but shall be entitled to receive per diem and travel allowances in accordance with the provisions of G.S. 138-5 and G.S. 138-6 as appropriate.

(j) Bylaws. – The Authority Board shall adopt, change, or amend bylaws with respect to the calling of meetings, quorums, voting procedures, the keeping of records, and other organizational, staffing, and administrative matters as the Authority Board

may determine. Any bylaws, or subsequent changes or amendments to the bylaws, shall be submitted to the Board of Transportation and the Joint Legislative Transportation Oversight Committee for review and comment at least 45 days prior to adoption by the Authority Board.

(k) Executive Director and Administrative Employees. – The Authority Board shall appoint an Executive Director, whose salary shall be fixed by the Authority, to serve at its pleasure. The Executive Director shall be the Authority's chief administrative officer and shall be responsible for the daily administration of the toll roads and bridges constructed, maintained, or operated pursuant to this Article. The Executive Director or his designee shall appoint, employ, dismiss, and within the limits approved by the Authority Board, fix the compensation of administrative employees as the Executive Director deems necessary to carry out this Article. The Authority shall report the hiring of all administrative employees to the Joint Legislative Transportation Oversight Committee within 30 days of the date of employment.

(l) Office. – The offices of the Authority may be housed in one or more facilities of the Department of Transportation.

"**§ 136-89.183. Powers of the Authority.**

(a) The Authority shall have all of the powers necessary to execute the provisions of this Article including the following:

(1) The powers of a corporate body, including the power to sue and be sued, to make contracts, to adopt and use a common seal, and to alter the adopted seal as needed.

(2) To study, plan, develop, design, establish, purchase, construct, operate, and maintain a Turnpike Project, either on its own initiative or at the request of the Board of Transportation.

(3) To rent, lease, purchase, acquire, own, encumber, dispose of, or mortgage real or personal property, including the power to acquire property by eminent domain pursuant to G.S. 136-89.184.

(4) To fix, revise, charge, and collect tolls and fees for the use of the Turnpike Projects. Sixty days prior to the effective date of any toll or fee for use of a Turnpike Facility, the Authority shall submit a description of the proposed toll or fee to the Board of Transportation for review.

(5) To issue bonds or notes of the Authority as provided in this Article.

(6) To establish, construct, purchase, maintain, equip, and operate any structure or facilities associated with the Turnpike System.

(7) To pay all necessary costs and expenses in the formation, organization, administration, and operation of the Authority.

(8) To apply for, accept, and administer loans and grants of money or real or personal property from any federal agency, from the State or its political subdivisions, local government, or from any other public or private sources available.

(9) To adopt, alter, or repeal its own bylaws or rules implementing the provisions of this Article, in accordance with the review and comment requirements of G.S. 136-89.182(j).

(10) To utilize employees of the Department of Transportation; to contract for the services of consulting engineers, architects, attorneys, real estate counselors, appraisers, and other consultants; to employ administrative staff as may be required in the judgment of the Authority; and to fix and pay fees or compensation to the Department, contractors, and administrative employees from funds available to the Authority.

(11) To receive and use appropriations from the State.

(12) To adopt procedures to govern its procurement of services and delivery of Turnpike Projects.

(13) To perform or procure any portion of services required by the Authority.

(14) To use officers, employees, agents, and facilities of the Department of Transportation for the purposes and upon the terms as may be mutually agreeable.

(15) To contract for the construction, maintenance, and operation of a Turnpike Project.

(16) To enter into partnership agreements, agreements with political subdivisions of the State, and agreements with private entities, and to expend such funds as it deems necessary, pursuant to such agreements, for the purpose of financing the cost of acquiring, constructing, equipping, operating, or maintaining any Turnpike Project.

(b) To execute the powers provided in subsection (a) of this section, the Authority shall determine its policies by majority vote of the members of the Authority present and voting, a quorum having been established. Once a policy is established, the Authority Board shall communicate it to the Executive Director or the Director's designee, who shall have the sole and exclusive authority to execute the policy of the Authority. No member of the Authority Board shall have the responsibility or authority to give operational directives to any employee of the Authority other than the Executive Director or the Director's designee.

"**§ 136-89.184. Acquisition of real property.**

(a) General. – The Authority may acquire public or private real property by purchase, negotiation, gift, or devise, or condemnation that it determines to be necessary and convenient for the construction, expansion, enlargement, extension, improvement, or operation of a Turnpike Project. When the Authority acquires real property owned by the State, the Secretary of the Department of Administration shall execute and deliver to the Authority a deed transferring fee simple title to the property to the Authority.

(b) Condemnation. – To exercise the power of eminent domain, the Authority shall commence a proceeding in its name and shall follow the procedure set forth in Article 9 of Chapter 136 of the General Statutes.

"**§ 136-89.185. Taxation of property of Authority.**

Property owned by the Authority is exempt from taxation in accordance with Section 2 of Article V of the North Carolina Constitution.

"**§ 136-89.186. Audit.**

The operations of the Authority shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes.

"**§ 136-89.187. Conversion of free highways prohibited.**

The Authority Board is prohibited from converting any segment of the non-tolled State highway system to a toll facility.

"**§ 136-89.188. Use of revenues.**

(a) Revenues derived from Turnpike Projects authorized under this Article shall only be used for Authority administration costs; Turnpike Project development, construction, operation, and maintenance; and debt service on the Authority's revenue bonds.

(b) The Authority may use up to one hundred percent (100%) of the revenue derived from a Turnpike Project for debt service on the Authority's revenue bonds or for a combination of debt service and operation and maintenance expenses of the Turnpike Projects.

(c) The Authority shall use not more than five percent (5%) of total revenue derived from all Turnpike Projects for Authority administration costs.

"**§ 136-89.189. Turnpike Authority revenue bonds.**

The Authority shall be a municipality for purposes of Article 5 of Chapter 159 of the General Statutes, the State and Local Government Bond Act, and may issue revenue bonds pursuant to that Act to pay all or a portion of the cost of a Turnpike Project or to refund any previously issued bonds. In connection with the issuance of revenue bonds, the Authority shall have all powers of a municipality under the State and Local Government Revenue Bond Act, and revenue bonds issued by the Authority shall be entitled to the protection of all provisions of the State and Local Government Revenue Bond Act.

"**§ 136-89.190. Sale of Turnpike Authority revenue bonds.**

Revenue bonds of the Authority issued pursuant to G.S. 136-89.189 and the State and Local Government Revenue Bond Act shall be sold in accordance with and pursuant to Article 7 of Chapter 7 of Chapter 159 of the General Statutes.

"**§ 136-89.191. Cost participation by Department of Transportation.**

The Department of Transportation may participate in the cost of preconstruction activities, construction, maintenance, or operation of a Turnpike Project.

"**§ 136-89.192. Equity distribution formula.**

Only those funds applied to a Turnpike Project from the State Highway Fund, State Highway Trust Fund, or federal-aid funds that might otherwise be used for other

roadway projects within the State, and are otherwise already subject to the distribution formula under G.S. 136-17.2A, shall be included in the distribution formula.

Other revenue from the sale of bonds, project loans, or toll collections shall not be included in the distribution formula.

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

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

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

(c) Quarterly Reports. – The Authority shall submit quarterly reports to the Joint Legislative Transportation Oversight Committee. The reports shall summarize the Authority's activities during the quarter and contain any information about the Authority's activities that is requested by the Committee.

"**§ 136-89.194. Laws applicable to the Authority; exceptions.**

(a) Motor Vehicle Laws. – The Turnpike System shall be considered a "highway" as defined in G.S. 20-4.01(13) and a "public vehicular area" as defined in G.S. 20-4.01(32). All law enforcement and emergency personnel, including the State Highway Patrol and the Division of Motor Vehicles, shall have the same powers and duties on the Turnpike System as on any other highway or public vehicular area.

(b) Contracting. – For the purposes of implementing this Article, the Authority shall solicit competitive proposals for the construction of Turnpike Projects in accordance with the provision of Article 2 of this Chapter. Contracts for professional engineering services and other kinds of professional or specialized services necessary in connection with construction of Turnpike Projects shall be solicited in accordance with procedures utilized by the Department of Transportation.

(c) Alternative Contracting Methods. – Notwithstanding the provisions of subsection (b) of this section, the Authority may authorize the use of alternative contracting methods if:

(1) The authorization applies to an individual project;

(2) The Authority has concluded, and documented in writing, that the alternative contracting method is necessary because the project cannot be completed utilizing the procedures of Article 2 of this Chapter within the necessary time frame or available funding or for other reasons the Authority deems in the public interest;

(3) The Authority has provided, to the extent possible, for the solicitation of competitive proposals prior to awarding a contract; and

(4) The approved alternative contracting method provides for reasonable compliance with the disadvantaged business participation goals of G.S. 136-28.4.

"**§ 136-89.195. Internet report of funds expended.**

The Department shall publish and update annually on its Internet web site a record of all expenditures of the Turnpike Authority for highway construction, maintenance, and administration. The record shall include a total expenditure amount by county. For each Turnpike Project, the record shall include a readily identifiable project name or location, the nature of the project, the amount of the project, the contractor for the project, the date of project letting, and the actual or expected project completion date.

"**§ 136-89.196. Removal of tolls.**

The Authority shall, upon fulfillment of and subject to any restrictions included in the agreements entered into by the Authority in connection with the issuance of the Authority's revenue bonds, remove tolls from a Turnpike Project.

"**§ 136-89.197. Maintenance of non-toll routes.**

The Department shall maintain an alternate, non-toll primary route corresponding to each toll road project constructed pursuant to this Article."

SECTION 2. Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-158.2. Control of vehicles on Turnpike System.**

The North Carolina Turnpike Authority may control vehicles at appropriate places by erecting traffic control devices to collect tolls."

SECTION 3. G.S. 136-176(b) reads as rewritten:

"(b) Funds in the Trust Fund are annually appropriated to the Department of Transportation to be allocated and used as provided in this subsection. A sum, not to exceed four and one-half percent (4.5%) of the amount of revenue deposited in the Trust Fund under subdivisions (a)(1), (2), and (3) of this section, may be used each fiscal year by the Department for expenses to administer the Trust Fund. Operation and project development costs of the North Carolina Turnpike Authority are eligible administrative expenses under this subsection. Any funds allocated to the Authority pursuant to this subsection shall be repaid by the Authority from its toll revenue as soon as possible. Beginning one year after the Authority begins collecting tolls on a completed Turnpike Project, interest shall accrue on any unpaid balance owed to the Highway Trust Fund at a rate equal to the Treasurer's average annual yield on its investment of Highway Trust Fund funds pursuant to G.S. 147-6.1. Interest earned on the unpaid balance shall be deposited in the Highway Trust Fund upon repayment. The rest of the funds in the Trust Fund shall be allocated and used as follows:

(1) Sixty-one and ninety-five hundredths percent (61.95%) to plan, design, and construct the projects of the Intrastate System described in G.S. 136-179 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these projects.

(2) Twenty-five and five hundredths percent (25.05%) to plan, design, and construct the urban loops described in G.S. 136-180 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to these urban loops.

(3) Six and one-half percent (6.5%) to supplement the appropriation to cities for city streets under G.S. 136-181.

(4) Six and one-half percent (6.5%) for secondary road construction as provided in G.S. 136-182 and to pay debt service on highway bonds and notes that are issued under the State Highway Bond Act of 1996 and whose proceeds are applied to secondary road construction.

The Department must administer funds allocated under subdivisions (1), (2), and (4) of this subsection in a manner that ensures that sufficient funds are available to make the debt service payments on bonds issued under the State Highway Bond Act of 1996 as they become due."

SECTION 4. G.S. 126-5(c1) is amended by adding a new subsection to read:

"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

...

(21) Employees of the North Carolina Turnpike Authority."

SECTION 5. G.S. 120-123 is amended by adding a new subdivision to read:

"**§ 120-123. Service by members of the General Assembly on certain boards and commissions.**

No member of the General Assembly may serve on any of the following boards or commissions:

...

(75) The North Carolina Turnpike Authority."

SECTION 6. G.S. 159-81(1) reads as rewritten:

"(1) 'Municipality' means a county, city, town, incorporated village, sanitary district, metropolitan sewerage district, metropolitan water district, county water and sewer district, water and sewer authority, hospital authority, hospital district, parking authority, special airport district, regional public transportation authority, regional transportation authority, regional natural gas district, regional sports authority, airport authority, joint agency created pursuant to Part 1 of Article 20 of Chapter 160A of the General Statutes, ~~and~~ a joint agency authorized by agreement between two cities to operate an airport pursuant to G.S. 63-56, and the North Carolina Turnpike Authority created pursuant to Article 6H of Chapter 136 of the General Statutes, but not any other forms of State or local government."

SECTION 7. G.S. 159-81(3) is rewritten to read:

"(3) 'Revenue bond project' means any undertaking for the acquisition, construction, reconstruction, improvement, enlargement, betterment, or extension of any one or combination of the following revenue-producing utility or public service enterprise facilities or systems owned or leased as lessee by the issuing unit, to be financed through the issuance of revenue bonds, thereby providing funds to pay the costs of the undertaking or to reimburse funds loaned or advanced by the State or a municipality to pay the costs of the undertaking:

a. Water systems or facilities, including all plants, works, instrumentalities and properties used or useful in obtaining, conserving, treating, and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use.

b. Sewage disposal systems or facilities, including all plants, works, instrumentalities, and properties used or useful in the collection, treatment, purification, or disposal of sewage.

c. Systems or facilities for the generation, production, transmission, or distribution of gas (natural, artificial, or mixed) or electric energy for lighting, heating, or power for public and private uses, where gas systems shall include the purchase and/or lease of natural gas fields and natural gas reserves and the purchase of natural gas supplies, and where any parts of such gas systems may be located either within the State or without.

d. Systems, facilities and equipment for the collection, treatment, or disposal of solid waste.

e. Public transportation systems, facilities, or equipment, including but not limited to bus, truck, ferry, and railroad terminals, depots, trackages, vehicles, and ferries, and mass transit systems.

f. Public parking lots, areas, garages, and other vehicular parking structures and facilities.

g. Aeronautical facilities, including but not limited to airports, terminals, and hangars.

h. Marine facilities, including but not limited to marinas, basins, docks, dry docks, piers, marine railways, wharves, harbors, warehouses, and terminals.

i. Hospitals and other health-related facilities.

j. Public auditoriums, gymnasiums, stadiums, and convention centers.

k. Recreational facilities.

l. In addition to the foregoing, in the case of the State of North Carolina, low-level radioactive waste facilities developed pursuant to Chapter 104G of the General Statutes, hazardous waste facilities developed pursuant to Chapter 130B of the General Statutes, and any other project authorized by the General Assembly.

m. Economic development projects, including the acquisition and development of industrial parks, the acquisition and resale of land suitable for industrial or commercial purposes, and the construction and lease or sale of shell buildings in order to provide employment opportunities for citizens of the municipality.

n. Facilities for the use of any agency or agencies of the government of the United States of America.

o. Structural and natural stormwater and drainage systems of all types.

p. In the case of the North Carolina Turnpike Authority, a Turnpike Project, as defined in G.S. 136-89.181, including the planning and design of a Turnpike Project, that is designated by the Authority to be a revenue bond project.

The cost of an undertaking may include all property, both real and personal and improved and unimproved, plants, works, appurtenances, machinery, equipment, easements, water rights, air rights, franchises, and licenses used or useful in connection with any of the foregoing utilities and enterprises; the cost of demolishing or moving structures from land acquired and the cost of acquiring any lands to which such structures are to be moved; financing charges; the cost of plans, specifications, surveys, and estimates of cost and revenues; administrative and legal expenses; and any other expense necessary or incident to the project."

SECTION 8. G.S. 159-96 is amended by adding a new subsection to read:

"(e) In the case of a Turnpike Project of the North Carolina Turnpike Authority, the project may be located anywhere in the State the Authority is authorized to maintain a Turnpike Project."

SECTION 9. This act is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB644 (Proposed Committee Substitute)

SHORT TITLE: Toll Road and Bridge Authority Created

SPONSOR(S): Representative Crawford

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
EXPENDITURES					
Highway Trust Fund:	**$230,000**	**$230,000**	**$340,000**	**$340,000**	**$340,000**
	(See Assumptions and Methodology Section)				
POSITIONS:	**2**	**2**	**3**	**3**	**3**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Transportation

EFFECTIVE DATE: When bill becomes law.

BILL SUMMARY: House Bill 644 authorizes the creation of a public agency, the "North Carolina Turnpike Authority," to construct, operate and maintain toll roads in the State.

A seven member Board of Directors, consisting of six members appointed by the Governor and one designated by the Secretary of Transportation would govern the Authority. The Board would be authorized to adopt and revise bylaws. Prior to adoption, bylaws would be subject to review and comment by the Board of Transportation and the Joint Legislative Transportation Oversight Committee. The Authority would have the authority to hire only administrative personnel. The Authority would be authorized to contract for the services of other needed personnel, and utilize personnel of the Department of Transportation (DOT). The Authority would have the power to condemn property, to issue revenue bonds, and to enter into partnership agreements. Revenue bonds would be subject to the approval of the Local Government Commission; for the purposes of issuing them, the authority would be considered a "municipality."

The Authority would be subject to limits on the use of revenue derived from toll projects. Revenue could only be used for the following purposes: Turnpike administration; Turnpike Project development, construction, operation, and maintenance; and Turnpike project debt service. Spending on administration would be limited to 10% of Turnpike project revenue. DOT would be authorized to participate in the cost of preconstruction, construction, maintenance, or operation of a turnpike project. Turnpike projects would be subject to the equity distribution formula for State Highway Funds only to the extent that the project is funded from Highway Fund, Highway Trust Fund, or federal-aid funds that would otherwise be subject to the formula. Operation and project development costs of the Authority would be eligible administrative expenses of the Highway Trust Fund. These expenses are to be repaid to the Highway Trust Fund. The act would require tolls to be removed from Turnpike projects when all agreements in connection with the issuance of revenue bonds have been fulfilled.

ASSUMPTIONS AND METHODOLOGY:

Administrative Costs

The bill would allow administrative costs associated with staffing and operating the Turnpike Authority to be covered by the Highway Trust Fund. Our estimates of administrative costs are based on the assumptions listed below:

1. For the first two years, the Authority would require a chief executive officer ($125,000 salary) and an administrative assistant ($40,000 salary). Benefits for both positions would equal roughly $35,000. Board expenses would be roughly $5,000, and office and other expenses would be roughly $25,000.
2. Starting with FY 2003-04, a chief financial officer would be added to the staff at a salary of $94,000, and with benefits of roughly $17,000.

These costs would be funded out of existing revenues, and would not require an appropriation. The bill requires funds used for these purposes to be repaid to the Highway Trust Fund, but does not specify a time frame for repayment.

Project Development Costs

The development of road and bridge projects will require funding for design, preliminary engineering, environmental impact statements and right-of-way acquisition. The Department of Transportation estimates that these costs would total roughly $3 million in FY 2003-04 and roughly $20 million by FY 2005-06.

The Fiscal Research Division believes the development costs of these projects would be incurred by DOT whether the Turnpike Authority is created or not. Furthermore, although these costs may be incurred sooner with the creation of the Turnpike Authority, these costs would not require additional funding; rather, DOT would fund these projects by reallocating funds within its project budgets. The bill requires funds from the Highway Trust Fund used for these purposes to be repaid, but does not specify a time frame for repayment.

Construction Costs

Until the Turnpike Authority has toll revenue adequate to fully fund its projects, the Authority will require some participation by the State in the funding of project construction.

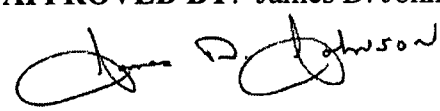
The bill allows DOT to participate in this construction. Although this participation, in a sense, would represent a cost to the State, we believe the construction costs associated with Turnpike projects would be incurred by DOT whether the Turnpike Authority is created or not. Furthermore, Turnpike project construction will be funded only partially with State funds; the balance of project costs will be funded with revenue bonds and toll revenues. Thus Turnpike projects will cost the State less to build than if these projects were built solely with State funds. Ultimately, by leveraging State construction funds with toll revenues, the Turnpike Authority will allow the State to stretch those funds farther.

Tolls

Eventually toll revenues would be generated by Turnpike Authority projects. However, these toll revenues would not be collected within the five-year time frame of this fiscal note.

FISCAL RESEARCH DIVISION: 733-4910
PREPARED BY: Evan Rodewald

APPROVED BY: James D. Johnson



DATE: August 24, 2001

HOUSE BILL 644:
Toll Road and Bridge Authority Created

BILL ANALYSIS

Committee:	House Appropriations Committee	**Introduced by:**	Rep. Crawford
Date:	September 14, 2001	**Summary by:**	Giles S. Perry
Version:	H644-CSRW-51[v.9]		Staff Attorney

SUMMARY: House Bill 644 authorizes the creation of a public agency, the "North Carolina Turnpike Authority" to construct operate and maintain toll roads in the State.

CURRENT LAW: Under current law, toll roads are authorized in two limited circumstances: The construction of a listed Highway Trust Fund project bridge, (G.S. 136-82.2) or the construction of a private pilot toll road project. (G.S. 136-89.171 and-172).

BILL ANALYSIS:

Creates Turnpike Authority (p. 2)--House Bill 644 would create a public agency, to be called the "North Carolina Turnpike Authority," to construct, operate, and maintain toll roads and bridges in the State.

Governance (p. 2)--The Authority would be governed by a 7 member Board of Directors, consisting of six members appointed by the Governor and the Secretary of Transportation. Members of the Board of Directors would serve four year staggered terms.

Bylaws (p. 2)—The Authority Board would be authorized to adopt and revise bylaws. Prior to adoption, bylaws would be subject to review and comment by the Board of Transportation and the Joint Legislative Transportation Oversight Committee.

Executive Director (p. 3)--The Authority would be operated by an executive director, appointed by the Board of Directors.

Limitation on Employees (p. 3)—The Authority would have the authority to hire only administrative personnel. The Authority would be authorized to contract for the services of other needed personnel, and utilize personnel of the Department of Transportation. The Authority would be required to report all employment of administrative personnel to the Joint Legislative Transportation Oversight Committee.

Powers of Authority (p. 3)—The Authority would have the power to: build and operate a turnpike project, either on its own initiative, or at the request of the Board of Transportation; set tolls on the project subject to prior review by the Board of Transportation; condemn property by "quick-take"; issue revenue bonds; and enter into partnership agreements with non profit entities, political subdivision of the State, or private entities.

Conversion of Free Highways Prohibited (p. 5)—The Authority would be prohibited from converting a non-tolled segment of the State highway system to a toll facility.

Limitation on Use of Revenues (p. 5)—The Authority would be subject to limits on the use of revenue derived from toll projects. Revenue could only be sued for the following purposes: Turnpike administration; Turnpike Project development, construction, operation, and maintenance; and Turnpike project debt service. Spending on administration would be limited to 5% of Turnpike project revenue.

Revenue Bonds (p. 5)—The Authority would have the authority to sell revenue bonds to finance all or a portion of its projects, in accordance with the State and Local Government Revenue Bond Act.

Cost Participation by DOT (p. 5)—NC DOT would be authorized to participate in the cost of preconstruction, construction, maintenance, or operation of a turnpike project.

Equity Formula (p. 5)—Turnpike projects would be subject to the equity distribution formula for State Highway Funds only to the extent that the project is funded from Highway Fund, Highway Trust Fund, or federal-aid funds that would otherwise be subject to the formula.

Motor Vehicle Laws (p. 6)—State motor vehicle laws would apply to Turnpike Authority projects.

Authorization of Alternative Contracting Methods (p. 6)—The act would authorize the Authority to use alternative contracting methods under specified circumstances.

Internet Report of Expenditures (p. 7)—The act would require the Department to publish and update annually a report of all Turnpike Authority expenditures.

Removal of Tolls (p. 7)—The act would require the Authority to remove tolls from Turnpike projects, upon fulfillment of and subject to any restrictions included in the agreements entered into by the Authority in connection with the issuance of the Authority's revenue bonds.

Maintenance of Non-Toll Routes (p. 7)—The Department of Transportation would be required to maintain a non-toll primary route corresponding to each toll project

Use of Highway Trust Fund Revenue (p. 7) –Operation and project development costs of the Authority would be an eligible administrative expense of the Highway Trust Fund. Any Highway Trust revenue allocated to the Authority would have to be repaid from toll revenue. Interest would begin accruing on any unpaid balance owed o the Highway Trust Fund one year after the beginning of toll collection.

State Personnel Act (p. 8)—The employees of the Turnpike Authority would be exempt from the State Personnel Act.

General Assembly Members Cannot Serve on Board (p. 8)—Members of the General Assembly would not be eligible to serve on the Turnpike Authority Board.

Effective Date (p. 10)—House Bill 644 would become effective when it becomes law.

H644-SMRW-003

House Bill 644
H644-CSRW-51[v.9]

Changes in this version

p. 1, line 5 – Repeal of Bridge Authority deleted.

p. 1, line 25 – Definition of Turnpike Authority rewritten to make clear that it includes only new toll road projects, language about feeder roads and approaches deleted.

p. 2, line 22 – Technical correction to remove erroneous language board member terms.

p. 3, line 30 – Requires Authority to inform Board of Transportation 60 days prior to effective date of any toll.

p. 4, line 21 – Authority to use federal Revenue Ruling 63-20 financing method deleted, as advised by the Treasurer's office.

p. 5, line 13-23 – Use of revenue language rewritten and clarified to provide that tolls can only be used for turnpike project administration, development, construction, operation, maintenance and debt service. Administration costs are limited to no more than 5% of Turnpike revenue (was 10%).

p. 5, lines 24-36 – Authorization for issuance of revenue bonds rewritten to reference existing revenue bond statute, as advised by the Treasurer's office.

p. 7, line 11 – Language requiring removal of tolls rewritten for clarification, as advised by the Treasurer's office.

p. 7, line 30 – Language added to require any Highway Trust Fund monies used for Turnpike operation and project development must be repaid to the Trust Fund, with interest accruing beginning one year after toll collection begins.

p. 8, line 29 through p. 10, line 32 – Sections 6, 7 and 8 are technical changes advised by the Treasurer's office, authorizing Turnpike Bonds to be issued under existing revenue bond law.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations.**

☒ Committee Substitute for
H.B. 1299 A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FROM THE COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND AND THE NONCOMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND TO SUPPORT THE ADMINISTRATION OF THE PETROLEUM UNDERGROUND STORAGE TANK PROGRAM

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 1, ☒ which changes the title, unfavorable as to original bill)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

2/24/99

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1299
PROPOSED COMMITTEE SUBSTITUTE H1299-PCS9351-RT-73

Short Title: Underground Storage Tank Program Funds. (Public)

Sponsors:

Referred to:

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FROM THE NONCOMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND TO SUPPORT THE ADMINISTRATION OF THE PETROLEUM UNDERGROUND STORAGE TANK PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources the sum of four hundred ninety-five thousand dollars ($495,000) for the 2001-2002 fiscal year and the sum of four hundred ninety-five thousand dollars ($495,000) for the 2002-2003 fiscal year to implement the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 2. The Environmental Review Commission shall evaluate the increased funding for implementation of the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes authorized by Section 1 of this act. The Commission shall determine whether adjustments should be made to the amounts appropriated from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund and the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to implement Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes. The Commission shall report its findings and recommendations, if any, to the 2003 General Assembly.

SECTION 3. This act becomes effective 1 July 2001.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H **1**

HOUSE BILL 1299

Short Title: Underground Storage Tank Program Funds. (Public)
Sponsors: Representative Gibson.
Referred to: Appropriations.

April 12, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FROM THE COMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND AND THE NONCOMMERCIAL LEAKING PETROLEUM UNDERGROUND STORAGE TANK CLEANUP FUND TO SUPPORT THE ADMINISTRATION OF THE PETROLEUM UNDERGROUND STORAGE TANK PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources the sum of two hundred forty-seven thousand five hundred dollars ($247,500) for the 2001-2002 fiscal year to implement the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 2. There is appropriated from the Noncommercial Leaking Petroleum Underground Storage Tank Cleanup Fund to the Department of Environment and Natural Resources the sum of two hundred forty-seven thousand five hundred dollars ($247,500) for the 2001-2002 fiscal year to implement the provisions of Parts 2A and 2B of Article 21A of Chapter 143 of the General Statutes.

SECTION 3. This act becomes effective 1 July 2001.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

September 26, 2001 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
VL McBride	NCTA
Beckie Street	PPAB
Natalie English	Charlotte Chamber
Brian Francis	Meck Cnty
Mary Carmilia	REBIC
Jerry BOARMAN	NCSSM
Martha Class	DOA
John McHugh	LOB OFFICE
Calvin Leggett	DOT
[illegible]	AAA Carolinas
Ruth Sapphie	NCDOT
STEVE VARNEDOE	NCDOT
Wayne Hunder	DMV - DL
Sharon Matthews	DMV
Carol Howard	DMV
[illegible]	DOT
Michelle Frazier	NC Bar Assoc.
Sam Lee	OSBM

VISITOR REGISTRATION SHEET

APPROPRIATIONS
Name of Committee

September 26, 2001
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Milton Alford	OSBM
Hal Miller	NC ACCT
Leann Killian	Moore Van Allen
Linda Pommett	NCLM
Doug Lassiter	NC STA
Mary Keegan	Moore & Van Allen
Paul Fogleman	City of Hickory

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

Thursday, October 18, 2001

8:30am

643 LOB

S 968, UNC Nonappropriated Capital Projects Sponsor: Sen. Kerr

Minutes
House Appropriations Committee Meeting
Thursday, October 18, 2001
8:30 AM
643 LOB

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order at 9 am for the purposes of considering **S 968, UNC Nonappropriated Capital Projects**. He recognized the House Pages in attendance.

The presiding Co-Chair Representative Thompson recognized Co-Chair Representative Redwine to explain the bill. Representative Redwine moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote.

Representative Redwine then explained that Senator Kerr could not be in attendance and had asked the he explain the bill. Therefore, Representative Redwine stated that the bill before the committee authorizes the financing of projects with funds from gifts, grants, self-liquidating indebtedness, or any combination and that there is no cost or does any money come from the general fund. He further informed the committee that the proposed committee substitute differed from the Senate passed and Finance Committee version. He referred the committee to page 1 line 22 item 2 and stated this construction was not in the Senate bill and is in the house proposed committee substitute for consideration.

Representative Redwine also pointed out that Section 5, with respect to two capital projects at North Carolina State University will be done by a lease arrangement to and from nonprofit corporations.

The list of projects received from the Board of Governors was discussed with University System and list before you are what came from that meeting and that's why the amount is diff from the Board of Governors.

On page 3, Section 4 notice that the bill provides $6,300,000 for related additional cost to help with operating cost associated with issuance expenses.

When asked, Representative Redwine stated overhead receipts are not being used to fund any projects.

A motion by Representative Tucker to favorably report the House committee substitute bill, unfavorable as to the Senate committee substitute bill passed by voice vote. Representative Thompson adjourned the meeting at 10:15 am.

Representative Ruth Eastering

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ Committee Substitute for
S.B. 968 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☒ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

10/18/01

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 968*

Finance Committee Substitute Adopted 9/26/01

PROPOSED HOUSE COMMITTEE SUBSTITUTE S968-PCS9361-LR-15

Short Title: UNC Nonappropriated Capital Projects. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is: (i) to authorize the construction by certain constituent institutions of The University of North Carolina of the capital improvements projects listed in the act for the respective institutions, and (ii) to authorize the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be constructed and financed as provided in Section 1 and Section 5 of this act, are as follows:

1.	**Appalachian State University**	
	Student Recreation Complex	$19,530,000
	Renovation and Addition to Miles Annas Student Support Facility	1,977,000
2.	**East Carolina University**	
	Baseball Stadium	$8,700,000
3.	**North Carolina A&T State University**	
	Student Union Renovation and Modernization	$3,600,000
	Stadium Track and Field Upgrade	2,065,000
	Reid Greenhouse	2,500,000

4.	**North Carolina Central University**	
	Shepard House Restoration	$685,000
5.	**North Carolina State University**	
	Alumni Center	$12,500,000
	Carter Finley Stadium Improvements	50,000,000
	Center for Educational Innovation	9,000,000
	Greek Housing Renovations	8,000,000
	Upgrade Baseball and Tennis Facilities	4,000,000
	Welcome and Visitor Center	4,960,000
	Residence Halls Fire Safety Improvements	1,300,000
	Support Services Center - Supplement	2,000,000
6.	**The University of North Carolina at Chapel Hill**	
	Ramshead Complex for Parking and Student Support	$44,000,000
	Renovations to Connor, Winston, and Alexander Residence Halls	10,000,000
7.	**The University of North Carolina at Charlotte**	
	Recreation Field Lighting	$930,100
8.	**The University of North Carolina at Greensboro**	
	Parking Deck - Supplement	$2,500,000
	Renovations to Residence Halls	4,950,000
9.	**Western Carolina University**	
	Improvements to Athletic and Student Recreation Facilities	$8,192,100
10.	**Winston-Salem State University**	
	Renovations to Residence Halls	$3,100,000
	TOTAL	$204,489,200

SECTION 3. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of, funding the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 4. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time,

special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Section 2 of this act plus six million three hundred thousand dollars ($6,300,000) for related additional costs, such as issuance expenses, funding of reserve funds, and capitalized interest.

SECTION 5. With respect to two capital projects at North Carolina State University, the Alumni Center and the Carter Finley Stadium improvements listed in Section 2 of this act, the institution may accomplish construction and financing through lease arrangements to and from nonprofit corporations, as follows:

(1) Alumni Center through lease with The North Carolina State University Alumni Association, Inc.

(2) Carter Finley Stadium improvements through lease with The North Carolina State University Student Aid Association, Inc.

The financing of these projects shall not constitute a debt or liability of the State or any political subdivision of the State or a pledge of the faith and credit of the State or of any political subdivision of the State. Any lease or other obligation for these projects shall not be paid from funds appropriated to the Board of Governors or any constituent institution from the General Fund by the General Assembly from funds derived from general tax and other revenues of the State.

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

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 968 (Second Edition)

SHORT TITLE: UNC Nonappropriated Capital Projects

SPONSOR(S):

FISCAL IMPACT

Yes ( ) **No (X)** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
General Fund	No Fiscal Impact				
EXPENDITURES					
General Fund	No Fiscal Impact				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: The University of North Carolina General Administration

EFFECTIVE DATE: This act is effective when it becomes law.

BILL SUMMARY:
The bill authorizes the construction and financing, without appropriations from the General Fund, of capital improvement projects of the constituent institutions of the University of North Carolina. Section 5 of the bill allows construction and financing through lease arrangements with nonprofit corporations.

ASSUMPTIONS AND METHODOLOGY: The chart on the following pages was compiled with the assistance of the Associate Vice President - Finance for the University of North Carolina. The chart shows the cost to construct and operate the proposed campus buildings and the source of funds for each facility. The effect of the debt on students is also shown. No General Fund dollars are involved in the projects.

Camp	Project	Amount	Source unds	Effect of Debt on Students	Increase in Annual Operating Costs	So of Operating Costs
Appalachian State University	Student Recreation Complex	$19,530,000	Bonds to be repaid with debt service fee	$130/yr.	$58,612	Student Recreation Center receipts
Appalachian State University	Renovation and Addition to Miles Annas Student Support Facility	$1,977,000	Student Support Center Account		$5,168	Student Center receipts
NC A&T State University	Student Union Renovation and Modernization	$3,600,000	Bonds to be repaid by student fees	$35/yr.	$197,665	Student Union receipts
NC A&T State University	Stadium Track and Field Upgrade	$2,065,000	Gifts and grants		$174,352	Athletic receipts
NC A&T State University	Reid Greenhouse	$2,500,000	Gifts and grants		$60,931	Grants
NC Central University	Shepard House Restoration	$685,000	Gifts and grants		$18,960	Gifts
NC State University	Alumni Center	$12,500,000	Gifts		$698,719	Alumni Center Receipts
NC State University	Carter Finley Stadium Improvements	$50,000,000	Athletic receipts and gifts		$1,172,076	Athletic Receipts
NC State University	Center for Educational Innovation	$9,000,000	Gifts and bonds repaid by gifts		$247,609	Grants
NC State University	Greek Housing Renovations	$8,000,000	Bonds repaid by housing receipts and gifts		$39,345	Housing receipts
NC State University	Upgrade Baseball and Tennis Facilities	$4,000,000	Bonds repaid from athletic receipts and gifts		$166,694	Athletic receipts and gifts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operating Costs
NC State University	Welcome and Visitor Center	$4,960,000	Gifts and bonds repaid by gifts		$167,534	Gifts and grants
NC State University	Residence Halls Fire Safety Improvements	$1,300,000	Housing receipts		$16,005	Housing Receipts
NC State University	Support Services Center-Supplement	$2,000,000	Gifts and grants		$403,510	Gifts and grants
UNC-Chapel Hill	Ramshead Complex for parking and student support	$44,000,000	Parking receipts, food service receipts, auxiliary funds, gifts and student recreation fee	$20 to $30/yr.	$2,253,852	Parking, food service, and auxiliary receipts and student recreation center receipts
UNC-Chapel Hill	Renovations to Connor, Winston, and Alexander Residence Halls	$10,000,000	Housing receipts		0	Housing receipts
UNC-Charlotte	Recreation Field Lighting	$930,100	Recreation fields debt service fee	$4/yr.	$12,436	Recreation Center receipts
UNC-Greensboro	Parking Deck Supplement	$2,500,000	Parking receipts		$137,806	Parking receipts
UNC-Greensboro	Renovation to Residence Halls	$4,950,000	Housing receipts		0	Housing receipts
Western Carolina University	Improvements to Athletic Facilities	$8,192,100	Athletic Facilities Debt service fee	$54/yr.	$77,694	Athletic receipts
Winston-Salem State University	Renovations to Residence Halls	$3,100,000	Housing receipts		$162,450	Housing receipts
Totals		**$195,789,200**			**$6,992,595**	

FISCAL RESEARCH DIVISION: 733-4910
PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson



DATE: October 5, 2001

SENATE BILL 968:
UNC Nonappropriated Capital Projects

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Sen. Kerr
Date:	October 18, 2001	**Summary by:**	Cindy Avrette
Version:	S968-PCS9361-LR-15		Revised by Emily Johnson

SUMMARY: Senate Bill 968 authorizes the construction of several projects by The University of North Carolina. The projects will be financed through revenue bonds and special obligation bonds, not appropriations from the General Fund. It also authorizes the construction and financing of two capital projects at NCSU through lease arrangements with nonprofit corporations. In addition, Senate Bill 968 sets the maximum amount of special obligation bonds that can be issued and clarifies the amount of public financing of the projects constructed through lease arrangements with nonprofit corporations by referring to the projects in Section 2 of the bill.

The proposed committee substitute differs from Senate Bill 968 (2nd Ed.) by: (i) amending the list of capital projects authorized by Section 2 of the bill to include the baseball stadium at East Carolina University, which was included originally in the list of projects authorized by Senate Bill 968; and (ii) increasing the maximum amount of additional related costs that may be spent on the projects authorized in Section 2 of the bill from $6 million to $6.3 million.

CURRENT LAW: There are two types of self-liquidating bonds that may be issued by the Board of Governors of the University of North Carolina. Article 21 of Chapter 116 of the General Statutes authorizes the Board of Governors to issue revenue bonds for the types of projects enumerated in the article. The types of projects for which revenue bonds may be issued include educational buildings, dormitories, recreational facilities, dining facilities, student centers, health care buildings, parking decks, etc. The revenue bonds are payable from rentals, charges, fees, and other revenues such as gifts. The bonds are not payable from tax revenues.

Article 3 of Chapter 116D of the General Statutes, enacted last session by S.L. 2000-3, authorizes the Board of Governors to issue special obligation bonds payable with any sources of income or receipts of the Board of Governors or a constituent or affiliated institution, but not including tuition payments or appropriations from the General Fund from State revenues. The bond proceeds could be used for construction, improvement, and acquisition of any capital facilities located at UNC constituent and affiliated institutions. The bonds are not payable from tax revenues.

BILL ANALYSIS: **Sections 1 through 3** of the bill set forth the self-liquidating projects the Board of Governors plans to finance with revenue and/or self-liquidating bonds. Although the UNC revenue bond act in Chapter 116 does not require the enactment of an appropriation bill, the customary practice for UNC system revenue bond issues has been legislation that lists the specific projects to be financed and their costs.

Section 4 authorizes special obligation bond financing for the projects listed in the bill. Unlike the UNC revenue bond act, the UNC special obligation bond act requires that the specific projects and their costs be set forth in legislation approved by the General Assembly and that the maximum amount of special obligation bonds to be issued to finance the specific projects listed be stated. Section 2 sets forth the specific projects and their costs. Section 4 expressly states that the maximum principal amount of special obligation bonds to be issued includes not only the amounts listed in Section 2 but also an additional amount equal to approximately 3% of the total projects costs ($6.3 million) for related additional costs for which bond proceeds are routinely used, such as issuance expenses, funding of reserve funds, and capitalized interest.

Section 5 authorizes the financing of two projects at NCSU through lease arrangements with nonprofit corporations. Over the years, the University system has used lease arrangements with nonprofit corporations to construct facilities necessary to academic life, student support services, physical education and recreation, athletics, and other programs when the facilities are financed by major gifts. The process followed by the State is as follows:

- The State, following guidelines established by the Department of Administration and with Council of State approval, leases land to the nonprofit corporation for the period of time required for the construction of the facility.
- The nonprofit corporation, after review and approval of construction plans by the State Construction Office, builds the facility. All the projects are subject to the Department of Insurance review to ensure that they meet State Building Code requirements.
- When construction is completed and the facility has been deemed acceptable to the State, the lease expires and the land returns to the State's control, along with the newly constructed facility.

The difference between the two projects named in **Section 5** of the bill and the other projects constructed in this manner is that the bill authorizes the University to issue long-term debt for up to 50% of the total value of the gift. The two projects named in this section are the Alumni Center and the Carter Finley Stadium Improvements. The Alumni Center will be constructed on the Centennial Campus near the Executive Conference Center. The University plans to lease land to The North Carolina State University Alumni Association, Inc. for the period of time required for the Association to construct the facility. When the facility is completed the University plans to acquire the facility from the Association. The Carter Finley Stadium Improvements include the construction of an operations center, practice fields, additional stadium seating, new press facilities, and expanded box facilities. The University plans to lease land to the North Carolina State University Student Aid Association, Inc. for the period of time required for the Association to make the improvements. When the improvements are completed, the lease would expire.

VISITOR REGISTRATION SHEET

Appropriations
Name of Committee

10-18-11
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tim Minton	NC Home Builders Assn
Eddie Caldwell	EEBC
Joe Pierce	Capitol Group
Jane Upchurch	Prisons Group
Alan Foster	NCDA&CS
Jac McClure	McClure Consulting
Dr Paul Wyatt Mms	NCHCA
Susan Fagan	NCPSS
Willie Ridgeway	DOR
Marisa Morgan	UNC-CH

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

Wednesday, October 31, 2001

643 LOB

11:00 AM

H B 1471 Bioterrorism Defense Funds

Minutes
House Appropriations Committee Meeting
Wednesday, October 31, 2001
11:00 AM
643 LOB

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order for the purposes of considering H 1471 Bioterrorism Defense Funds. He recognized the House Pages in attendance.

The Co-Chair recognized Representative David Redwine to explain the bill on behalf of the Chairs who sponsored the bill. He asked the committee membership refer to the Summary and Bill Analysis, which had been prepared by Emily Johnson and Phyllis Pickett, Committee Counsel. (Attached) He further explained that Section 1 appropriates from the general Fund $1,900,000 for FY '01-02 to implement terrorism defense measures and to address other terrorism issues. Section 2 allows the Governor to access up to thirty million dollars for the Savings Reserve Act. Directs the Governor to repay money if funds become available, and includes a reporting requirement to the Joint Legislative Commission of Governmental Operations

Eric Tolbert explained the monies anticipated ($1,972,000) for the Division of Emergency Management. Sec Beatty explained Statewide Law Enforcement needs of $1,000,000 and Ron Hawley of the Office on Information Technology Services anticipates $2,292,000 for ITS. NC Public Health: Risk Reduction and Response was explain by Dr. Leah Devlin in which she anticipates a need of $3,817,959. Weldon Denny explain the anticipated need of $$1,175,000 for the NC Dept. of Agriculture and Consumer Services and Demsey Benton gave a $3,358,857 analysis of the Dept. of Environment and Natural Resources.

Rep. Redwine offered two amendments to the bill, which were adopted by voice vote. A third amendment by Rep. Sam Ellis failed on a voice vote.

Representative Easterling moved to favorably report the committee substitute, which changes the title, as amended. By a voice vote the motion passed and the meeting was adjourned.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented: By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **Appropriations**.

☒ Committee Substitute for
H.B. 1471 A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FROM THE GENERAL FUND AND TO AUTHORIZE THE GOVERNOR TO BORROW FUNDS FROM THE SAVINGS RESERVE ACCOUNT TO IMPLEMENT BIOTERRORISM DEFENSE MEASURES AND TO ADDRESS OTHER BIOTERRORISM ISSUES.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill ☒ which changes the title, unfavorable as to original bill.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

10.31.01

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

STATE OF NORTH CAROLINA
2001-2003 Biennium
TERRORISM PREVENTION AND RESPONSE EFFORT
HOUSE BILL 1471

	2001-2002	2002-2003
Division of Emergency Management		
Urban Search and Rescue Teams (7)	$1,360,000	$0
Statewide Awareness Training	$325,000	$0
Continuity of Operations Planning	$100,000	$0
RRT 7 Transport Capability	$97,000	$0
SMAT Type II Storage	$90,000	$0
Sub-total	**$1,972,000**	**$0**
Statewide Law Enforcement		
Awareness/Training/Equipment	$1,000,000	$0
Sub-total	**$1,000,000**	**$0**
Office of Information Technology Services		
Core Network Infrastructure Protection	$1,500,000	$581,126
Security Portal	$160,000	$120,000
Authentication and Authorization	$632,000	$400,000
Sub-total	**$2,292,000**	**$1,101,126**
NC Public Health: Risk Reduction and Response		
Seven Bioterrorism Teams in Seven Local Health Depts.	$1,337,292	$1,965,000
State Bioterrorism Team	$291,667	$530,000
State Laboratory Upgrade	$145,833	$75,000
Bioterrorism Electronic Communication and Surveillance		
Central Operations (State)	$316,167	$222,000
Local Health Department Operation Upgrades		
Required Minimum Connectivity Upgrades (42 counties)	$1,071,000	$630,000
Counties requiring Local Area Networks (12)	$366,000	$0
Upgrade for Counties with Existing IT Infrastructure (58 counties)	$290,000	$0
Sub-total	**$3,817,959**	**$3,422,000**

STATE OF NORTH CAROLINA
2001-2003 Biennium
TERRORISM PREVENTION AND RESPONSE EFFORT
HOUSE BILL 1471

	2001-2002	2002-2003
NC Dept. of Agriculture & Consumer Services Weldon		
Bulk dangerous fertilizer protection	$75,000	$61,885
Laboratory for disease and biological threats 1 time $	$850,000	$250,000
Surveillance of pesticide formulators and aerial applicators	$50,000	$50,000
Increased inspection of retail food and dairy products	$150,000	$133,500
Training Veterinarians retirees up to date	$50,000	
Sub-total	**$1,175,000**	**$495,385**
NC Dept. of Environment and Natural Resources D. Benton		
Chemical Analysis on-scene	$1,001,790	$0
Sample aerosolized Agents	$10,000	$0
Exposure assessments	$5,000	$0
On-scene Dispersion Modeling	$28,000	$0
Certification of Clean-up Contractors	$60,000	$0
Contract Staff and Training Costs - Chemist, Toxicologist, Meteorologist	$254,067	$315,544
Reserve for Site Clean-up	$2,000,000	$0
Sub-total	**$3,358,857**	**$315,544**
Total Cost	**$13,615,816**	**$5,334,055**

Dangerous Software

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Gov Ops regular session
30 Press Briefing

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1471
PROPOSED COMMITTEE SUBSTITUTE H1471-CSLH-38 [v.1]

10/31/2001 11:08:11 AM

Short Title: Terrorism Defense Funds. (Public)

Sponsors:

Referred to:

October 30, 2001

A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS FROM THE GENERAL FUND AND TO AUTHORIZE THE GOVERNOR TO ACCESS FUNDS FROM THE SAVINGS RESERVE ACCOUNT TO ADDRESS TERRORISM ISSUES.

The General Assembly of North Carolina enacts:

SECTION 1. There is appropriated from the General Fund to the Department of Crime Control and Public Safety, Division of Emergency Management, the sum of one million nine hundred thousand dollars ($1,900,000) for the 2001-2002 fiscal year to implement terrorism defense measures and to address other terrorism issues. These measures may include the following:

(1) Purchasing materials and equipment.

(2) Training personnel.

(3) Developing Operations Plans including use of alternate facilities within State government to protect critical State functions.

(4) Equipping search and rescue teams.

The Secretary of Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations on the use of funds authorized by this subsection no later than 30 days after using those funds

SECTION 2. The Governor may access up to thirty million dollars ($30,000,000) from the Savings Reserve Account for the 2001-2002 fiscal year to implement bioterrorism defense measures and to address other bioterrorism issues. The Governor shall take steps to repay any monies diverted under this section if funds become available to offset the State's expenditures for its bioterrorism response efforts. The Governor shall report to the Joint Legislative Commission on Governmental Operations on the status and use of funds authorized by this subsection no later than 30 days after accessing those funds.

SECTION 3. This act is effective when it becomes law.

HOUSE BILL 1471:
Terrorism Defense Funds

BILL ANALYSIS

Committee:	HOUSE APPROPRIATIONS	**Introduced by:**	Easterling, Oldham, Redwine, Thompson
Date:	October 31, 2001		
Version:	Committee Substitute	**Summary by:**	Emily Johnson/Phyllis Pickett Committee Counsel

SUMMARY & BILL ANALYSIS

Section 1 of House Bill 1471 appropriates from the General Fund to the Department of Crime Control and Public Safety, Division of Emergency Management, the sum of one million nine hundred thousand dollars ($1,900,000) for the 2001-2002 fiscal year to implement terrorism defense measures and to address other terrorism issues. These measures may include purchasing materials and equipment, training costs, developing operations plans and equipping search and rescue teams. The Secretary of Crime Control and Public Safety must report to the Joint Legislative Commission on Governmental Operations on the use of funds authorized by this subsection no later than 30 days after using those funds

Section 2 of House Bill 1471 allows the Governor to access up to thirty million dollars ($30,000,000) from the Savings Reserve Account for the 2001-2002 fiscal year to implement bioterrorism defense measures and to address other bioterrorism issues. The Governor is directed to take steps to repay any monies diverted under this section if funds become available to off-set the State's expenditures. The Governor shall report to the Joint Legislative Commission on Governmental Operations on the status and use of funds authorized by this subsection no later than 30 days after accessing those funds.

Section 3 of House Bill 1471 makes the act effective when it becomes law.

Handout

STATE OF NORTH CAROLINA

2001-2003 Biennium

TERRORISM PREVENTION AND RESPONSE EFFORT

HOUSE BILL 1471

	2001-2002	2002-2003
Division of Emergency Management		
Urban Search and Rescue Teams (7)	$1,360,000	$0
Statewide Awareness Training	$325,000	$0
Continuity of Operations Planning	$100,000	$0
RRT 7 Transport Capability	$97,000	$0
SMAT Type II Storage	$90,000	$0
Sub-total	**$1,972,000**	**$0**
Statewide Law Enforcement		
Awareness/Training/Equipment	$1,000,000	$0
Sub-total	**$1,000,000**	**$0**
Office of Information Technology Services		
Core Network Infrastructure Protection	$1,500,000	$581,126
Security Portal	$160,000	$120,000
Authentication and Authorization	$632,000	$400,000
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NC Public Health: Risk Reduction and Response		
Seven Bioterrorism Teams in Seven Local Health Depts.	$1,337,292	$1,965,000
State Bioterrorism Team	$291,667	$530,000
State Laboratory Upgrade	$145,833	$75,000
Bioterrorism Electronic Communication and Surveillance Central Operations (State)	$316,167	$222,000
Local Health Department Operation Upgrades		
Required Minimum Connectivity Upgrades (42 counties)	$1,071,000	$630,000
Counties requiring Local Area Networks (12)	$366,000	$0
Upgrade for Counties with Existing IT Infrastructure (58 counties)	$290,000	$0
Sub-total	**$3,817,959**	**$3,422,000**

STATE OF NORTH CAROLINA

2001-2003 Biennium

TERRORISM PREVENTION AND RESPONSE EFFORT

HOUSE BILL 1471

	2001-2002	2002-2003
NC Dept. of Agriculture & Consumer Services		
Bulk dangerous fertilizer protection	$75,000	$61,885
Laboratory for disease and biological threats	$850,000	$250,000
Surveillance of pesticide formulators and aerial applicators	$50,000	$50,000
Increased inspection of retail food and dairy products	$150,000	$133,500
Training Veterinarians	$50,000	
Sub-total	**$1,175,000**	**$495,385**
NC Dept. of Environment and Natural Resources		
Chemical Analysis on-scene	$1,001,790	$0
Sample aerosolized Agents	$10,000	$0
Exposure assessments	$5,000	$0
On-scene Dispersion Modeling	$28,000	$0
Certification of Clean-up Contractors	$60,000	$0
Contract Staff and Training Costs	$254,067	$315,544
Reserve for Site Clean-up	$2,000,000	$0
Sub-total	**$3,358,857**	**$315,544**
Total Cost	**$13,615,816**	**$5,334,055**

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. H1471-CSLH-38[v.1]

H. B. No. 1471 DATE 10-31-01

S. B. No. _____ Amendment No. #1
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE ✓

(Rep.) Redwine
Sen.)

moves to amend the bill on page 1, line 18 & 25

( ) WHICH CHANGES THE TITLE

by deleting "subsection" and inserting "section";

and on page 1, line 18 by adding a period at the end of the line.

SIGNED _____

✓ voice vote

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. H 1471 DATE

S. B. No. PCS H1471-CSLH-38 Amendment No. #2 (to be filled in by Principal Clerk)

Rep.)
)
Sen.)

moves to amend the bill on page 1, line 21,

by deleting "bioterrorism defense measures" and substituting "defense measures against all forms of terrorism, including but not limited to biological, nuclear, chemical, incendiary, and explosive terrorism";

and on page 1, line 21 + line 23, by deleting "bioterrorism issues" and "bioterrorism response" and substituting "terrorism issues" and "terrorism response" accordingly.

SIGNED

ADOPTED ✓ voice vote FAILED TABLED

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. H1471-CSCH-38

H. B. No. 1471 DATE 10-31-01

S. B. No. _____ Amendment No. 3
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Ellis
Sen.)

moves to amend the bill on page 1, line 19-20

( ) WHICH CHANGES THE TITLE

by deleting "thirty million dollars ($ 30,000,000)" and inserting "eleven million six hundred fifteen thousand eight hundred sixteen dollars ($11,615,816)"; and

further moves to amend the bill on page 1, line 21, by inserting the following immediately after the period:

"If the Governor proclaims a state of disaster, [redacted] as provided by G.S. 166A-6, then the Governor may access up to eighteen million three hundred eighty-four thousand one hundred eighty-four dollars ($ 18,384,184) from the Savings Reserve Account for the 2001-2002 fiscal year in response to the disaster."

SIGNED _____

ADOPTED _____ FAILED voice vote TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

OCTOBER 31, 2001 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Roger Bone	Bank of America
Jeanne Devine	NCAWA
Andy Romanet	NCLM
Laura DeVivo	DENR
Lori Ann Harris	L.A. Harris & Assoc
Deb Ross	ACHEC
Bill Wilson	NCATL
John Medlin	Gov Office
Cindy Hoyle	Ford Motor Co.
Ken Melton	Edwards

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA
Thursday, November 15, 2001
AFTER SESSION

S 841	Dobbs Youth Academy Funds PCS: Appropriations/Modifications & Other Changes
H 688	Tax Revenue for Turfgrass Research/Mental Health
S 907	Organ, Eye, and Tissue Donor Registry

Minutes
House Appropriations Committee Meeting
Thursday, November 15, 2001
After session
643 LOB

House Appropriations Co-Chair Representative Gregg Thompson called the Appropriations Committee meeting to order for the purposes of considering S 841, Dobbs Youth Academy Funds; H 688, Tax Revenue for Turfgrass Research/Mental Health and S 907, Organ, Eye, and Tissue Donor Registry. He recognized the House Pages in attendance.

Representative Redwine was recognized to explain the bill and moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote. Representative Redwine explained that the proposed committee substitute changes the title of the bill to Appropriations/Modification and Other Changes and referred the membership to the handout entitled SUMMARY OF HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 841 (attached).

Of the following thirteen amendments offered, nine were adopted:
1 Rep. Redwine. **Adopted** by voice vote – Technical, date change
2. Rep. Yongue. **Adopted** by voice vote - Deletes Ed Advisory section
3. Rep. Rogers. **Adopted** by voice vote – adds counties re: H108
4. Displaced an amendment offered by Rep. Allred re specialty foods.
5. Withdrawn an amendment offered by Rep. Saunders dealing with DMV.
5A Rep. Redwine **Adopted** by voice vote – Auth DMV advertising study.
6. Rep. Sherrill. **Adopted** by voice vote – military duty
7. Withdrawn and amendment by Rep. Thompson.
8. Rep. Fox. **Adopted** by voice vote – date change, January to May, 02
9. Ruled out of order an amendment offered by Rep. Shubert.
10. Failed on a roll call vote an amendment by Rep. Ellis
11. Rep. Davis **Adopted** by voice vote – retirement payback date July 1,'03
12. Rep. Cole. **Adopted** by voice vote – DMV license duration
13. Rep. Jeffus. **Adopted** by voice vote – Journal copies

Representative Redwine moved to report favorable the proposed committee substitute as amended.

Next, Representative Redwine moved the recommendation that the House do not concur and request conferees on H B 688, Tax Revenue for Turfgrass Research/Mental Health. Motion adopted by voice vote.

Representative was recognized and moved to adopt the proposed committee substitute for S B 907, Organ, Eye, and Tissue Donor Registry for the purpose of discussion. The motion carried by voice vote. He referred to membership to the Bill Analysis and explained the PCS does three things: (1) Directs Departments to conduct a study (2) Amends General Statute and (3) Directs DMV to make donor cards available.

Representative Redwine moved to favorably report committee substitute #2, unfavorable as to House committee substitute bill #1. The motion passed and the meeting was adjourned at 5 PM.

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **APPROPRIATIONS**.

☒ House Committee Substitute for
S.B. 841 A BILL TO BE ENTITLED AN ACT TO ALLOW THE NET PROCEEDS FROM THE SALE OF REAL PROPERTY AT DOBBS YOUTH ACADEMY TO BE USED FOR CAPITAL IMPROVEMENTS AT THE ACADEMY

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to house committee substitute bill, ☒ which changes the title, unfavorable as to original bill.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

11/15/01

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 841
PROPOSED HOUSE COMMITTEE SUBSTITUTE S841-CSLH-42 [v.6]

11/15/2001 11:49:46 AM

Short Title: Appropriations/Modifications & Other Changes. (Public)

Sponsors:

Referred to:

April 4, 2001

A BILL TO BE ENTITLED

AN ACT AUTHORIZING THE USE OF CERTAIN PROCEEDS FOR CAPITAL EXPENDITURES AT THE DOBBS YOUTH DEVELOPMENT CENTER; APPROPRIATING FUNDS FOR PHOTONICS AND OPTOELECTRONICS RESEARCH, FOR SICKLE CELL SYNDROME MEDICAL CARE, FOR OPTIONAL CIRCUMCISION PROCEDURES FOR MEDICAID ELIGIBLE NEWBORNS, FOR NECESSARY CHILD CARE FOR NEEDY FAMILIES, FOR THE ADVANCE HEALTH CARE DIRECTIVE REGISTRY, AND FOR SPECIALTY FOODS MARKETING; TRANSFERRING FUNDS FOR FLOODPLAIN MAPPING; INDICATING THE GENERAL ASSEMBLY'S INTENT TO APPROPRIATE FUNDS TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM; ADDING A SUPERINTENDENT ADVISOR AND A STATE PRINCIPAL OF THE YEAR ADVISOR TO THE STATE BOARD OF EDUCATION BY DECREASING BY ONE THE NUMBER OF TEACHERS AND STUDENTS REPRESENTED ON THE BOARD; ADDING THE SECRETARY OF REVENUE AS AN EX OFFICIO MEMBER OF THE ECONOMIC DEVELOPMENT BOARD; PROHIBITING ADVERTISING IN PUBLICATIONS OF THE DIVISION OF MOTOR VEHICLES; AND RELATING TO CRIMINAL JUSTICE PARTNERSHIP GRANT FUNDS, AUTHORIZATION FOR INDIAN GAMING COMPACT, GENERAL ASSEMBLY PUBLICATIONS, COMMUNITY COLLEGES GENERIC FEES, DISPOSITION OF CERTAIN TAX PROCEEDS, DELINQUENT TAX PAYMENTS, HUMAN SERVICES REPORTING, DRUG COSTS UNDER MEDICAID, ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS, STATE HEALTH PLAN CO-PAYMENTS, STATE EMPLOYEE MILITARY LEAVE, COMMUNITY COLLEGES OPTIONAL RETIREMENT, CULTURAL RESOURCES DIGITAL ARCHIVES, AND ELECTRONIC PROCUREMENT.

The General Assembly of North Carolina enacts:

PART I. JUSTICE AND PUBLIC SAFETY

– DOBBS CENTER

SECTION 1. Notwithstanding Chapter 146 of the General Statutes and any other provision of law, the net proceeds derived from the sale of right-of-ways and associated easements from the Department of Juvenile Justice and Delinquency Prevention to the Department of Transportation in the amount of one hundred seventy-two thousand fifty dollars ($172,050) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds to construct a maintenance and storage facility at Dobbs Youth Development Center.

– CRIMINAL JUSTICE PARTNERSHIP

SECTION 2. Subsection (b) of Section 25.16 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.16.(b)** Notwithstanding the provisions of ~~G.S. 143B-273.5, the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2002, and the sum of one million dollars ($1,000,000) of the unexpended cash balance of the State-County Criminal Justice Partnership Account shall revert to the General Fund on June 30, 2003.~~ G.S. 143B-273.15 specifying that grants to participating counties are for the full fiscal year and that unobligated funds are returned to the State-County Criminal Justice Partnership Account at the end of the grant period, the Department of Correction may reallocate unspent or unclaimed funds distributed to counties participating in the State-County Criminal Justice Partnership Program in an effort to maintain the level of services realized in previous fiscal years."

PART II. EDUCATION

– SBE MEMBERSHIP

SECTION 3.(a) G.S. 115C-11(a1) reads as rewritten:

"(a1) Student advisors. – The Governor is hereby authorized to appoint ~~two~~ one high school ~~students~~ student who ~~are~~ is enrolled in the public schools of North Carolina as ~~advisors~~ an advisor to the State Board of Education. The student ~~advisors~~ advisor shall participate in State Board deliberations in an advisory capacity only. The State Board may, in its discretion, exclude the student ~~advisors~~ advisor from executive sessions.

The Governor shall ~~make initial appointments of student advisors to the State Board as follows:~~

~~(1) One high school junior shall be appointed for a two-year term beginning September 1, 1986, and expiring June 14, 1988; and~~

~~(2) One high school senior shall be appointed for a one-year term beginning September 1, 1986, and expiring June 14, 1987. When an initial or subsequent term expires, the Governor shall appoint a high~~

~~school junior for a two-year term beginning June 15 of that year. If a student advisor is no longer enrolled in the public schools of North Carolina or if a vacancy otherwise occurs, the Governor shall appoint a student advisor for the remainder of the unexpired term.~~ appoint a high school junior for a one-year term beginning June 15 of each year. If a student advisor is no longer enrolled in the public schools of North Carolina or if a vacancy otherwise occurs, the Governor shall appoint a student advisor for the remainder of the unexpired term.

Student advisors shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

SECTION 3.(b) G.S. 115C-11(a2) reads as rewritten:

"(a2) State Teacher of the Year Advisor. – Each State Teacher of the Year, as designated by the Department of Public Instruction, shall serve ex officio as advisor to the State Board of Education. Each State Teacher of the Year shall begin service as advisory member to the State Board at the commencement of the teacher's term as State Teacher of the Year and shall serve for ~~two years.~~one year. The State ~~Teachers~~ Teacher of the Year shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the State ~~Teachers~~ Teacher of the Year from executive sessions.

In the event a vacancy occurs in the State Teacher of the Year's advisory position, the teacher who was next runner-up ~~to that State Teacher of the Year~~ shall serve as the advisory member to the Board for the remainder of the unexpired term. The State Teacher of the Year ~~advisors~~ advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

SECTION 3.(c) G.S. 115C-11 is amended by adding two new subsections to read:

"(a3) Superintendent Advisor. – The Governor shall appoint a superintendent of a local school administrative unit as an advisor to the State Board of Education. The superintendent advisor shall serve for a term of one year. The superintendent advisor shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the superintendent advisor from executive sessions.

In the event that a superintendent advisor ceases to be a superintendent in a local school administrative unit, the position of superintendent advisor shall be deemed vacant. In the event that a vacancy occurs in the position for whatever reason, the Governor shall appoint a superintendent advisor for the remainder of the unexpired term. The superintendent advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(a4) State Principal of the Year Advisor. – Each State Principal of the Year, as designated by the Department of Public Instruction, shall serve ex officio as an advisor

to the State Board of Education. Each State Principal of the Year shall begin service as an advisory member to the State Board at the commencement of the principal's term as State Principal of the Year and shall serve for one year. The State Principal of the Year shall participate in State Board deliberations and committee meetings in an advisory capacity only. The State Board may, in its discretion, exclude the State Principal of the Year from executive sessions.

In the event a vacancy occurs in the State Principal of the Year's advisory position, the principal who was next runner-up to that State Principal of the Year shall serve as the advisory member to the Board for the remainder of the unexpired term. The State Principal of the Year advisor to the State Board shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5."

– PHOTONICS/OPTOELECTRONICS FUNDS

SECTION 4. Of the funds appropriated in S.L. 2001-424 to the Board of Governors of The University of North Carolina for genomics, bioinfomatics, optoelectronics, and photonics:

(1) The sum of three hundred fifty thousand dollars ($350,000) for the 2001-2002 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) for the 2002-2003 fiscal year shall be allocated to fund photonics research.

(2) The sum of two hundred fifty thousand dollars ($250,000) for the 2001-2002 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year shall be allocated to fund optoelectronics research.

– CLARIFY COMMUNITY COLLEGE GENERIC FEE

SECTION 5.(a) The State Board of Community Colleges may adopt temporary rules clarifying the provisions of 23NCAC2(D).0201(c)(1) and (c)(2) pertaining to the definition of generic fees and specific fees charged to students attending community colleges.

SECTION 5.(b) This section becomes effective when this act becomes law and expires 90 days after that date.

PART III. TAX AND ECONOMIC DEVELOPMENT MATTERS

– ECONOMIC DEVELOPMENT BOARD MEMBERSHIP

SECTION 6. G.S. 143B-434(b) reads as rewritten:

"(b) Membership. – The Economic Development Board shall consist of ~~36~~37 members. The Secretary of Commerce shall serve ex officio as a member and as the secretary of the Economic Development Board. The Secretary of Revenue shall serve as an ex officio, nonvoting member. Four members of the House of Representatives appointed by the Speaker of the House of Representatives, four members of the Senate appointed by the President Pro Tempore of the Senate, the President of The University

of North Carolina, or designee, the President of the North Carolina Community College System, or designee, the Secretary of State, and the President of the Senate (or the designee of the President of the Senate), shall serve as members of the Board. The Governor shall appoint the remaining 23 members of the Board, provided that effective with the terms beginning July 1, 1997, one of those appointees shall be a representative of a nonprofit organization involved in economic development and two of those appointees shall be county economic development representatives. The Governor shall designate a chair and a vice-chair from among the members of the Board. Appointments to the Board made by the Governor for terms beginning July 1, 1997, and appointments to the Board made by the Speaker of the House of Representatives and the President Pro Tempore of the Senate for terms beginning July 9, 1993, should reflect the ethnic and gender diversity of the State as nearly as practical.

The initial appointments to the Board shall be for terms beginning on July 9, 1993. Of the initial appointments made by the Governor, the terms shall expire July 1, 1997. Of the initial appointments made by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate two appointments of each shall be designated to expire on July 1, 1995; the remaining terms shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years.

The appointing officer shall make a replacement appointment to serve for the unexpired term in the case of a vacancy.

The members of the Economic Development Board shall receive per diem and necessary travel and subsistence expenses payable to members of State Boards and agencies generally pursuant to G.S. 138-5 and ~~[G.S.]~~G.S. 138-6, as the case may be. The members of the Economic Development Board who are members of the General Assembly shall not receive per diem but shall receive necessary travel and subsistence expenses at rates prescribed by G.S. 120-3.1."

– DELINQUENT TAX ENFORCEMENT

SECTION 7. As enacted by ratified House Bill 108, 2001 General Assembly, G.S. 161-31(b) reads as rewritten:

"(b) Applicability. – This section applies only to Alleghany, Anson, Beaufort, Cabarrus, Camden, Cherokee, Chowan, Cleveland, Currituck, Forsyth, Gaston, Graham, Granville, Halifax, Harnett, Haywood, Iredell, Jackson, Lee, Madison, Montgomery, Pasquotank, Perquimans, Person, Pitt, Rockingham, Rowan, Stanly, Swain, Vance, Warren, and Yadkin Counties."

– DISPOSITION OF TAX PROCEEDS

SECTION 8. G.S. 105-187.9, as amended by S.L. 2001-424, reads as rewritten:

"§ 105-187.9. Disposition of tax proceeds.

(a) Distribution. – Taxes collected under this Article at the rate of eight percent (8%) shall be credited to the General Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund.

(b) Transfer. – In each fiscal year the State Treasurer shall transfer the amounts provided below from the taxes deposited in the Trust Fund to the General Fund. The transfer of funds authorized by this section may be made by transferring one-fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue.

(1) The sum of one hundred seventy million dollars ($170,000,000).

(2) In addition to the amount transferred under subdivision (1) of this subsection, ~~In the 2001-2002 fiscal year,~~ the sum of one million seven hundred thousand dollars ~~($1,700,000).~~($1,700,000) shall be transferred in the 2001-2002 fiscal year. The amount distributed under this subdivision shall increase ~~In~~ in the 2002-2003 fiscal ~~year,~~ year to the sum of two million four hundred thousand dollars ($2,400,000). In each fiscal year thereafter, the sum transferred under this subdivision shall be the amount distributed in the previous fiscal year plus or minus a percentage of this sum equal to the percentage by which tax collections under this Article increased or decreased for the most recent 12-month period for which data are available."

PART IV. GENERAL ASSEMBLY – JOURNAL PUBLICATION CHANGE

SECTION 9.(a) G.S. 147-45 reads as rewritten:

"**§ 147-45. Distribution of copies of State publications.**

The Secretary of State shall, at the State's expense, as soon as possible after publication, provide such number of copies of the Session Laws and Senate and House Journals to federal, State, and local governmental officials, departments and agencies, and to educational institutions of instruction and exchange use, as is set out in the table ~~below:~~ below. These publications shall be made available in hardbound and electronic format. Each agency or institution entitled to more than one copy in the table below shall receive only one of the copies in hardbound format with the remainder in electronic format, unless such agency or institution requests additional hardbound copies from the Secretary of State by August 1 of the calendar year. The Legislative Services Commission, in consultation with the Principal Clerks of the House of Representatives and Senate, shall determine each year the total number of bound volumes of each publication to be printed and the total number of the electronic copies of each publication to be produced.

Agency or Institution	Session Laws	Assembly Journals
Governor, Office of the	~~3~~ 2	2
Office of State Budget and Management	1	0
Lieutenant Governor, Office of the	1	1
Secretary of State, Department of the	3	3

Auditor, Department of ~~the~~ State	~~3~~ 1	~~1~~ 0
Treasurer, Department of ~~the~~ State	3	1
~~Local Government Commission~~	~~2~~	~~0~~
State Board of Education	1	0
Department of Public Instruction	~~3~~ 2	1
~~Controller~~	~~1~~	~~0~~
~~Technical Assistance Centers~~	~~1 ea.~~	~~0~~
~~Department of Community Colleges~~		
Community Colleges System Office	~~3~~ 1	1
Justice, Department of		
Office of the Attorney General	~~25~~ 5	~~3~~ 2
Budget Bureau (Administration)	1	0
Property Control (Administration)	1	1
~~State Bureau of Investigation~~	~~1~~	~~0~~
Agriculture and Consumer Services, Department of	~~3~~ 1	1
Labor, Department of	~~5~~ 4	1
Insurance, Department of	~~5~~ 2	1
Administration, Department of	1	1
~~Budget Bureau~~	~~2~~	~~1~~
Controller	1	0
~~Property Control~~	~~1~~	~~0~~
~~Purchase and Contract~~	~~2~~	~~0~~
~~Policy and Development~~	~~1~~	~~0~~
Veterans Affairs Commission	1	0
Environment and Natural Resources, Department of	6	0
Wildlife Resources Commission	2	0
Revenue, Department of	5	1
Health and Human Services, Department of	~~6~~ 1	0
Mental Health, Developmental Disabilities, and Substance Abuse Services, Division of	1	0
Social Services, Division of	3	0
~~Facilities~~Facility Services, Division of	1	0
Hospitals and Institutions	1 ea.	0
Juvenile Justice and Delinquency Prevention, Department of	3	0
Transportation, Department of	1	0
Board of Transportation	3	0
Motor Vehicles, Division of	1	0
Commerce, Department of	~~1~~ 0	0

Economic Development, Division of	2	0
State Ports Authority	1	0
Alcoholic Beverage Control Commission, North Carolina	2	0
Banking Commission	~~2~~ 1	0
Utilities Commission	~~8~~ 3	1
Industrial Commission	~~7~~ 1	0
Labor Force Development Council	1	0
~~Milk Commission~~	~~5~~	~~0~~
~~Employment Security Commission~~	~~1~~	~~1~~
Correction, Department of	1	0
~~Department of Correction~~	~~2~~	~~0~~
Post-Release Supervision and Parole Commission	~~2~~ 1	0
~~State Prison~~	~~1~~	~~0~~
Correctional Institutions	1 ea.	0
Cultural Resources, Department of	~~1~~ 0	0
Archives and History, Division of	~~5~~ 3	1
State Library	5	5
Publications Division	1	1
Crime Control and Public Safety, Department of	~~2~~ 1	1
North Carolina Crime Commission	1	0
Adjutant General	2	0
Elections, State Board of	~~2~~ 1	0
Office of Administrative Hearings	~~2~~ 1	0
State Personnel Commission	1	0
~~Office of State Personnel~~	~~1~~	~~1~~
Legislative Branch		
State Senators	1 ea.	1 ea.
State Representatives	1 ea.	1 ea.
Principal Clerk – Senate	1	1
Principal Clerk – House	1	1
Reading Clerk – Senate	1	~~1~~ 0
Reading Clerk – House	1	~~1~~ 0
Sergeant at Arms – House	1	~~1~~ 0
Sergeant at Arms – Senate	1	~~1~~ 0
Enrolling Clerk	1	0
~~Engrossing Clerk~~	~~1~~	~~0~~
~~Indexer of the Laws~~	~~1~~	~~0~~
Legislative Building Library	~~35~~75	~~15~~ 7
Judicial System		
~~Justices of the Supreme Court~~	~~1 ea.~~	~~1 ea.~~
~~Judges of the Court of Appeals~~	~~1 ea.~~	~~1 ea.~~

~~Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~Emergency and Special Judges of the Superior Court~~	~~1 ea.~~	~~0~~
~~District Court Judges~~	~~1 ea.~~	~~0~~
~~District Attorneys~~	~~1 ea.~~	~~0~~
~~Clerk of the Supreme Court~~	~~1~~	~~1~~
~~Clerk of the Court of Appeals~~	~~1~~	~~1~~
Administrative Office of the Courts	~~4~~ 3	1
Supreme Court Library ~~AS MANY AS REQUESTED~~	16	3
Colleges and Universities		
The University of North Carolina System		
Administrative Offices	3	0
University of North Carolina, Chapel Hill	~~65~~ 33	~~25~~ 9
University of North Carolina, Charlotte	~~3~~ 2	1
University of North Carolina, Greensboro	~~3~~ 1	1
University of North Carolina, Asheville	~~2~~ 1	1
University of North Carolina, Wilmington	~~2~~ 1	1
North Carolina State University, Raleigh	~~5~~ 1	~~3~~ 1
Appalachian State University	2	1
East Carolina University	~~3~~ 1	~~2~~ 1
Elizabeth City State University	2	1
Fayetteville State University	~~2~~ 1	1
North Carolina Agricultural and Technical University	2	1
North Carolina Central University	~~5~~ 1	~~5~~ 1
Western Carolina University	~~2~~ 1	1
University of North Carolina, Pembroke	2	1
Winston-Salem State University	2	1
North Carolina School of the Arts	1	1
Private Institutions		
Duke University	~~6~~ 4	~~6~~ 3
Davidson College	~~3~~ 1	~~2~~ 1
Wake Forest University	5	5
Lenoir Rhyne College	1	1
Elon ~~College~~ University	1	1

~~Guilford College~~	~~1~~	~~1~~
Campbell University	~~5~~ 2	~~5~~ 2
Wingate ~~College~~ University	1	1
~~Pfeiffer College~~	~~1~~	~~1~~
Barber Scotia College	1	1
Barton College	1	1
Shaw University	1	1
St. Augustine's College	1	1
Johnson C. Smith University	1	1
~~Belmont Abbey College~~	~~1~~	~~1~~
Bennett College	1	1
~~Catawba College~~	~~1~~	~~1~~
Gardner-Webb ~~College~~ University	1	1
Greensboro College	1	1
High Point University	1	1
Livingstone College	1	1
Mars Hill College	1	1
Meredith College	1	1
Methodist College	1	1
~~North Carolina Wesleyan College~~	~~1~~	~~1~~
Peace College	1	0
~~Queens College~~	~~1~~	~~1~~
~~Sacred Heart College~~	~~1~~	~~1~~
~~St. Andrews Presbyterian College~~	~~1~~	~~1~~
Salem College	1	1
Warren Wilson College	1	1
County and Local Officials		
Clerks of the Superior Court	1 ea.	1 ea.
Register of Deeds	1 ea.	~~1 ea.~~ 0
Federal, Out-of-State and Foreign		
Secretary to the President	1	0
Secretary of State	1	1
Secretary of Defense	1	0
Secretary of Agriculture	1	0
Secretary of the Interior	1	0
Secretary of Labor	1	~~1~~ 0
Secretary of Commerce	1	~~1~~ 0
Secretary of the Treasury	1	0
Secretary of ~~Health, Education and Welfare~~ Health and Human Services	1	0
Secretary of Housing and Urban Development	1	0

Secretary of Transportation	1	0
Attorney General	1	0
~~Postmaster General~~ United States Postal Service	1	0
Bureau of Census	1	0
~~Bureau of Public Roads~~	~~1~~	~~0~~
Department of Justice	1	0
~~Department of Internal Revenue~~ Internal Revenue Service	1	0
~~Veterans' Administration~~ Department of Veterans Affairs	1	0
Farm Credit Administration	1	0
Securities and Exchange Commission	1	0
~~Social Security Board~~	~~1~~	~~0~~
Environmental Protection Agency	1	0
Library of Congress	8	2
Federal Judges resident in North Carolina	1 ea.	0
Federal District Attorneys resident in North Carolina	1 ea.	0
Marshal of the United States Supreme Court	1	0
Federal Clerks of Court resident in North Carolina	1 ea.	0
Supreme Court Library exchange list	1 ea.	0

One copy of the Session Laws shall be furnished the head of any department of State government created in the future.

~~State agencies, institutions, etc.,~~ Any State agency, department, institution, commission, committee, board, division, bureau, officer or official not found in or covered by this list may, upon written request from their respective department head to the Secretary of State, and upon the discretion of the Secretary of State as to need, be issued copies of the Session Laws on a permanent loan basis with the understanding that should said copies be needed they will be recalled."

SECTION 9.(b) Each agency or institution entitled to receive more than one copy of a hardbound volume of the Session Law and House and Senate journal publications for the year 2001 desiring additional hardbound copies of those publications to which it is entitled shall so notify the Secretary of State not later than 30 days after this act becomes law; and each State Senator and State Representative is entitled to receive the 2001 journal of a house only if he or she so requests in writing to the principal clerk of that house no later than 30 days after this act becomes law.

SECTION 9.(c) G.S. 120-32 reads as rewritten:

"**§ 120-32. Commission duties.**

The Legislative Services Commission is hereby authorized to:

...

(7) a. Provide for the indexing and printing of the session laws of each regular, extra or special session of the General Assembly and provide for the printing of the journal of each house of the General Assembly,

b. Provide and supply to the Secretary of State such bound volumes of the journals and session laws and of these publications in electronic format as may be required by ~~him~~ the Secretary of State to be distributed under the provisions of G.S. 147-45, 147-46.1 and 147-48."

SECTION 9.(d) G.S. 120-34 reads as rewritten:

"**§ 120-34. Printing of session laws.**

(a) The Legislative Services Commission shall publish all laws and joint resolutions passed at each session of the General ~~Assembly.~~ Assembly and the executive orders of the Governor issued since the adjournment of the prior session of the General Assembly. The laws and joint resolutions shall be kept separate and indexed separately. Each volume shall contain a certificate from the Secretary of State stating that the volume was printed under the direction of the Legislative Services Commission from ratified acts and ~~resolutions~~ resolutions and executive orders of the Governor on file in the Office of the Secretary of State. The Commission may publish the Session Laws and House and Senate Journals of extra and special sessions of the General Assembly in the same volume or volumes as those of regular sessions of the General Assembly. ~~In printing,~~ In printing the ratified acts and resolutions, the signatures of the presiding officers and the Governor shall be omitted.

The enrolling clerk or the Legislative Services Office shall assign to each bill that becomes law a number in the order the bill became law, and the laws shall be printed in the Session Laws in that order. The number shall be preceded by the phrase "Session Law" or the letters "S.L." followed by the calendar year it was ordered enrolled, followed by a hyphen and the sequential law number. Laws of Extra Sessions shall so indicate. In the case of any bill required to be presented to the Governor, and which became law, the Session Laws shall carry, below the date of ratification, editorial notes as to what time and what date the bill became law. In any case where the Governor has returned a bill to the General Assembly with objections, those objections shall be printed verbatim in the Session Laws, regardless of whether or not the bill became law notwithstanding the objections."

PART V. HEALTH & HUMAN SERVICES – COMPREHENSIVE SERVICES/FOSTER CARE

SECTION 10. Section 21.60(g) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.60.(g)** The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the

Department of Public Instruction, and other affected agencies, shall report on the following Program information:

(1) The number and other demographic information of children served.

(2) The amount and source of funds expended to implement the Program.

(3) Information regarding the number of children screened, specific placement of children including the placement of children in programs or facilities outside of the child's home county, and treatment needs of children served.

(4) The average length of stay in residential treatment, transition, and return to home.

(5) The number of children diverted from institutions or other out-of-home placements such as ~~training schools~~ foster care, training schools, and State psychiatric hospitals and a description of the services provided.

(6) Recommendations on other areas of the Program that need to be improved.

(7) Other information relevant to successful implementation of the Program."

– DHHS DATE CHANGE

SECTION 11. Section 21.66(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.66.(d)** The Department shall submit a progress report on implementation of this section not later than February 1, ~~2001,~~ 2002, and a final report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

– CIRCUMCISION FUNDS

SECTION 12. Notwithstanding any other provision of law to the contrary, from funds available in the General Fund, there is appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of two hundred forty-six thousand, seven hundred sixty-two dollars ($246,762) for the 2001-2002 fiscal year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal year. These funds shall be used to provide optional circumcision procedures for newborns eligible for Medicaid.

– MEDICAID DRUG COSTS

SECTION 13. Section 21.19(a)(5) of S.L. 2001-424 reads as rewritten:

"(5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection

(h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement ~~regulations.~~ regulations, and shall be the lesser of the following options: (i) ninety percent (90%) of the Average Wholesale Price for prescription drugs plus the professional services fee, or (ii) the Centers for Medicare and Medicaid Services Upper Limit plus the professional services fee, or (iii) the Maximum Allowable Cost pricing established by the Department of Health and Human Services plus the professional services fee, or (iv) the provider's charge to the general public. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand name drugs. Adjustments to the professional services fee shall be established by the General Assembly."

– COORDINATION OF ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 14. Section 21.6 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.6.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, ~~Division of Public Health,~~ the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year and the sum of two hundred thousand dollars ($200,000) for the 2002-2003 fiscal year shall be used to initiate the development of a system to assist eligible individuals in obtaining prescription drugs at no cost ~~or for a nominal fee~~ through pharmaceutical company ~~programs or initiatives.~~ programs. The system will be designed to minimize the efforts of patients and their health care providers in securing needed drugs. The required patient and health care provider data will be maintained and orders tracked in order to initiate timely reorders of needed drugs to assure continuity of medication intake. ~~Coordination of access shall be provided through a central location that maintains documentation of an individual's eligibility provided by the individual and prescription orders from the individual's physician to facilitate the provision of no cost or nominal cost drugs under the pharmaceutical company program. The coordination of access shall be implemented in a way that encourages physician, patient, and pharmacy participation by reducing time consuming procedural requirements.~~ The Department may contract with a private nonprofit organization to ~~coordinate access~~ assist in the development of the system as provided under this section.

SECTION 21.6.(b) The ~~coordination of access effort~~ development of the system shall be jointly managed by the Office of Research, Demonstrations and Rural Health Development and the Office of Pharmacy Services, Division of Public Health. ~~under this section shall be consistent with other prescription drug assistance programs throughout the Department, including the AIDS Drug Assistance Program and the Prescription Drug Assistance Program, in identifying program participants.~~

SECTION 21.6.(c) The Department shall work with pharmaceutical companies in obtaining access to company applications for assistance and making those applications available to the general public. The Department shall ensure that pharmaceutical company programs are registered with the Department and shall obtain the application forms of each pharmaceutical program.

SECTION 21.6.(d) The Department shall report on the implementation of this section on December 1, 2001, April 1, 2002, and October 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

PART VI. RETIREMENT & BENEFITS

– RETIREMENT PAYMENT

SECTION 15. It is the intent of the General Assembly to appropriate funds to make the contribution to the Teachers' and State Employees' Retirement System ("System") that would have been made for the fiscal period beginning February 28, 2001, and ending June 30, 2001. Further, it is the intent of the General Assembly that the payment be made with interest, at rates determined by the General Assembly to be consistent with the performance and earnings of the System. It is also the intent of the General Assembly to make the payment by appropriations over a five-year period.

– HEALTH PLAN CO-PAYMENT

SECTION 16.(a) G.S. 135-40.8(c3), as enacted by Section 1.(m) of S.L. 2001-253, reads as rewritten:

"(c3) Notwithstanding any other provision of this Article, the Plan does not pay for the first fifteen dollars ($15.00) of allowable charges for each home, office, or skilled nursing facility visit under the provisions of G.S. 135-40.6(7)a. and b., G.S. 135-40.6(4), ~~G.S. 135-40.6(8)e.(IV therapy),~~G.S. 135-40.6(8)i., j., k., n., r., and s., and G.S. 135-40.5(e). The ~~copayment~~ co-payment assessed by this subsection shall be assessed only once per person per provider per day and shall not apply to laboratory, pathology, and radiology services. The exclusion made under this subsection shall not count toward the deductible nor toward the maximum amount of coinsurance out-of-pocket costs."

SECTION 16.(b). In accordance with G.S. 135-40.8(c3) enacted by Section 1.(m) of Session Law 2001-253, the first fifteen dollars ($15.00) of allowable charges not paid by the Plan does not apply to cardiac rehabilitation benefits.

– MILITARY LEAVE

SECTION 17.(a) The caption for Article 9 of Chapter 127A reads as rewritten: "Privilege of Organized ~~Militia.~~ State Militia and Reserve Components of the United States Armed Forces. "

SECTION 17.(b) G.S. 127A-116 reads as rewritten:

"§ 127A-116. Leaves of absence for State officers and employees.

The Governor or ~~his~~ the Governor's designee shall promulgate appropriate policy and regulations relating to leaves of absence for short periods of military training and for State or federal military duty of all officers and employees of the State and its political subdivisions, including officers and employees of public educational facilities under the sponsorship of the State, without loss of pay, time or efficiency rating."

– OPTIONAL RETIREMENT PROGRAM/NCCCS

SECTION 18. Section 32.24(c) of S.L. 2001-424 reads as rewritten:

"SECTION 32.24.(c) This section becomes effective ~~January 1, 2002.~~ January 1, 2003."

PART VII. ENVIRONMENT & NATURAL RESOURCES

– FLOODPLAIN MAPPING

SECTION 19. The Department of Crime Control and Public Safety shall complete Phase 1 of the floodplain mapping for the Cape Fear River Basin by December 30, 2002. The Department of Crime Control and Public Safety shall use available federal funds to complete Phase 1 of the floodplain mapping for the Cape Fear River Basin; however, if the federal funds are insufficient to complete Phase 1, then the Department may use up to six million dollars ($6,000,000) from the Reserve for Disaster Relief (Budget Code 19930) to complete Phase 1 of the floodplain mapping.

The Department of Crime Control and Public Safety may use up to three million dollars ($3,000,000) from the Reserve for Disaster Relief (Budget Code 19930) to initiate Phase 2 of the floodplain mapping for the Catawba River Basin and for the Yadkin River Basin.

PART VIII. GENERAL MATTERS

– TURF GRASS REVENUE REALLOCATIONS

SECTION 20. If House Bill 688, 2001 General Assembly, is enacted, then there is appropriated from the General Fund to the:

(1) Department of Health and Human Services, Division of Public Health, the sum of four hundred sixty thousand dollars ($460,000) for the 2001-2002 fiscal year for the Sickle Cell Syndrome Purchase of Medical Care Program, and to the Department of Health and Human Services, Division of Child Development, the sum of two million one hundred thousand dollars ($2,100,000) for the 2001-2002 fiscal year

and the sum of two million one hundred thousand dollars ($2,100,000) for the 2002-2003 fiscal year for child care voucher subsidy funds to pay the cost of necessary child care for minor children of needy families.

(2) Department of Agriculture and Consumer Services, Markets Division, the sum of one hundred thousand dollars ($100,000) for the 2001-2002 fiscal year for specialty foods marketing.

– CULTURAL RESOURCES/DIGITAL ARCHIVES

SECTION 21. Section 11.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 11.1.** Of the funds appropriated to the Department of Cultural Resources, the sum of fifty thousand dollars ($50,000) shall be used to complete the planning for the Information Technology Expansion ~~Project and the Information Resource Management Commission (IRMC) Project Certification.~~ Project and to aid in computerizing certain archival records in the State Archives so that the records will be available to the public via the Internet. The Department shall not expend any additional funds for information technology expansion prior to review of the IRMC Project Certification by the Joint Select Committee on Information Technology. The results of the IRMC Project Certification shall be presented to the Joint Select Committee on Information Technology no later than March 1, 2002."

– E-PROCUREMENT

SECTION 22. G.S. 143-49(8), as enacted by Section 15.6(d) of S.L. 2001-424, reads as rewritten:

"(8) To establish and maintain a procurement card program for use by State agencies, community colleges, constituent institutions of The University of North Carolina, and local school administrative units. The Secretary of Administration may adopt temporary rules for the implementation and operation of the program in accordance with the payment policies of the State Controller, after consultation with the Office of Information Technology Services. These rules would include the establishment of appropriate order limits that leverage the cost savings and efficiencies of the procurement card program in conjunction with the fullest possible use of the North Carolina E-Procurement Service. ~~Procurement cards shall be utilized only through the E-Procurement Service. North Carolina State University and the University of North Carolina at Chapel Hill may use procurement cards consistent with the rules adopted by the Secretary, provided that the procurement cards have a purchase limit of two hundred fifty dollars ($250.00) per month.~~ Prior to implementing the program, the Secretary shall consult with the State Controller, the UNC General Administration, the Community Colleges System

Office, the State Auditor, the Department of Public Instruction, and the Office of Information Technology Services. The Secretary may periodically adjust the order limit authorized in this section after consulting with the State Controller, the UNC General Administration, the Community Colleges System Office, the Department of Public Instruction, and the Office of Information Technology Services."

– CHEROKEE COMPACT

SECTION 23.(a) G.S. 147-12 is amended by adding a new subdivision to read:

"(14) To negotiate and enter into Tribal-State gaming compacts, and amendments thereto, on behalf of the State consistent with State law and the Indian Gaming Regulatory Act, Public Law 100-497, as necessary to allow a federally recognized Indian tribe to operate gaming activities in this State as permitted under federal law."

SECTION 23.(b) Chapter 71A of the General Statutes is amended by adding a new section to read:

"**§ 71A-8. Authorization for federally recognized Indian tribes.**

In recognition of the governmental relationship between the State, federally recognized Indian tribes and the United States, a federally recognized Indian tribe may conduct games consistent with the Indian Gaming Regulatory Act, Public Law 100-497, that are in accordance with a valid Tribal-State compact executed by the Governor pursuant to G.S. 147-12(14) and approved by the U.S. Department of Interior under the Indian Gaming Regulatory Act, and such games shall not be unlawful or against the public policy of the State."

– ADVANCE HEALTH CARE DIRECTIVE REGISTRY FUNDS

SECTION 24. There is appropriated from the General Fund to the Department of Secretary of State the sum of seventy-five thousand dollars ($75,000) for the 2001-2002 fiscal year to fund the Advance Health Care Directive Registry established under Article 21 of Chapter 130A of the General Statutes.

– DMV ADVERTISING BAN

SECTION 25. Article 1 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-2.1. Advertising in Division publications prohibited.**

The Commissioner shall not contract for the sale of advertising to be placed in official mailings or publications of the Division."

PART IX. EFFECTIVE DATES

SECTION 26. Section 16 of this act becomes effective July 1, 2001. Section 20 of this act becomes effective December 1, 2001. Section 23 of this act

becomes effective August 1, 1994, and applies to compacts and amendments thereto executed on or after that date. The remainder of this act is effective when it becomes law.

Summary of House Committee Substitute for Senate Bill 841

Part I: Justice and Public Safety

Section 1 – Dobbs Center

DOT is acquiring a parcel of land from the Dobbs Youth Development Center (Juvenile Justice) for a highway right-of-way. DOT usually repays the General Fund for the lost value of property acquired in this manner. This provision allows Juvenile Justice to use the $172,050 payment (rather than the General Fund) in order to replace the maintenance shops, offices, and storage facilities that are currently on this parcel of land.

Section 2 – Criminal Justice Partnership Program

Allows the Department of Correction to reallocate unspent or unclaimed funds distributed to counties participating in the Criminal Justice Partnership Programs in an effort to maintain prior year service levels.

Part II: Education

Section 3 – State Board of Education Membership

Makes several changes to the Board's membership that include: 1) adding a principal to serve a one-year term, 2) appointing a superintendent to serve as an advisor to the Board, 3) reducing the number of student advisors to the Board, and 4) reducing the term for Teacher of the Year Advisor from two years to one year. The total number of members on the Board would not change.

Section 4 – Photonics / Optoelectronics Funds

Clarifies the legislative intent of a $1,375,000 appropriation included in the Budget Bill. Specifically, it earmarks $350,000 for photonics research and $250,000 for optoelectronics research.

Section 5 – Clarify Community College Fees

Provides the State Board of Community Colleges the authority to adopt temporary rules in accordance with the temporary rule process outlined in G.S.150B. The Community Colleges have requested this authority in order to clarify the definitions of certain types of fees. The permanent rule making process could take up to 18 months. This provision is a procedural fix that allows them to get the rule in place quickly. It does not alter their statutory authority to implement fees; it only allows them to adopt a temporary rule where they would otherwise have to go through the permanent rule making process.

Part III: Tax Matters

Section 6 – Economic Development Board Membership

Adds the Secretary of Revenue as an ex officio, nonvoting member of the Board.

Section 7 – Delinquent Tax Enforcement

HB 108 authorizes local boards of county commissioners to require that the Register of Deeds not accept any deed for registration unless the county tax collector has certified that no delinquent ad valorem taxes are owed on the property. This includes county and municipal taxes, as well as taxes that are a lien against the property on the deed. A specific list of counties was included in the original bill. This section merely adds additional counties to the list.

Section 8 – Disposition of Tax Proceeds

Clarifies that the transfer from the Trust Fund to the General Fund includes both the original $170 million and the new amount expected from closing the vehicle tax loophole. This was always assumed in the fiscal analysis, but the Department would like this clarified in statute.

Part IV: General Assembly

Section 9 – Journal Publication Change

Reduces the number of publications provided to agencies and institutions throughout State government. Also limits the number of hardbound copies of publications to one per agency or institution unless otherwise requested.

Part V: Health and Human Services

Section 10 – Comprehensive Services / Foster Care

Adds the words "foster care" to the provision in order to correct an omission from the Budget Bill.

Section 11 – Report Date Change

Corrects a reporting date from 2001 to 2002.

Section 12 – Circumcision Funds

Restores funding for elective circumcisions paid for by Medicaid.

Section 13 – Prescription Drugs

This section clarifies how the Medicaid program will pay for prescription drugs. The payment for prescription drugs would be the lesser of the following options:

(1) 90% of the Average Wholesale Price plus the dispensing fee;
(2) The Centers for Medicare and Medicaid Services Upper Limit plus the dispensing fee;
(3) The Maximum Allowable Cost pricing established by the Department of Health and Human Services plus the dispensing fee; or
(4) The provider's charge to the general public.

This provision has no fiscal impact.

Section 14 – Coordination of Access to Pharmaceutical Company Prescription Drug Programs

Clarifies that funds will be used to set up local "programs" that will assist in the completion of company applications, check eligibility, and ensure the proper signatures are appropriately placed on the applications. The funds would also be used to purchase software and/or computer equipment.

These entities would be located in free health clinics, local health departments, and medical centers. The funds will augment foundation money that the Department of Health and Human Services has also secured.

Part VI: Retirement and Health Plan

Section 15 – Retirement Payment

States the General Assembly's intent to appropriate funds to the Retirement System that were withheld because of the fiscal emergency declared in FY 2000-01. The appropriations may be made over a five-year period.

Section 16 – Health Plan Co-Payment

The first section repeals the $15 co-payment paid by members of the State Employee Health Benefit Plan for home intravenous therapy retroactive to July 1, 2001. The co-payment was first suggested by Blue Cross & Blue Shield of North Carolina, the Plan's claims processor, and was subsequently enacted by the General Assembly in Session Law 2001-253. Blue Cross & Blue Shield now suggests that the co-payment be eliminated for home IV therapy since some cancer patients are being unduly penalized by the recurring nature of the co-payment. The elimination of the co-payment is expected to cost the Plan $50,000 annually. The Plan's funded financial projections for the 2001-2003 biennium are sufficient to cover the loss of savings.

The second section repeals the co-payment against cardiac rehabilitation visits that was implemented by the Health Plan's Executive Director. These visits can occur daily for up to 6-8 weeks. There is no additional fiscal impact to the Plan since cardiac rehabilitation visits were not included in the episode of care counts used to estimate the Plan savings from the $15 co-payments.

Section 17 – Military Leave

Extends the Governor's authority to set State military leave benefit policies for State and public school employees who are called to serve federal military duty in the National Guard and other reserve components of the U.S. Armed Forces.

Section 18 – Optional Retirement System

Changes the effective date of the Optional Retirement System for Community College Presidents from January 1, 2002 to January 1, 2003 in order to give them more time to implement the program.

Part VII: Environment and Natural Resources

Section 19 – Floodplain Mapping

Authorizes the Department of Crime Control and Public Safety to use up to $6,000,000 from the Reserve for Disaster Relief to complete mapping for the Cape Fear River Basin if federal funds are insufficient to complete the project. Also authorizes the Department to use up to $3 million from the Reserve for Disaster Relief to begin mapping for the Catawba and Yadkin River Basins.

Part VIII: General Matters

Section 20 – Turf Grass Revenue Reallocations

HB 688 would tax the sale of fertilizers and seed to nonfarmers. This section would appropriate funds to the following programs if the bill were enacted:

(1) $460,000 to the Sickle Cell Program in order to maintain existing services,

(2) $2,100,000 to support child care subsidy vouchers for needy families,

(3) $100,000 to the Department of Agriculture and Consumer Services, Markets Division, to promote the specialty foods business through trades shows, retail promotions, print materials, and maintenance of an E-commerce web site.

Section 21 -- Cultural Resources / Digital Archives

Clarifies that the department shall use the $50,000 appropriation to complete planning for the IT expansion project as in the initial version and to aid in computerizing certain State archival records for access via the Internet.

Section 22 – E Procurement

Clarifies that procurement cards do not have to be utilized exclusively through the North Carolina E Procurement Service. Also eliminates $250 purchase limit set on cards used by NC State University and UNC-Chapel Hill.

Section 23 – Cherokee Compact

This section clarifies the Governor's authority to enter into tribal-state compacts. The clarification is necessary because of recent court cases in other states.

Section 24 – Advance Health Care Directive Registry Funds

Provides start-up funding for the design, construction, and implementation of a web-based central registry established under Article 21 of Chapter 130A.

Section 25 – DMV Advertising Ban

States that the Commissioner of Motor Vehicles shall not contract for the sale of advertising to be placed in official mailings of the Division.

Section 26 – Effective Dates

Section 16 (Health Plan Co-payment) is effective July 1, 2001.
Section 20 (Turf Grass Reallocations) is effective December 1, 2001.
Section 23 (Cherokee Compact) is August 1, 1994.
The remainder of the bill is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S841-ALE-98 [v.1]

Date November 15 ,2001

Comm. Sub. [YES]
Amends Title [NO]
PHCS S841-CSLH-42

Representative Redwine

moves to amend the bill on page 4, line ~~34~~ 32, by deleting "90 days" and substituting "six months".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ Voice FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. _____ DATE 11/15/01

S. B. No. 841 Amendment No. 2

(to be filled in by Principal Clerk)

Rep.) Doug Yongue

Sen.)

moves to amend the bill on page 2, line 28 through pg 4 line 11

by deleting Sections 3(a), 3(b) and 3(c) of Part 2.

SIGNED _____

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. 3
(to be filled in by Principal Clerk)

Rep.)
) Rogers
Sen.)

moves to amend the bill on page 5, line 31

by adding "Bertie," at the end

further on page 5, line 33, by adding "MAIN," after "Madison,"

further on page 5, line 35, by adding "Washington," after "Warren,"

further on page 5, line 37, by adding "Carteret," after "Camden,"

SIGNED _____

ADOPTED ✓ VOID FAILED _____ TABLED _____

GA-33-A PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Displaced

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Failed voice

(Please type or use ballpoint pen)

H. B. No. _____ DATE _____

S. B. No. 841 Amendment No. 4

(to be filled in by Principal Clerk)

Rep.)
Sen.) ALLRED

moves to amend the bill on page 1, line 8-9

by deleting ", AND FOR SPECIALTY FOODS MARKETING"

and on page 17, lines 5-7 by deleting the language on lines 5, 6, and 7.

SIGNED _____

ADOPTED _____ FAILED V VOICE VOTE TABLED _____

GA-33-A PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

DMV

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Withdrawn

(Please type or use ballpoint pen)

H. B. No. _____ DATE 11/15/01

S. B. No. 841 Amendment No. 5

(to be filled in by Principal Clerk)

(Rep.) Saunders
Sen.)

moves to amend the bill on page 18, lines 33-38,

by deleting those lines.

SIGNED _____

WITHDRAWN

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

goes w/ Att 5

Advertising Inserts

- DMV mails approximately 6,000,000 registration renewal notices per year.
- Postage is 26.9¢ for each notice – totaling approximately $1,614,000. (Postage cost would not increase with addition of inserts)
- Potential revenue from inserts is based upon number of inserts per notice and total number of notices mailed.
- In first year, DMV would receive 40% of net revenue, 50% in the second year and 60% in the third and subsequent years.
- This chart gives an estimated idea of projected revenue

*Gross revenue based on an average of 3 advertisements per renewal notice mailing

Ad Year	Renewal Notices	*Gross Revenue to Ad Agency at $30/thousand (M)	Ad Agency Material Cost @ $18.18M	Ad Agency Net Revenue	Rate of Compensation to DMV	Estimated Revenue
1st Year	6,000,000	$540,000	$109,080	$430,920	40% of Net Ad Revenue	$172,368
2nd Year	6,000,000	$540,000	$109,080	$430,920	50% of Net Ad Revenue	$215,460
3rd Year	6,000,000	$540,000	$109,080	$430,920	60% of Net Ad Revenue	$258,552
4th Year	6,000,000	$540,000	$109,080	$430,920	60% of Net Ad Revenue	$258,552

- DMV has full control of the advertising marketing plan and must review and approve each ad to ensure appropriateness. No ad will be used without prior written approval of DMV. Products and services advertised and the layout of the advertisements will be related to and harmonious with DMV and will be consistent with the professionalism, integrity, public safety mission and law enforcement responsibilities of DMV.

  For example, ads featuring automobile manufacturers, Insurance Companies, and Triple A would be acceptable. Ads for alcoholic beverages, political campaigns and adult entertainment would not.

NELSON COLE
NORTH CAROLINA HOUSE OF REPRESENTATIVES
25TH DISTRICT

Legislative Building - Room 1218
Raleigh, NC 27601-1096
(919) 733-5779
(919) 733-2599 FAX
Internet E-Mail:
NelsonC@MS.NCGA.STATE.NC.US

P.O. Box 2309
Reidsville, NC 27323-2309
Home (336) 349-6734
District Office (336) 342-4224
FAX (336) 342-5159

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NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. 5A
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Redwine
)
Sen.)

1 moves to amend the bill on page _____, line _____
2 ( ) WHICH CHANGES THE TITLE
3 by 18 lines 33 through 38 by rewriting
4 those lines to read
5
6 "DMV ADVERTISING
7 SECTION 25. The Legislative
8 Research Commission shall study
9 the issue of sale of advertising
10 to be placed on official mailings of
11 publications of the Division of Motor Vehicles and shall report
12 to the General Assembly in 2002."
13
14 and amend the title accordingly
15
16
17
18
19

SIGNED _____

ADOPTED ✓ Voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Voice

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 11/15/01

S. B. No. 841 Amendment No. 6

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sherrill

Sen.)

moves to amend the bill on page 16, line 10

( ) WHICH CHANGES THE TITLE

by rewriting the line to read

"for State or federal military duty or special emergency management services of all officers and employees of the State and its".

SIGNED Thelma Sherrill

ADOPTED ✓ Voice FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Withdrawn

H. B. No. _____ DATE _____

S. B. No. 841 Amendment No. ~~2~~ 7
(to be filled in by Principal Clerk)

(Rep.) Thompson
Sen.)

moves to amend the bill on page 7, line 42

by by ~~the~~ rewriting that line to read:
"Commerce, Department of 1 ~~01~~".

further amend the bill on page 10, line 1 by deleting the ~~strike-through~~

further amend the bill on page 10, line 6, by adding the following between lines 6 and 7

"Brevard College 1 1"

and between lines 19 and 20 "Montreat College 1 1"

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

original

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

S841-A-3 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S841-CSLH-42

Representative Fox

moves to amend the bill on page 18, line 28,
by adding "(a)" immediately after "Section 24."; and

on page 18, line 32,
by rewriting that line to read:
"**SECTION 24.(b)** Section 8 of S.L.2001-455 reads as rewritten:
"**SECTION 8.** Sections 1 through 6 of this act become effective ~~January 1, 2002.~~ May 1,2002. The remainder of this act is effective when it becomes law.""

SIGNED Stan Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Out of Order

H. B. No. _____ DATE _____

S. B. No. 841 Amendment No. 9
S841-CSLH-42[V6] (to be filled in by Principal Clerk)

(Rep.) Shubert
Sen.)

moves to amend the bill on page 15, lines 25-26,

by rewriting those lines to read:

"consistent with the performance and earnings of the System. It is also the intent of the General Assembly to make the payment prior to December 31, 2001."

SIGNED Fern H Shubert

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Fail

Sec 23 Cherokee

EDITION No. _____

H. B. No. _____ DATE 11/15/01

S. B. No. 841 Amendment No. 10
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Ellis
Sen.)

1 moves to amend the bill on page 18, lines 8-25
2 ( ) WHICH CHANGES THE TITLE
3 by deleting those lines.
4
5
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17
18
19

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 11.15, 2001 **Amendment No.** 10 Ellis

Total: Yes 9 **No** 3 **Bill Number:**

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair			Clary
	✓	Redwine, Chair		✓	Coates
✓		Thompson, Chair		✓	Cole
		Owens, Vice-Chair	✓		Crawford, Mark
		Crawford, Jim Vice-Chair	✓		Creech
				✓	Culp
		Adams			Culpepper
		Allred			Daughtry
		Arnold	✓		Davis
	✓	Baker			Dockham
		Barbee		✓	Earle
		Barefoot	✓		Ellis
		Barnhart		✓	Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
		Bowie			Grady
		Boyd-McIntyre	✓		Gulley
		Brubaker			Haire
	✓	Carpenter		✓	Hall

30 NO
9 YES

YES	NO	NAME	YES	NO	NAME
___	___	Harrington	___	___	Rogers
___	✓	Hensley	___	___	Russell
___	___	Hiatt	___	✓	Saunders
___	___	Hilton	___	___	Setzer
___	___	Holmes	___	___	Sexton
___	___ J	Howard	___	✓	Sherrill
___	___ H	Hunter	✓	___	Shubert
___	___	Insko	___	✓	Smith
___	✓	Jeffus	___	✓	Sutton
___	___	Justus	___	___	Teague
___	___	Kiser	___	___	Tolson
___	___	Lucas	___	___	Tucker
___	___	McAllister	___	✓	Underhill
___	✓	McLawhorn	___	✓	Walend
___	___	Michaux	___	✓	Walker
___	___	Miller	___	✓	Warner
___	___	Miner	___	___	Warren
___	___	Mitchell	___	✓	Warwick
___	___	Morgan	✓	___	Weatherly
___	✓	Nesbitt	___	___	West
___	___	Nye	___	___	Wilson, G
___	___	Preston	___	___	Wright
			___	✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
____	____	Hackney, Spkr Pro Tem	____	____	Dedmon, Maj. Leader
____	____	Baddour, Maj. Leader	____	____	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

H. B. No. _____ DATE 11/15/01

S. B. No. 841 Amendment No. 11

(to be filled in by Principal Clerk)

Rep.) Davis

Sen.)

moves to amend the bill on page 15, line 25-26

by rewriting the last sentence to read:

"Subject to the availability of funds, it is also the intent of the General Assembly to make the payment by appropriations over a five-year period beginning July 1, 2003."

SIGNED _____

ADOPTED ✓ voice FAILED _____ TABLED _____

GA-33-A PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO. 12
(to be filled in by
Principal Clerk)

S841-ALK-84 [v.2]

Date _____,2001

Comm. Sub. [YES]
Amends Title [YES]
S841-CSLH-42

Representative Cole

moves to amend the bill on page 18, line 39,
by adding immediately after that line:

"- DMV MAY ISSUE LICENSES OF LIMITED DURATION

SECTION 25.1. G.S. 20-7(f) reads as rewritten:

'(f) Expiration and Temporary License. – The first drivers license the Division issues to a person expires on the person's fourth or subsequent birthday that occurs after the license is issued and on which the individual's age is evenly divisible by five, unless this subsection sets a different expiration date. A first drivers license may be issued for a shorter duration if the Division determines that a license of shorter duration should be issued when the applicant holds a visa of limited duration issued by the United States Department of State. The first drivers license the Division issues to a person who is at least 17 years old but is less than 18 years old expires on the person's twentieth birthday. The first drivers license the Division issues to a person who is at least 62 years old expires on the person's birthday in the fifth year after the license is issued, whether or not the person's age on that birthday is evenly divisible by five.

A drivers license that was issued by the Division and is renewed by the Division expires five years after the expiration date of the license that is ~~renewed.~~ renewed unless the Division determines that a license of shorter duration should be issued when

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S841-ALK-84 [v.2]

the applicant holds a visa of limited duration from the United States Department of State. A person may apply to the Division to renew a license during the 180-day period before the license expires. The Division may not accept an application for renewal made before the 180-day period begins.

The Division may renew by mail a drivers license issued by the Division to a person who meets any of the following descriptions:

(1) Is serving on active duty in the armed forces of the United States and is stationed outside this State.

(2) Is a resident of this State and has been residing outside the State for at least 30 continuous days.

When renewing a license by mail, the Division may waive the examination that would otherwise be required for the renewal and may impose any conditions it finds advisable. A license renewed by mail is a temporary license that expires 60 days after the person to whom it is issued returns to this State.'"

Further moves to amend the bill on page 1, line 21, by adding the following after the comma, " LIMITED DURATION LICENSES,"

SIGNED Nelson Cole
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ voice FAILED _____ TABLED _____

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

S841-ALB-166 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
First Edition

Representative Jeffus

moves to amend the bill on page 7, line 42, by rewriting that line to read:
"Commerce, Department of 1 ~~0~~ 1

further moves to amend the bill on page 10, lines 1 and 22 by deleting the strike-through on those lines

further moves to amend the bill on page 10, line 6, by adding the following between lines 6 and 7:
"Brevard College 1 1"

further moves to amend the bill on page 10, line 19, by adding the following between lines 19 and 20:
"Montreat College 1 1"

further moves to amend the bill on page 12, line 37 by adding the following:
"SECTION 9.(e) The Legislative Research Commission shall study the issue of further changes in agencies and institutions entitled to copies of State publications, and shall report to the General Assembly in 2002 on its findings."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 841

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S841-ALB-166 [v.1]

SIGNED Maggie Jeffus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED V voice vote FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 1

SENATE BILL 841

Short Title:	Dobbs Youth Academy Funds.	(Public)
Sponsors:	Senator Jordan.	
Referred to:	Appropriations/Base Budget.	

April 4, 2001

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE NET PROCEEDS FROM THE SALE OF REAL PROPERTY AT DOBBS YOUTH ACADEMY TO BE USED FOR CAPITAL IMPROVEMENTS AT THE ACADEMY.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Juvenile Justice and Delinquency Prevention shall sell a portion of the real property at Dobbs Youth Academy to the North Carolina Department of Transportation. Notwithstanding Chapter 146 of the General Statutes and any other provision of law, the net proceeds derived from the sale of the real property in the amount of one hundred seventy-two thousand fifty dollars ($172,050) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds to construct a maintenance and storage facility at Dobbs Youth Academy.

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

VISITOR REGISTRATION SHEET

APPROPRIATIONS — November 15, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cristen [illegible]	UNC
Anne Winner	NCCADV
Hal Miller	NCACCT
Mark Benton	Capitol Insight
John McHugh	GOV OFFICE
Sherri McClees	McClees Consulting, Inc
[illegible]	Dept of State Police
[illegible]	NC Senate
[illegible]	DMA-DHHS
[illegible]	DMA-DHHS
Martha Glass	DOT
Larry Dix	DJJDP
[illegible]	Gov. Office
Steve Woodson	NC Farm Bureau
Ken McHow	Alley Associates, Inc.
W H Potter Jr.	NCDTA & NCDS
Leanne Winner	NCSBA
Susan Harrison	WCPSS

VISITOR REGISTRATION SHEET

APPROPRIATIONS — November 15, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Sharon Matthews	DOT - DMV
Janae Howard	DMV
Ruth Sapphire	NCDOT
Wayne Worden	DOT-DMV-Driver License
Paula A. Wolf	Covenant w/ NC's Children
Suzy [illegible]	SHP
Angie McMillan	TNC
John McMillan	PMFOCPA
Andy Romanet	NCCPA
[illegible]	NCICU
Crissy Porter	Bone & Associates
Laura DeVivo	DENR
Richard O'Brien	Prof Fire Fighters & Paramedics of NC
Amy Jo Bain	NC Medical Society
Emily Fulghum	Smith Anderson
Suzanne [illegible]	NCCCS
Michael [illegible]	[illegible]
Doyle Mayhew	[illegible]

VISITOR REGISTRATION SHEET

APPROPRIATIONS — November 15, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	[illegible]
Emerson Hardmore	
[illegible]	NCASA
[illegible]	NC RMA
[illegible]	[illegible]
Dick Carlton	[illegible]
[illegible]	LBA
[illegible]	PPAB
[illegible]	NCSU
[illegible]	Attorney - Raleigh

North Carolina General Assembly
History of Bill SB 841
DOBBS YOUTH ACADEMY FUNDS.
by: Jordan

Date: 11/15/2001
Time: 11:29

Leg. Day: H-168/S-16[illegible]

2001-2002 Biennium

Introduced 04/03/2001 by: Jordan

GS Chapters: $

Date		Action
04/03/2001	S	Filed
04/04/2001	S	Ref To Com On Appropriations/Base Budget
06/20/2001	S	Withdrawn From Comm
06/20/2001	S	Placed On Cal For 6/21/2001
06/21/2001	S	Passed 2nd & 3rd Reading
06/26/2001	H	Rec From Senate
06/26/2001	H	Ref To Com On Appropriations

April 4, 2001

S 841. DOBBS YOUTH ACADEMY FUNDS. *TO ALLOW THE NET PROCEEDS FROM THE SALE OF REAL PROPERTY AT DOBBS YOUTH ACADEMY TO BE USED FOR CAPITAL IMPROVEMENTS AT THE ACADEMY.* Requires the Dep't of Juvenile Justice and Delinquency Prevention to sell a portion of real property at Dobbs Youth Academy to the Dep't of Transportation, with $172,050 of sale proceeds to be used by Dep't of Juvenile Justice and Delinquency Prevention to construct a maintenance and storage facility at Dobbs Youth Academy. **Intro. by Jordan.**

Ref. to Appropriations	APPROP

Summary of House Committee Substitute for Senate Bill 841

Part I: Justice and Public Safety

Section 1 – Dobbs Center

DOT is acquiring a parcel of land from the Dobbs Youth Development Center (Juvenile Justice) for a highway right-of-way. DOT usually repays the General Fund for the lost value of property acquired in this manner. This provision allows Juvenile Justice to use the $172,050 payment (rather than the General Fund) in order to replace the maintenance shops, offices, and storage facilities that are currently on this parcel of land.

Section 2 – Criminal Justice Partnership Program

Allows the Department of Correction to reallocate unspent or unclaimed funds distributed to counties participating in the Criminal Justice Partnership Programs in an effort to maintain prior year service levels.

Part II: Education

Section 3 – State Board of Education Membership

Makes several changes to the Board's membership that include: 1) adding a principal to serve a one-year term, 2) appointing a superintendent to serve as an advisor to the Board, 3) reducing the number of student advisors to the Board, and 4) reducing the term for Teacher of the Year Advisor from two years to one year. The total number of members on the Board would not change.

Section 4 – Photonics / Optoelectronics Funds

Clarifies the legislative intent of a $1,375,000 appropriation included in the Budget Bill. Specifically, it earmarks $350,000 for photonics research and $250,000 for optoelectronics research.

Section 5 – Clarify Community College Fees

Provides the State Board of Community Colleges the authority to adopt temporary rules in accordance with the temporary rule process outlined in G.S.150B. The Community Colleges have requested this authority in order to clarify the definitions of certain types of fees. The permanent rule making process could take up to 18 months. This provision is a procedural fix that allows them to get the rule in place quickly. It does not alter their statutory authority to implement fees; it only allows them to adopt a temporary rule where they would otherwise have to go through the permanent rule making process.

Part III: Tax Matters

Section 6 – Economic Development Board Membership

Adds the Secretary of Revenue as an ex officio, nonvoting member of the Board.

Section 7 – Delinquent Tax Enforcement

HB 108 authorizes local boards of county commissioners to require that the Register of Deeds not accept any deed for registration unless the county tax collector has certified that no delinquent ad valorem taxes are owed on the property. This includes county and municipal taxes, as well as taxes that are a lien against the property on the deed. A specific list of counties was included in the original bill. This section merely adds additional counties to the list.

Section 8 – Disposition of Tax Proceeds

Clarifies that the transfer from the Trust Fund to the General Fund includes both the original $170 million and the new amount expected from closing the vehicle tax loophole. This was always assumed in the fiscal analysis, but the Department would like this clarified in statute.

Part IV: General Assembly

Section 9 – Journal Publication Change

Reduces the number of publications provided to agencies and institutions throughout State government. Also limits the number of hardbound copies of publications to one per agency or institution unless otherwise requested.

Part V: Health and Human Services

Section 10 – Comprehensive Services / Foster Care

Adds the words "foster care" to the provision in order to correct an omission from the Budget Bill.

Section 11 – Report Date Change

Corrects a reporting date from 2001 to 2002.

Section 12 – Circumcision Funds

Restores funding for elective circumcisions paid for by Medicaid.

Section 13 – Prescription Drugs

This section clarifies how the Medicaid program will pay for prescription drugs. The payment for prescription drugs would be the lesser of the following options:

(1) 90% of the Average Wholesale Price plus the dispensing fee;
(2) The Centers for Medicare and Medicaid Services Upper Limit plus the dispensing fee;
(3) The Maximum Allowable Cost pricing established by the Department of Health and Human Services plus the dispensing fee; or
(4) The provider's charge to the general public.

This provision has no fiscal impact.

Section 14 – Coordination of Access to Pharmaceutical Company Prescription Drug Programs

Clarifies that funds will be used to set up local "programs" that will assist in the completion of company applications, check eligibility, and ensure the proper signatures are appropriately placed on the applications. The funds would also be used to purchase software and/or computer equipment.

These entities would be located in free health clinics, local health departments, and medical centers. The funds will augment foundation money that the Department of Health and Human Services has also secured.

Part VI: Retirement and Health Plan

Section 15 – Retirement Payment

States the General Assembly's intent to appropriate funds to the Retirement System that were withheld because of the fiscal emergency declared in FY 2000-01. The appropriations may be made over a five-year period.

Section 16 – Health Plan Co-Payment

The first section repeals the $15 co-payment paid by members of the State Employee Health Benefit Plan for home intravenous therapy retroactive to July 1, 2001. The co-payment was first suggested by Blue Cross & Blue Shield of North Carolina, the Plan's claims processor, and was subsequently enacted by the General Assembly in Session Law 2001-253. Blue Cross & Blue Shield now suggests that the co-payment be eliminated for home IV therapy since some cancer patients are being unduly penalized by the recurring nature of the co-payment. The elimination of the co-payment is expected to cost the Plan $50,000 annually. The Plan's funded financial projections for the 2001-2003 biennium are sufficient to cover the loss of savings.

The second section repeals the co-payment against cardiac rehabilitation visits that was implemented by the Health Plan's Executive Director. These visits can occur daily for up to 6-8 weeks. There is no additional fiscal impact to the Plan since cardiac rehabilitation visits were not included in the episode of care counts used to estimate the Plan savings from the $15 co-payments.

Section 17 – Military Leave

Extends the Governor's authority to set State military leave benefit policies for State and public school employees who are called to serve federal military duty in the National Guard and other reserve components of the U.S. Armed Forces.

Section 18 – Optional Retirement System

Changes the effective date of the Optional Retirement System for Community College Presidents from January 1, 2002 to January 1, 2003 in order to give them more time to implement the program.

Part VII: Environment and Natural Resources

Section 19 – Floodplain Mapping

Authorizes the Department of Crime Control and Public Safety to use up to $6,000,000 from the Reserve for Disaster Relief to complete mapping for the Cape Fear River Basin if federal funds are insufficient to complete the project. Also authorizes the Department to use up to $3 million from the Reserve for Disaster Relief to begin mapping for the Catawba and Yadkin River Basins.

Part VIII: General Matters

Section 20 – Turf Grass Revenue Reallocations

HB 688 would tax the sale of fertilizers and seed to nonfarmers. This section would appropriate funds to the following programs if the bill were enacted:

(1) $460,000 to the Sickle Cell Program in order to maintain existing services,

(2) $2,100,000 to support child care subsidy vouchers for needy families,

(3) $100,000 to the Department of Agriculture and Consumer Services, Markets Division, to promote the specialty foods business through trades shows, retail promotions, print materials, and maintenance of an E-commerce web site.

Section 21 -- Cultural Resources / Digital Archives

Clarifies that the department shall use the $50,000 appropriation to complete planning for the IT expansion project as in the initial version and to aid in computerizing certain State archival records for access via the Internet.

Section 22 – E Procurement

Clarifies that procurement cards do not have to be utilized exclusively through the North Carolina E Procurement Service. Also eliminates $250 purchase limit set on cards used by NC State University and UNC-Chapel Hill.

Section 23 – Cherokee Compact

This section clarifies the Governor's authority to enter into tribal-state compacts. The clarification is necessary because of recent court cases in other states.

Section 24 – Advance Health Care Directive Registry Funds

Provides start-up funding for the design, construction, and implementation of a web-based central registry established under Article 21 of Chapter 130A.

Section 25 – DMV Advertising Ban

States that the Commissioner of Motor Vehicles shall not contract for the sale of advertising to be placed in official mailings of the Division.

Section 26 – Effective Dates

Section 16 (Health Plan Co-payment) is effective July 1, 2001.
Section 20 (Turf Grass Reallocations) is effective December 1, 2001.
Section 23 (Cherokee Compact) is August 1, 1994.
The remainder of the bill is effective when it becomes law.

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			Nov. 15		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**			
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap			
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans	✓		
ARNOLD, GENE	3 5806	cap			
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
* BOWIE, JOANNE W. (Joni)	3 5877	transp	EX		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓		
* BRUBAKER, HAROLD J.	5 4946	cap	EX		
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			Nov. 15		
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp	✓		
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	EX		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	EX		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed			
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps			
KISER, JOE L.	3 5782	Cap, jps			
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it	✓		
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates			Nov. 15		
MORGAN, RICHARD T.	5 3010	ed	✓		
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap			
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S.	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed			
TOLSON, JOE	5 3024	**IT**, ner			
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner	✓		
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732		✓		
Cunningham, Pete (At Large)	3 5778				

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 688 A BILL TO BE ENTITLED AN ACT TO TAX THE SALES OF FERTILIZERS AND SEED TO NONFARMERS AND TO APPROPRIATE REVENUES FOR TURFGRASS RESEARCH AND EDUCATION, RESEARCH INITIATIVES FUNDED BY THE AGRICULTURAL ADVANCEMENT CONSORTIUM, AND THE TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE-FUNDING NEEDS

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☒ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 11.15.2001

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 5

HOUSE BILL 688
Committee Substitute Favorable 5/2/01
Committee Substitute # 2 Favorable 9/10/01
Fourth Edition Engrossed 9/20/01
Senate Finance Committee Substitute Adopted 10/2/01

Short Title: Tax Revenue for Turfgrass Research/Mental Health. (Public)

Sponsors:

Referred to:

March 19, 2001

A BILL TO BE ENTITLED

AN ACT TO TAX THE SALES OF FERTILIZERS AND SEED TO NONFARMERS AND TO APPROPRIATE REVENUES FOR TURFGRASS RESEARCH AND EDUCATION, RESEARCH INITIATIVES FUNDED BY THE AGRICULTURAL ADVANCEMENT CONSORTIUM, AND THE TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE-FUNDING NEEDS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.13(1) and (2) reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail, the use, storage or consumption in this State of the following tangible personal property is specifically exempted from the tax imposed by this Article:

Agricultural Group.

(1) Commercial ~~fertilizer on which the inspection tax is paid and lime and land plaster used~~ fertilizer, lime, land plaster, and seeds sold to a farmer for agricultural ~~purposes whether the inspection tax is paid or not.~~purposes.

~~(2) Seeds.~~

...."

SECTION 2.(a) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of six hundred thousand dollars ($600,000) for the 2001-2002 fiscal year and the sum of six hundred thousand dollars ($600,000) for the 2002-2003 fiscal year to be allocated to North Carolina State University. North Carolina State University must use all of the funds allocated to it under this section for the purpose of providing funds to the Center for Turfgrass Environmental Research and Education for research initiatives. The Center may receive

proposals for research funding consideration from North Carolina State University and North Carolina Agricultural and Technical State University. The Industry Advisory Board of the Center shall review each proposal for research funding consideration submitted to the Center. The Industry Advisory Board must include representatives from North Carolina State University and North Carolina Agricultural and Technical State University. The funds allocated to the Center under this section may be used only for research and extension concerning the following:

(1) Turfgrass production and maintenance.

(2) The impact of turfgrass fertilizer on the environment.

(3) Ways to reduce any adverse environmental impacts resulting from the use of turfgrass fertilizer and to promote environmental benefits.

SECTION 2.(b) There is appropriated from the General Fund to the Department of Agriculture and Consumer Services the sum of one hundred thousand dollars ($100,000) for the 2001-2002 fiscal year and the sum of one hundred thousand dollars ($100,000) for the 2002-2003 fiscal year for the purpose of educating the public on the results of the research conducted by the Center for Turfgrass Environmental Research and Education at North Carolina State University.

SECTION 2.(c) The Board of Governors of The University of North Carolina and the Commissioner of Agriculture shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office by November 1, 2002, on the use of the funds allocated to the Center for Turfgrass Environmental Research and Education and the sharing of the research with the other constituent institutions.

SECTION 3. There is appropriated from the General Fund to the Rural Economic Development Center, Inc. the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year and the sum of two hundred thousand dollars ($200,000) for the 2002-2003 fiscal year to be allocated to the Agricultural Advancement Consortium for research initiatives funded by the Consortium.

SECTION 4. There is appropriated from the General Fund to The Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs the sum of two million five hundred thousand dollars ($2,500,000) for the 2001-2002 fiscal year and the sum of four million five hundred thousand dollars ($4,500,000) for the 2002-2003 fiscal year. Notwithstanding subsection (c) of Section 21.58 of S.L. 2001-424, these funds shall be used for the purposes stated in G.S. 143-15D(b) and for substance abuse services for direct treatment and care, including detoxification and after care services.

SECTION 5. This act becomes effective December 1, 2001.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 688 (Fifth Edition)

SHORT TITLE: Tax Revenue for Turfgrass Research/Mental Health

SPONSOR(S):

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
General Fund					
Sales Tax	3,587,012	6,271,702	5,745,039	5,867,577	5,990,116
Earmarking	(2,900,000)	(4,900,000)	(4,900,000)	(4,900,000)	(4,900,000)
Net General Fund	687,012	1,371,702	845,039	967,577	1,090,116
EXPENDITURES					
NC Dept. of Agricul.	$100,000	$100,000	$100,000	$100,000	$100,000
NCSU	$600,000	$600,000	$600,000	$600,000	$600,000
Rural Ec. Dev. Cent.	$200,000	$200,000	$200,000	$200,000	$200,000
Mental Health	$2,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Total Earmarking	$2,900,000	$4,900,000	$4,900,000	$4,900,000	$4,900,000

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: North Carolina Department of Revenue, Sales Tax Division, North Carolina State University, North Carolina A&T State University, Rural Economic Development Center, Department of Health and Human Services.

EFFECTIVE DATE: December 1, 2001.

BILL SUMMARY: Currently the sale of seed and fertilizer is exempt from sales tax. This legislation removes that general exemption, but continues to exempt the sale of these items to farmers. The bill also creates an annual appropriation of most of the sales tax revenues. Of the appropriated amount $600,000 must be forwarded to the University Board of Governors for North Carolina State University (NCSU). NCSU must use the funds for the Center for Turfgrass Environmental Research and Education at North Carolina State University (NCSU), and research proposals from both NCSU and North Carolina A&T State University. The Commissioner of Agriculture is also given $100,000 to educate the public on the results of the research conducted by the Center. An additional $200,000 shall be allocated annually to the Rural Economic Development Center, which must use all of the funds for Agricultural Advancement Consortium research initiatives. In FY 2001-02

$2,000,000 must be allocated to the Mental Health Trust Fund. In FY 2002-03 this amount increases to $4,000,000.

ASSUMPTIONS AND METHODOLOGY:

Revenue: In 1994 the North Carolina Department of Agriculture and Consumer Service conducted a statewide survey of non-agricultural turfgrass use and maintenance. The results were published in the 1994 North Carolina Turfgrass Survey. In 1999 the Department again conducted this statewide survey, but was unable to analyze and formally publish the results due to budget constraints. The date includes information by major consumer category on expenditures on seed, fertilizer, lime, sod, and sprigs (sprigs are considered a seed by the Department of Revenue and are therefore exempt under current law).

When available, the 1999 data was used to determine potential sales tax revenue. This data was available on sales to single family dwellings and golf courses. In order to develop a reasonable estimate of turfgrass and seed sales to the remaining consumers, Fiscal Research used the 1994 data to determine what proportion of sales were made in each major category, and applied that to the total 1999 sales figures. These new numbers were used as a proxy for 1999 sales. The resulting major category expenditures are as follows:

Category	1999 Sales
Single Family	108,105,000
Roadsides	3,665,172
Parks*** (50% refundable)	660,404
Commercial Properties	5,128,553
Churches (Exempt)	2,115,852
Golf Courses	16,190,038
Schools (Refund)	4,104,313
Airports (Exempt)	131,920
Institutions*** (50% refundable)	396,078
Cemeteries	218,741
TOTALS	140,716,070

As the chart above suggests, many of these sales would continue to be exempt under the legislation because those organizations are generally exempt from sales taxes. Others would receive a refund because of their tax status. Once the 4.5% state sales tax is applied, and adjustments are made for refunds and exemptions, the following year one and year two estimates are possible.

Category	1999 Sales	Tax Calendar Yr. One	Tax Calendar Yr. Two
Single Family	108,105,000	4,864,725	4,864,725
Roadsides (Exempt)	3,665,172	0	0
Parks*** (50% refundable)	660,404	29,718	0
Commercial Properties	5,128,553	230,785	230,785
Churches (Refund)	2,115,852	47,607	0
Golf Courses	16,190,038	728,552	728,552
Schools (Refund)	4,104,313	184,694	0
Airports (Refund)	131,920	5,936	0
Institutions*** (50% refundable)	396,078	13,368	8,912
Cemeteries	218,741	9,843	9,843

TOTALS	140,716,070	6,115,228	5,842,817

These numbers are adjusted for growth and the ½ cent state tax sunset in 2003, creating the following revenue stream.

Fiscal Year	State Revenue
1999-00	6,040,292
2000-01	6,026,625
2001-02	6,149,164
2002-03	6,271,702
2003-04	5,745,039
2004-05	5,867,577
2005-06	5,990,116
2006-07	6,112,655

The estimate in the Fiscal Impact box is adjusted for the December 1, 2001 effective date.

Expenditures: This portion of the bill appropriates a portion of the new revenue to several items. The exact amount appropriated is listed below.

EXPENDITURES	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
NC Dept. of Agricul.	$100,000	$100,000	$100,000	$100,000	$100,000
NCSU	$600,000	$600,000	$600,000	$600,000	$600,000
Rural Ec. Dev. Cent.	$200,000	$200,000	$200,000	$200,000	$200,000
Mental Health	$2,000,000	$4,000,000	$4,000,000	$4,000,000	$4,000,000
Total Appropriation	$2,900,000	$4,900,000	$4,900,000	$4,900,000	$4,900,000

The appropriation to NCSU must be directed to the Center for Turfgrass Environmental Research and Education. That Center is to use the money to fund research initiatives, including funding research proposals from NCSU and North Carolina A&T State University. The North Carolina Department of Agriculture and Consumer Services must use their $100,000 annual appropriation to educate the public on the results of research conducted by the Center. The bill also appropriates $200,000 annually to the Rural Economic Development Center to fund Agricultural Advancement Consortium research initiatives. Finally, the bill allocates $2,000,000 in FY 2001-02 for The Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. In FY 2002-03 the appropriation is increased to $4,000,000.

Note: The fiscal note assumes that the appropriations are recurring. As such, the appropriated amounts are shown as fiscal impacts beyond the biennium.

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Linda Struyk Millsaps
APPROVED BY: James D. Johnson



DATE: October 2, 2001

September 20, 2001

H 688. TAX REVENUE FOR TURFGRASS RESEARCH. Intro. 3/19/01. House amendment makes the following change to 3rd edition. Amends GS 105-164.13(1) to add exemption from sales tax of purchases of fertilizer and seeds by any person for use on a family vegetable garden.

October 3, 2001

H 688. TAX REVENUE FOR TURFGRASS RESEARCH/MENTAL HEALTH. Intro. 3/19/01. Senate committee substitute makes the following changes to 4th edition. Changes title to *AN ACT TO TAX THE SALES OF FERTILIZERS AND SEED TO NONFARMERS AND TO APPROPRIATE REVENUES FOR TURFGRASS RESEARCH AND EDUCATION, RESEARCH INITIATIVES FUNDED BY THE AGRICULTURAL ADVANCEMENT CONSORTIUM, AND THE TRUST FUND FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES AND BRIDGE-FUNDING NEEDS.* Amends the proposed change to GS 105-164.13 to delete provision exempting from sales and use tax fertilizer, lime, land plaster, and seeds sold for use on a family vegetable garden. Deletes the proposed new GS 105-164.44F (allocation of sales tax revenue for turfgrass research). Appropriates $600,000 from General Fund to UNC Board of Governors in each year of 2001-03 biennium for research initiatives at N.C. State Univ. Center for Turfgrass Environmental Research and Education. Center may receive research funding proposals from NCSU or NC A&T University. Appropriates $100,000 from General Fund to Dep't of Agriculture and Consumer Services in each year of 2001-03 biennium to educate the public on the results of the Center's research. Requires report to the Joint Legislative Commission on governmental operations and the Fiscal Research Division by Nov. 1, 2001 (was annually). Appropriates $200,000 from General Fund to Rural Economic Development Center for 2001-2002 and $200,000 from General Fund to Agricultural Advancement Consortium for the 2002-2003 to support research initiatives funded by the Consortium. Appropriates from General Fund $2.5 million for 2001-2002 and $4.5 million for 2002-2003 to Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs for purposes stated in GS 143-15D(b).

March 19, 2001

H 688. TURFGRASS FERTILIZER ASSESSMENT. *TO AUTHORIZE AN ASSESSMENT ON TURFGRASS FERTILIZER AND TO PROVIDE FOR THE COLLECTION, USE, AND REFUND OF THIS ASSESSMENT.* Authorizes assessment of $5 per ton on turfgrass fertilizer to be used as follows: 75% of net proceeds goes to NC Agricultural Foundation, Inc.; 25% goes to Turfgrass Council of NC., Inc. Effective July 1, 2001.

Intro. by Gibson.

Ref. to Finance	GS 106

May 2, 2001

H 688. TURFGRASS FERTILIZER ASSESSMENT. Intro. 3/19/01. House committee substitute makes the following changes to 1st edition. Provides that the assessment shall not apply to any fertilizer used for an agricultural purpose, for the production of hay, silage or other animal feed, or to maintain any pasture used for grazing livestock. Provides that three members of the Turfgrass Funding Committee shall be selected from both the College of Agriculture and Life Sciences at NC State University and from NC Agricultural and Technical State University, and specifies that the office of member of the Funding Committee may be held concurrently with any other elected or appointed office. Changes effective date of assessment to Jan. 1, 2002 (was July 1, 2002).

September 10, 2001

H 688. TAX REVENUE FOR TURFGRASS RESEARCH. Intro. 3/19/01. House committee substitute makes the following changes to 2nd edition. Changes title to *AN ACT TO TAX THE SALES OF FERTILIZERS AND SEED TO NONFARMERS AND TO EARMARK A PORTION OF THE INCREASED TAX REVENUE FOR TURFGRASS RESEARCH AND EDUCATION.* Rewrites bill to amend GS 105-164.13(1) and (2) to only exempt from sales and use tax commercial fertilizer, lime, land plaster, and seeds sold to farmer for agricultural purposes. Adds new GS 105-164.44F to provide that as soon as practicable after July 1 of each year, Sec'y of Revenue must transfer to State Treasurer $700,000 from net tax collections from sales and use tax. State Treasurer must allocate $600,000 of this amount to UNC Board of Governors (Board) to be allocated to NC State University and NC A&T University for turfgrass research and education as set out in bill. Remainder to be allocated to Dep't of Agriculture and Consumer Services for purpose set out in bill. Board and Comm'r of Agriculture must report to Joint Legis. Comm'n on Governmental Operations and Fiscal Research Division by Nov. 1 of each year on use of funds. Effective Dec. 1, 2001.

September 10, 2001

H 688. TAX REVENUE FOR TURFGRASS RESEARCH. Intro. 3/19/01. House committee substitute makes the following changes to 2nd edition. Changes title to *AN ACT TO TAX THE SALES OF FERTILIZERS AND SEED TO NONFARMERS AND TO EARMARK A PORTION OF THE INCREASED TAX REVENUE FOR TURFGRASS RESEARCH AND EDUCATION.* Rewrites bill to amend GS 105-164.13(1) and (2) to only exempt from sales and use tax commercial fertilizer, lime, land plaster, and seeds sold to farmer for agricultural purposes. Adds new GS 105-164.44F to provide that as soon as practicable after July 1 of each year, Sec'y of Revenue must transfer to State Treasurer $700,000 from net tax collections from sales and use tax. State Treasurer must allocate $600,000 of this amount to UNC Board of Governors (Board) to be allocated to NC State University and NC A&T University for turfgrass research and education as set out in bill. Remainder to be allocated to Dep't of Agriculture and Consumer Services for purpose set out in bill. Board and Comm'r of Agriculture must report to Joint Legis. Comm'n on Governmental Operations and Fiscal Research Division by Nov. 1 of each year on use of funds. Effective Dec. 1, 2001.

September 19, 2001

H 688. TAX REVENUE FOR TURFGRASS RESEARCH. Intro. 3/19/01. House amendment makes the following changes to 3rd edition. Makes technical change.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **APPROPRIATIONS.**

☒ House Committee Substitute for
S.B. 907 A BILL TO BE ENTITLED AN ACT TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND OTHER APPROPRIATE STATE AGENCIES TO STUDY THE ESTABLISHMENT OF A STATEWIDE ORGAN, EYE, AND TISSUE DONOR REGISTRY, AND TO CLARIFY THE CURRENT LAW PERTAINING TO ANATOMICAL GIFT DONATION

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill #2, unfavorable as to House Committee Substitute Bill #1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 907

Appropriations/Base Budget Committee Substitute Adopted 10/3/01
House Committee Substitute Favorable 10/25/01
PROPOSED HOUSE COMMITTEE SUBSTITUTE S907-PCS9376-LN-45

Short Title: Organ, Eye, and Tissue Donor Registry. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND OTHER APPROPRIATE STATE AGENCIES TO STUDY THE ESTABLISHMENT OF A STATEWIDE ORGAN, EYE, AND TISSUE DONOR REGISTRY, AND TO CLARIFY THE CURRENT LAW PERTAINING TO ANATOMICAL GIFT DONATION.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services, Division of Public Health, in consultation with the Department of Transportation and the Office of the Secretary of State, federally designated organ, eye, and tissue procurement organizations, and tissue banks shall study the establishment of a statewide organ, eye, and tissue donor registry. In conducting the study, the Department of Health and Human Services shall solicit advice and comment from citizens or citizen advisory groups interested in organ and tissue donation. The purpose of the study is to determine the feasibility and potential benefits of maintaining a statewide registry of persons who have indicated a willingness to donate organs, eyes, and tissue for transplantation or research in order to expedite the identification of potential organ, eye, and tissue donors. The study shall address the following:

(1) The potential benefits to the general public in maintaining the registry.
(2) The most efficient process for State administration of the registry, including the particular State agency that should be charged with registry administration and maintenance.
(3) Type of information to be included in the registry and maintenance of the information in a manner that ensures protection of privacy of registered donors.
(4) How to streamline the process for individuals to become registered donors and to remove their names from the registry.

(5) How to ensure informed, witnessed consent by registered donors and whether listing in the registry should be considered informed, witnessed consent.
(6) Process for informing the general public about organ, eye, and tissue donation, how to become registered and unregistered, and the legal effect of donor cards, drivers license donor symbols, and informed consent.
(7) How to evaluate the effectiveness of educational initiatives and the registry itself in improving identification of potential donors and procuring donations for transplantation.
(8) The experience of other states that have established organ and tissue donor registries.
(9) The cost to the State of establishing and maintaining the registry.
(10) Coordinating programs to avoid duplication of efforts.

The Department shall report its findings and recommendations to the Joint Legislative Health Care Oversight Committee on or before May 1, 2002.

SECTION 2. G.S. 130A-404 reads as rewritten:

"**§ 130A-404. Persons who may make an anatomical gift.**

(a) An individual of sound mind and 18 years of age or more may give all or any part of that individual's body for any purpose specified in G.S. 130A-405. A gift made in accordance with G.S. 130A-406 shall be sufficient legal authority for procurement without additional authority from the donor or the donor's family or estate. The gift shall take effect upon death. A gift made by the donor in accordance with G.S. 130A-406 may not be revoked upon the donor's death, and neither the donor's family nor the donor's health care agent appointed pursuant to Article 3 of Chapter 32A of the General Statutes may refuse to honor the gift or thwart the procurement of the donation.

(b) ~~Any~~ If the decedent has not made a gift in the manner prescribed in G.S. 130A-406, then any of the following persons, in order of priority stated, when persons in prior classes are not available at the time of death, and in the absence of actual notice of contrary indications by the decedent or actual notice of opposition by a member of the same or a prior class, may give all or any part of the decedent's body for any purpose specified in G.S. 130A-405.

(1) The spouse;
(2) An adult child;
(3) Either parent;
(4) An adult sibling;
(5) A guardian of the person of the decedent at the time of decedent's death;
(6) Any other person authorized or under obligation to dispose of the body.

(c) The persons authorized by subsection (b) may make the gift after or immediately before death. However, the guardian of the person of a ward may make the

gift at any time during the guardianship and the gift shall become effective upon the death of the ward unless the guardianship terminated before death.

(d) If the donee has actual notice of contrary indications by the decedent or that a gift by a member of a class is opposed by a member of the same or a prior class, the donee shall not accept the gift.

(e) A gift of all or part of a body authorizes any examination necessary to assure medical acceptability of the gift for the purposes intended.

(f) The rights of the donee created by the gift are paramount to the rights of others except as provided by G.S. 130A-409(d)."

SECTION 3. Article 2 of Chapter 20 of the General Statutes is amended by adding the following section to read:

"**§ 20-7.3. Availability of organ, eye, and tissue donor cards at motor vehicle offices.**

The Division shall make organ, eye, and tissue donor cards available to interested individuals in each office authorized to issue drivers licenses or special identification cards. The Division shall obtain donor cards from qualified organ, eye, or tissue procurement organizations or tissue banks, as defined in G.S. 130A-403. The Division shall offer a donor card to each applicant for a drivers license."

SECTION 4. The Department of Transportation and the Department of Health and Human Services may each use funds appropriated to it for the 2001-2003 fiscal biennium to implement this act.

SECTION 5. Sections 2 and 3 of this act become effective January 1, 2002. The remainder of this act is effective when it becomes law.

S907:
Organ, Eye, and Tissue Donor Registry

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Senator Lee
Date:	November 15, 2001	**Summary by:**	Gann Watson
Version:	S907-PCS9376-LN-45		Committee Counsel

SUMMARY:

CURRENT LAW:

G.S. 130A-402, et seq. provides for anatomical gifts.

BILL ANALYSIS: Proposed House Committee Substitute for S907 does 3 things:

(1) Directs the Department of Health and Human Services, in consultation with the Department of Transportation and the Office of the Secretary of State to conduct a study of the establishment of a statewide organ, eye, and tissue donor registry. The purpose of the study is to determine the feasibility and potential benefits of maintaining a statewide registry of persons who have indicated a willingness to donate organs, eyes, and tissue for transplantation or research. The bill requires the study to address specified issues.

(2) Amends G.S. 130A-404 to clarify that a gift made in accordance with G.S. 130A-406 (see below for summary) is sufficient legal authority for procurement of the organ donation without additional authority from the donor or the donor's family or estate.

(3) Directs DMV to make donor cards available to interested individuals in each office authorized to issue drivers licenses or special identification cards. DMV shall obtain the cards from qualified procurement organizations or tissue banks. DMV must offer a donor card to each applicant for a drivers license.

OTHER INFORMATION: Under G.S. 130A-406, a person may make an anatomical gift in the following manner:

1. By will
2. By document, including a card designed to be carried on the person
3. Gift becomes effective upon death of donor
4. Document must be signed by donor in the presence of 2 witnesses
5. Witnesses must sign the document in the donor's presence
6. If donor cannot sign, donor may designate person to sign in presence of donor and witnesses
7. Gift may be to a specified donee, or not.
8. Donor may designate certain procedures in the document.
9. If the gift is made by one of the persons authorized under G.S. 130A-404, then the gift must be made by a document signed by the donor or made by the donor's telegraphic, recorded telephonic, or other recorded message. Except if the donor is a guardian and the gift is made prior to ward's death, then the gift is made by a document filed with clerk of court having jurisdiction over the guardian.

G.S. 130A-409(c) provides that a person who acts with due care in accord with the terms of this Part of the anatomical gift laws of another state is not liable for damages in any civil action or subject to prosecution in any criminal proceedings for the act. A person may rely upon a document registered with the Advanced Health Care Registry to the same extent as the person relied on the original document. The Health Care Registry statute permits a person to file a document of an anatomical gift made pursuant to the State's anatomical gift act.

DHHS and DOT may use funds available to conduct the study.

Sections 2 and 3 of the act become effective January 1, 2002. Remainder effective upon becoming law.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 3

SENATE BILL 907

Appropriations/Base Budget Committee Substitute Adopted 10/3/01
House Committee Substitute Favorable 10/25/01

Short Title: Organ, Eye, and Tissue Donor Registry. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND OTHER APPROPRIATE STATE AGENCIES TO STUDY THE ESTABLISHMENT OF A STATEWIDE ORGAN, EYE, AND TISSUE DONOR REGISTRY, AND TO CLARIFY THE CURRENT LAW PERTAINING TO ANATOMICAL GIFT DONATION.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services, Division of Public Health, in consultation with the Department of Transportation and the Office of the Secretary of State, federally designated organ, eye, and tissue procurement organizations, and tissue banks shall study the establishment of a statewide organ, eye, and tissue donor registry. In conducting the study, the Department of Health and Human Services shall solicit advice and comment from citizens or citizen advisory groups interested in organ and tissue donation. The purpose of the study is to determine the feasibility and potential benefits of maintaining a statewide registry of persons who have indicated a willingness to donate organs, eyes, and tissue for transplantation or research in order to expedite the identification of potential organ, eye, and tissue donors. The study shall address the following:

(1) The potential benefits to the general public in maintaining the registry.

(2) The most efficient process for State administration of the registry, including the particular State agency that should be charged with registry administration and maintenance.

(3) Type of information to be included in the registry and maintenance of the information in a manner that ensures protection of privacy of registered donors.

(4) How to streamline the process for individuals to become registered donors and to remove their names from the registry.

(5) How to ensure informed, witnessed consent by registered donors and whether listing in the registry should be considered informed, witnessed consent.
(6) Process for informing the general public about organ, eye, and tissue donation, how to become registered and unregistered, and the legal effect of donor cards, drivers license donor symbols, and informed consent.
(7) How to evaluate the effectiveness of educational initiatives and the registry itself in improving identification of potential donors and procuring donations for transplantation.
(8) The experience of other states that have established organ and tissue donor registries.
(9) The cost to the State of establishing and maintaining the registry.
(10) Coordinating programs to avoid duplication of efforts.

The Department shall report its findings and recommendations to the Joint Legislative Health Care Oversight Committee on or before May 1, 2002.

SECTION 2. G.S. 130A-404 reads as rewritten:

"**§ 130A-404. Persons who may make an anatomical gift.**

(a) An individual of sound mind and 18 years of age or more may give all or any part of that individual's body for any purpose specified in G.S. 130A-405. A gift made in accordance with G.S. 130A-406 shall be sufficient legal authority for procurement without additional authority from the donor or the donor's family or estate. The gift shall take effect upon death. A gift made by the donor in accordance with G.S. 130A-406 may not be revoked upon the donor's death, and neither the donor's family nor the donor's health care agent appointed pursuant to Article 3 of Chapter 32A of the General Statutes may refuse to honor the gift or thwart the procurement of the donation.

(b) ~~Any~~ If the decedent has not made a gift in the manner prescribed in G.S. 130A-406, then any of the following persons, in order of priority stated, when persons in prior classes are not available at the time of death, and in the absence of actual notice of contrary indications by the decedent or actual notice of opposition by a member of the same or a prior class, may give all or any part of the decedent's body for any purpose specified in G.S. 130A-405.

(1) The spouse;
(2) An adult child;
(3) Either parent;
(4) An adult sibling;
(5) A guardian of the person of the decedent at the time of decedent's death;
(5a) An individual who has an established relationship with the decedent, who is acting in good faith on behalf of the decedent, and who can reliably convey the decedent's wishes; or

(6) Any other person authorized or under obligation to dispose of the body.

(c) The persons authorized by subsection (b) may make the gift after or immediately before death. However, the guardian of the person of a ward may make the gift at any time during the guardianship and the gift shall become effective upon the death of the ward unless the guardianship terminated before death.

(d) If the donee has actual notice of contrary indications by the decedent or that a gift by a member of a class is opposed by a member of the same or a prior class, the donee shall not accept the gift.

(e) A gift of all or part of a body authorizes any examination necessary to assure medical acceptability of the gift for the purposes intended.

(f) The rights of the donee created by the gift are paramount to the rights of others except as provided by G.S. 130A-409(d)."

SECTION 3. Article 2 of Chapter 20 of the General Statutes is amended by adding the following section to read:

"**§ 20-7.3. Availability of organ, eye, and tissue donor cards at motor vehicle offices.**

The Division shall make organ, eye, and tissue donor cards available to interested individuals in each office authorized to issue drivers licenses or special identification cards. The Division shall obtain donor cards from qualified organ, eye, or tissue procurement organizations or tissue banks, as defined in G.S. 130A-403. The Division shall offer a donor card to each applicant for a drivers license."

SECTION 4. The Department of Transportation and the Department of Health and Human Services may use funds appropriated to it for the 2001-2003 fiscal biennium to implement this act.

SECTION 5. Sections 2 and 3 of this act become effective January 1, 2002. The remainder of this act is effective when it becomes law.

April 5, 2001

S 907. ORGAN DONATION PRESUMED. *PROVIDING THAT ORGAN DONATION BY A DECEASED INDIVIDUAL IS PRESUMED UNDER CERTAIN CIRCUMSTANCES.* Enacts GS 20-7.3 regarding organ donor status. Provides that the Dep't of Transportation shall make donor cards available at drivers licenses offices. Effective Oct. 1, 2001, a statement of gift on a drivers license or special identification card shall have no effect, but a statement of gift on a license or card executed prior to that date is conclusive evidence of a decedent's donor status. Donor cards are to accompany those injured in an accident or other trauma to health care facilities. If within four hours of death a person authorized to make the gift is not available, the medical examiner may authorize the removal of the heart, lungs, kidneys, liver, or other organ or tissue that requires a patient support system to maintain viability of the organ or tissue. Amends GS 20-7(n) and GS 20-37.7(c) to require drivers license and special identification cards to specify whether or not the holder is an organ donor. Makes conforming amendment to GS 130A-404. Effective Oct. 1, 2001. **Intro. by Lee.**

Ref. to Judiciary II	GS 20, 130A

October 3, 2001

S 907. ORGAN, EYE, AND TISSUE DONOR REGISTRY. Intro. 4/4/01. Senate committee substitute makes the following changes to 1st edition. Replaces original bill with *AN ACT TO REQUIRE THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND OTHER APPROPRIATE STATE AGENCIES TO STUDY THE ESTABLISHMENT OF A STATEWIDE ORGAN, EYE, AND TISSUE DONOR REGISTRY, AND TO CLARIFY THE CURRENT LAW PERTAINING TO ANATOMICAL GIFT DONATION.* Directs Dep't of Health & Human Services to conduct study described in title in conjunction with Dep't of Transportation, federally designated organ, eye, and tissue procurement organizations, and tissue banks. Specifies topics that must be addressed. Requires report to Joint Legislative Health Care Oversight Committee by May 1, 2002.

Effective 1/1/02, amends GS 130A-404 (specifying persons who may make an anatomical gift) to provide that gifts made in one of the ways prescribed by GS 130A-406 do not need additional authority from donor or donor's family or estate, that such gifts are not revoked by donor's death, and neither donor's family nor donor's health care agent may refuse to honor the gift or thwart procurement of the donation. Also adds provision that donation on behalf of decedent who has not made donation provision may be made by individual who has an established relationship with the decedent, who is acting in good faith, and who can reliably convey decedent's wishes.

Effective 1/1/02, amends GS 20-7.3 to require Dep't of Transportation to make organ, eye, and tissue donor cards available to interested persons in driver license offices.

Authorizes DOT and Dep't of HHS to use funds appropriated for 2001-03 biennium to implement act.

October 25, 2001

S 907. ORGAN, EYE, AND TISSUE DONOR REGISTRY. Intro. 4/5/01. House committee substitute makes the following changes to 2nd edition. Makes technical changes. Modifies prior edition to provide that the Dep't of Health & Human Services study regarding the establishment of a donor registry shall be done in consultation with the Office of the Secretary of State. Provides that the study shall address, in addition to issues set forth in the prior edition, coordinating programs to avoid duplication of efforts.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA
Monday, December 03, 2001
4:00 PM

S 914 Public Construction Law Changes

Minutes
House Appropriations Committee Meeting
Monday, December 3, 2001
5:00 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 5 pm for the purposes of considering S.B. 914 (4th Edition) Public Construction Law Changes. He recognized the House Pages in attendance.

The Co-Chair recognized the bill sponsor, Senator Dalton, who explained that the bill would make changes in the public construction laws to permit greater flexibility and efficiencies in public building design, construction and plan review, primarily through the concept of construction managers at risk. It would increase the mandatory performance and payment bond threshold for public construction projects, and would make changes intended to enhance and improve good faith efforts to recruit and select minority businesses for participation in public construction contracts. The bill would also change the law to provide for construction and design supervisory authority for projects up to $2 million for the University of North Carolina until December 31, 2006. It would promote greater energy efficiency in State buildings and make clarifying changes to the scope of practice for landscape architecture. Co-Chair Representative Easterling moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote. Senator Dalton explained that the bill would cost $728,054 in non-recurring money and referred the members to the Legislative Fiscal Note (attached).

Representative Redwine's an amendment, which amends the title and technically corrects language (attached) was adopted by voice vote. The second amendment, offered by Representative Easterling and perfected by Representative Michaux (attached), was adopted by voice vote (attached). Representative Easterling then moved to favorably report House committee substitute #2, which changes the title. The meeting was adjourned at 6:05 PM.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **APPROPRIATIONS**.

☒ House Committee Substitute for
S.B. 914 A BILL TO BE ENTITLED AN ACT TO PROVIDE FOR CONSTRUCTION FLEXIBILITY FOR PUBLIC ENTITIES BY ALLOWING THE USE, WITHOUT LIMITATION, OF SEPARATE-PRIME CONTRACTING, SINGLE-PRIME CONTRACTING, DUAL BIDDING, CONSTRUCTION MANAGER AT RISK, AND ALTERNATIVE CONTRACTING METHODS AUTHORIZED BY THE STATE BUILDING COMMISSION; TO ENHANCE AND IMPROVE GOOD FAITH EFFORTS TO RECRUIT AND SELECT MINORITY BUSINESSES FOR PARTICIPATION IN PUBLIC CONSTRUCTION CONTRACTS; TO INCREASE THE MANDATORY PERFORMANCE AND PAYMENT BOND THRESHOLD FOR PUBLIC CONSTRUCTION PROJECTS; TO PROVIDE FOR CONSTRUCTION AND DESIGN SUPERVISORY AUTHORITY FOR PROJECTS UP TO TWO MILLION DOLLARS FOR THE UNIVERSITY OF NORTH CAROLINA UNTIL DECEMBER 31, 2006; TO PROVIDE FOR EFFICIENCIES IN THE PLAN REVIEW PROCESS FOR PUBLIC BUILDINGS; TO PROMOTE ENERGY EFFICIENCY IN STATE-OWNED BUILDINGS; AND TO AMEND THE LAW GOVERNING LANDSCAPE ARCHITECTURE

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to House committee substitute bill # 2, ☒ which changes the title, unfavorable as to b Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 12.03.01

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

bplaced on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 914

Education/Higher Education Committee Substitute Adopted 4/24/01
House Committee Substitute Favorable 11/27/01
Fourth Edition Engrossed 11/29/01
PROPOSED HOUSE COMMITTEE SUBSTITUTE S914-PCS6779-LH-43

Short Title: Public Construction Law Changes. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR CONSTRUCTION FLEXIBILITY FOR PUBLIC ENTITIES BY ALLOWING THE USE, WITHOUT LIMITATION, OF SEPARATE-PRIME CONTRACTING, SINGLE-PRIME CONTRACTING, DUAL BIDDING, CONSTRUCTION MANAGER AT RISK, AND ALTERNATIVE CONTRACTING METHODS AUTHORIZED BY THE STATE BUILDING COMMISSION; TO ENHANCE AND IMPROVE GOOD FAITH EFFORTS TO RECRUIT AND SELECT MINORITY BUSINESSES FOR PARTICIPATION IN PUBLIC CONSTRUCTION CONTRACTS; TO INCREASE THE MANDATORY PERFORMANCE AND PAYMENT BOND THRESHOLD FOR PUBLIC CONSTRUCTION PROJECTS; TO PROVIDE FOR CONSTRUCTION AND DESIGN SUPERVISORY AUTHORITY FOR PROJECTS UP TO TWO MILLION DOLLARS FOR THE UNIVERSITY OF NORTH CAROLINA UNTIL DECEMBER 31, 2006; TO PROVIDE FOR EFFICIENCIES IN THE PLAN REVIEW PROCESS FOR PUBLIC BUILDINGS; TO AMEND THE LAW GOVERNING LANDSCAPE ARCHITECTURE; AND TO APPROPRIATE FUNDS TO IMPLEMENT THE PUBLIC CONSTRUCTION LAW CHANGES.

The General Assembly of North Carolina enacts:

PART I. CONSTRUCTION CHANGES

SECTION 1. G.S. 143-64.31 reads as rewritten:

"**§ 143-64.31. Declaration of public policy.**

It is the public policy of this State and all public subdivisions and Local Governmental Units thereof, except in cases of special emergency involving the health and safety of the people or their property, to announce all requirements for architectural, engineering, ~~and~~ surveying and construction management at risk services, to select

firms qualified to provide such services on the basis of demonstrated competence and qualification for the type of professional services required without regard to fee other than unit price information at this stage, and thereafter to negotiate a contract for ~~architectural, engineering, or surveying~~ those services at a fair and reasonable fee with the best qualified firm. If a contract cannot be negotiated with the best qualified firm, negotiations with that firm shall be terminated and initiated with the next best qualified firm. Selection of a firm under this Article shall include the use of good faith efforts by the public entity to notify minority firms of the opportunity to submit qualifications for consideration by the public entity."

SECTION 2. Article 8 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-128.1. Construction management at risk contracts.**

(a) For purposes of this section and G.S. 143-64.31:

(1) "Construction management services" means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

(2) "Construction management at risk services" means services provided by a person, corporation, or entity that (i) provides construction management services for a project throughout the preconstruction and construction phases, (ii) who is licensed as a general contractor, and (iii) who guarantees the cost of the project.

(3) "Construction manager at risk" means a person, corporation, or entity that provides construction management at risk services.

(4) "First-tier subcontractor" means a subcontractor who contracts directly with the construction manager at risk.

(b) The construction manager at risk shall be selected in accordance with Article 3D of this Chapter. Design services for a project shall be performed by a licensed architect or engineer. The public owner shall contract directly with the architect or engineer.

(c) The construction manager at risk shall contract directly with the public entity for all construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and accept bids from first-tier subcontractors for all construction work under this section. The prequalification criteria shall be determined by the public entity and the construction manager at risk to address quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, capacity to perform, and other factors deemed appropriate by the public entity. The public entity shall require the construction manager at risk to submit its plan for compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the project's first-tier subcontractors. A construction manager at risk and first-tier subcontractors shall make a good faith effort to recruit and select minority

businesses for participation in contracts pursuant to G.S. 143-128.2. A construction manager at risk may perform a portion of the work only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the lowest responsible, responsive bidder will not execute a contract for the bid portion of the work, or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely manner, and (ii) the public entity approves of the construction manager at risk's performance of the work. All bids shall be opened publicly and shall be public records under Chapter 132 of the General Statutes. The construction manager at risk shall act as the fiduciary of the public entity in handling and opening bids. The construction manager at risk shall award the contract to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, compliance with G.S. 143-128.2, and other factors deemed appropriate by the public entity and advertised as part of the bid solicitation. The public entity may require the selection of a different first-tier subcontractor for any portion of the work, consistent with this section, provided that the construction manager at risk is compensated for any additional cost incurred.

When contracts are awarded pursuant to this section, the public entity shall provide for a dispute resolution procedure as provided in G.S. 143-128(g).

(d) The construction manager at risk shall provide a performance and payment bond to the public entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes."

SECTION 3. G.S. 143-128 reads as rewritten:

"**§ 143-128. Requirements for certain building contracts.**

(a) Preparation of specifications. – Every officer, board, department, commission or commissions charged with responsibility of preparation of specifications or awarding or entering into contracts for the erection, construction, alteration or repair of any buildings for the State, or for any county, municipality, or other public body, ~~must~~ shall have prepared separate specifications for each of the following subdivisions or branches of work to be performed:

(1) Heating, ventilating, air conditioning and accessories (separately or combined into one conductive ~~system) and/or~~system), refrigeration for cold storage (where the cold storage cooling load is 15 tons or more of refrigeration), and all ~~work kindred thereto.~~related work.

(2) Plumbing and gas fittings and accessories, and all ~~work kindred thereto.~~related work.

(3) Electrical wiring and installations, and all ~~work kindred thereto.~~related work.

(4) General work not included in subdivisions (1), (2), and (3) of this subsection relating to the erection, construction, alteration, or repair of any ~~building above referred to, which work is not included in the above listed three subdivisions or branches.~~building.

~~All such specifications must~~ Specifications for contracts that will be bid under the separate-prime system or dual bidding system shall be ~~so~~ drawn as to permit separate and independent bidding upon each of the subdivisions ~~or branches~~ of work enumerated ~~above.~~ in this subsection. The above enumeration of subdivisions or branches of work shall not be construed to prevent any officer, board, department, commission or commissions from preparing additional separate specifications for any other category of work.

(a1) Construction methods. – The State, a county, municipality, or other public body shall award contracts to erect, construct, alter, or repair buildings pursuant to any of the following methods:

(1) Separate-prime bidding.
(2) Single-prime bidding.
(3) Dual bidding pursuant to subsection (d1) of this section.
(4) Construction management at risk contracts pursuant to G.S. 143-128.1.
(5) Alternative contracting methods authorized pursuant to G.S. 143-135.26(9).

(b) ~~Building projects over five hundred thousand dollars ($500,000); separate prime contracts.~~ Separate-prime contracts. – ~~Except as provided in subsection (d) of this section, when the entire cost of the erection, construction, alteration, or repair of a building exceeds five hundred thousand dollars ($500,000),~~ When the State, county, municipality, or other public body uses the separate-prime contract system, it shall accept bids for each subdivision ~~or branch~~ of work for which specifications are required to be prepared under subsection (a) of this section and shall award the respective work specified separately to responsible and reliable persons, firms or corporations regularly engaged in their respective lines of work. ~~When the estimated cost of work to be performed in any single subdivision or branch for which separate bids are required by this subsection is less than twenty-five thousand dollars ($25,000), the same may be included in the contract for one of the other subdivisions or branches of the work, irrespective of total project cost.~~The contracts shall be awarded to the lowest responsible, responsive bidders, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. Bids may also be accepted from and awards made to separate contractors for other categories of work.

Each separate contractor shall be directly liable to the State of North Carolina, or to the ~~county or municipality,~~ county, municipality, or other public body and to the other separate contractors for the full performance of all duties and obligations due respectively under the terms of the separate contracts and in accordance with the plans and specifications, which shall specifically set forth the duties and obligations of each separate contractor. For the purpose of this section, "separate contractor" means any person, firm or corporation who shall enter into a contract with the State, or with any county, municipality, or other public ~~body,~~ entity ~~for the erection, construction,~~

~~alteration~~to erect, construct, alter or repair ~~of~~ any building or buildings, or parts ~~thereof.~~of any building or buildings.

~~(c) Building projects five hundred thousand dollars ($500,000) or less. When the entire cost of the erection, construction, alteration, or repair of a building is five hundred thousand dollars ($500,000) or less, the State, county, municipality, or other public body may accept bids under the single prime contract system, the separate prime contract system, or both. The provisions of subsection (b) of this section apply to the use of the separate prime contract system under this subsection. The provisions of subsection (d) of this section apply to the use of the single prime contract system under this section, except that bidding in the alternative between the single prime and separate prime systems is not required. Contracts bid in the alternative between the single prime and separate prime systems under this subsection must be awarded to the lowest responsible bidder or bidders, as provided in subsection (d) of this section.~~

(d) Single-prime ~~and alternative~~ contracts. – ~~The State, a county, municipality, or other public body may accept bids under the single prime contract system or a contracting method approved by the State Building Commission under G.S. 143-135.26.~~

~~If the State, county, municipality, or other public body accepts bids under the single prime contract system, it must also seek bids for the project under the separate prime contract system, except as otherwise authorized under G.S. 143-135.26, and award the contract to the lowest responsible bidder or bidders for the total project, taking into consideration quality, performance and the time specified in the bids for the performance of the contract.~~

~~When bids are accepted under the single prime contract system all~~All bidders ~~must~~ in a single-prime project shall identify on their bid the contractors they have selected for the subdivisions or branches of work for:

(1) Heating, ventilating, and air conditioning;
(2) Plumbing;
(3) Electrical; and
(4) General.

~~No contractor whose bid is accepted~~The contract shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. A contractor whose bid is accepted shall not substitute any person as subcontractor in the place of the subcontractor listed in the original bid, except (i) if the listed subcontractor's bid is later determined by the contractor to be nonresponsible or nonresponsive or the listed subcontractor refuses to enter into a contract for the complete performance of the bid work, or (ii) with the approval of the awarding authority for good cause shown by the contractor. The terms, conditions, and requirements of each contract between the contractor and a subcontractor performing work under a subdivision or branch of work listed in this subsection shall ~~be substantially the same as~~incorporate by reference the terms, conditions, and

requirements of the contract between the contractor and the State, county, municipality, or other public body.

~~The requirements of this subsection governing the identification of bidders, substitution of contractors,and the terms and conditions of subcontractor's contracts apply to all single-prime bidding and single-prime contracts, regardless of whether bidding in the alternative between the single-prime and separate-prime systems has been waived by the State Building Commission.~~When contracts are awarded pursuant to this section, the public body shall make available to subcontractors the dispute resolution process as provided for in subsection (g) of this section.

(d1) ~~Local school administrative units; building projects over five hundred thousand dollars ($500,000).~~ Dual bidding. – ~~When the entire cost of the building project is more than five hundred thousand dollars ($500,000), a local school administrative unit shall seek bids as provided in subsection (b) or (d) of this section or this subsection. The local school administrative unit~~ The State, a county, municipality, or other public entity may accept bids to erect, construct, alter, or repair a building under both the single-prime and separate-prime contracting systems and shall award the contract to the lowest ~~responsible~~ responsible, responsive bidder under the single-prime system or to the lowest ~~responsible~~ responsible, responsive bidder under the separate-prime system, taking into consideration quality, performance, compliance with G.S. 143-128.2, and time specified in the bids ~~for performance of~~to perform the contract. In determining the system under which the contract will be awarded to the lowest ~~responsible~~ responsible, responsive bidder, the ~~local school administrative unit~~ public entity may consider cost of construction oversight, time for completion, and other factors it ~~deems~~ considers appropriate. ~~The local school administrative unit shall not open any bid solicited under subsection (d) of this section unless the unit receives at least three competitive bids from reputable and qualified contractors regularly engaged in their respective lines of endeavor and unless the unit receives a bid from at least one general contractor under the separate-prime system.~~ The bids received as separate-prime bids shall be ~~submitted three hours~~ received, but not opened, one hour prior to the deadline for the submission of single-prime bids. The amount of a bid submitted by a subcontractor to the general contractor under the single-prime system shall not exceed the amount bid, if any, for the same work by that subcontractor to the ~~local school administrative unit~~ public entity under the separate-prime system. ~~Each single-prime bid that identifies the contractors selected to perform the three major subdivisions or branches of work described in subsection (d) of this section and that lists the contractors' respective bid prices for those branches of work shall constitute a single competitive bid, and each full set of separate-prime bids for all of the branches of work described in subsection (d) of this section shall constitute a single competitive bid. If after advertisement as required by G.S. 143-129, the local school administrative unit has not received the minimum number of competitive bids as required by this subsection, the unit shall again advertise for bids. If the required minimum number of bids is not received as a result of the second advertisement, the unit may let the contract to the~~

~~lowest responsible bidder that submitted a bid for the project, even though the unit received only one bid. A contractor must provide an affidavit to the local school administrative unit that it has made the good faith effort required pursuant to G.S. 143-128(f), and failure to file the affidavit is grounds for rejection of the bid. All provisions of Article 8 of Chapter 143 of the General Statutes that are not inconsistent with this subsection shall apply to local school administrative units.~~ The provisions of subsection (b) of this section shall apply to separate-prime contracts awarded pursuant to this section and the provisions of subsection (d) of this section shall apply to single-prime contracts awarded pursuant to this section.

(e) Project expediter; scheduling; public body to resolve project disputes. – The State, county, municipality, or other public body may, if specified in the bid documents, provide for assignment of responsibility for expediting the work on ~~the~~ a project to a single responsible and reliable person, firm or corporation, which may be a prime contractor. In executing this responsibility, the designated project expediter may recommend to the State, county, municipality, or other public body whether payment to a contractor should be approved. The project expediter, if required by the contract documents, shall be responsible for ~~the preparation of~~preparing the project schedule and shall allow all contractors and subcontractors performing any of the branches of work listed in subsection (d) of this section equal input into the preparation of the initial schedule. Whenever separate contracts are awarded and separate contractors engaged for a project pursuant to this section, the public body may provide in the contract documents for resolution of project disputes through alternative dispute resolution processes ~~such as mediation or arbitration.~~as provided for in subsection (g) of this section.

~~(f) Minority goals. The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each building project. Each city, county, or other public body shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal for participation by minority businesses in the total value of work for each building~~As ~~used in this subsection:~~

~~(1) The term "minority business" means a business:~~

~~a. In which at least fifty one percent (51%) is owned by one or more minority persons, or in the case of a corporation, in which at least fifty one percent (51%) of the stock is owned by one or more minority persons; and~~

~~b. Of which the management and daily business operations are controlled by one or more of the minority persons who own it.~~

~~(2) The term "minority person" means a person who is a citizen or lawful permanent resident of the United States and who is:~~

~~a. Black, that is, a person having origins in any of the black racial groups in Africa;~~

~~b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;~~

~~c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;~~

~~d. American Indian or Alaskan Native, that is, a person having origins in any of the original peoples of North America; or~~

~~e. Female.~~

~~(3) The term "verifiable goal" means:~~

~~a. For purposes of the separate prime contract system, that the awarding authority has adopted written guidelines specifying the actions that will be taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section.~~

~~b. For purposes of the single prime contract system, that the awarding authority has adopted written guidelines specifying the actions that the prime contractor must take to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section; the required actions must be documented in writing by the contractor to the appropriate awarding authority.~~

~~c. For purposes of an alternative contracting system authorized by the State Building Commission under G.S. 143-135.26(9), that the awarding authority has adopted written guidelines specifying the action to be taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section.The State, counties, municipalities, and all other public bodies shall award public building contracts without regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as defined in G.S. 168A-3. Nothing in this section shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority business contractors or minority business subcontractors who do not submit the lowest responsible bid or bids.~~

(g) Dispute resolution. – A public entity shall use the dispute resolution process adopted by the State Building Commission pursuant to G.S. 143-135.26(12), or shall adopt another dispute resolution process, which shall include mediation, to be used as an alterative to the dispute resolution process adopted by the State Building Commission. This dispute resolution process will be available to all the parties involved

in the public entity's construction project including the public entity, the architect, the construction manager, the contractors, and the first-tier and lower-tier subcontractors and shall be available for any issues arising out of the contract or construction process. The public entity may set a reasonable threshold, not to exceed fifteen thousand dollars ($15,000), concerning the amount in controversy that must be at issue before a party may require other parties to participate in the dispute resolution process. The public entity may require that the costs of the process be divided between the parties to the dispute with at least one-third of the cost to be paid by the public entity, if the public entity is a party to the dispute. The public entity may require in its contracts that a party participate in mediation concerning a dispute as a precondition to initiating litigation concerning the dispute.

~~(g)~~(h) Exceptions. – This section shall not apply to:

(1) The purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site.

(2) The erection, construction, alteration, or repair of a building when the cost thereof is ~~one hundred thousand dollars ($100,000) or less.~~ three hundred thousand dollars ($300,000) or less.

Notwithstanding the other provisions of this subsection, subsection (g) of this section shall apply to any erection, construction, alteration, or repair of a building by a public entity."

SECTION 3.1. Article 8 of Chapter 143 is amended by adding a new section to read:

"**§ 143-128.2. Minority business participation goals.**

(a) The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each State building project, including building projects done by a private entity on a facility to be leased or purchased by the State. A local government unit or other public or private entity that receives State appropriations for a building project or other State grant funds for a building project, including a building project done by a private entity on a facility to be leased or purchased by the local government unit, where the project cost is one hundred thousand dollars ($100,000) or more, shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of the work; provided, however, a local government unit may apply a different verifiable goal that was adopted prior to December 1, 2001, if the local government unit had and continues to have a sufficiently strong basis in evidence to justify the use of that goal. On State building projects and building projects subject to the State goal requirement, the Secretary shall identify the appropriate percentage goal, based on adequate data, for each category of minority business as defined in G.S. 143-128.2(g)(1) based on the specific contract type.

Except as otherwise provided for in this subsection, each city, county, or other local public entity shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal for participation by minority businesses in the total value of work for

building projects to include water, sewer, and landscape projects where no buildings are erected or repaired in accordance with this subsection.

Each entity required to have verifiable percentage goals under this subsection shall make a good faith effort to recruit minority participation in accordance with this section or G.S. 143-131(b), as applicable.

(b) A public entity shall establish prior to solicitation of bids the good faith efforts that it will take to make it feasible for minority businesses to submit successful bids or proposals for the contracts for building projects. Public entities shall make good faith efforts as set forth in subsection (e) of this section. Public entities shall require contractors to make good faith efforts pursuant to subsection (f) of this section. Each first-tier subcontractor on a construction management at risk project shall comply with the requirements applicable to contractors under this subsection.

(c) Each bidder, which shall mean first-tier subcontractor for construction manager at risk projects for purposes of this subsection, on a project bid under any of the methods authorized under G.S. 143-128(a1) shall identify on its bid the minority businesses that it will use on the project and good faith documentation required pursuant to this subsection. A contractor, including a first-tier subcontractor on a construction manager at risk project, that performs all of the work under a contract with its own workforce may submit an affidavit to that effect in lieu of documentation otherwise required under this section. Documentation of its good faith effort shall be submitted by each bidder with the bid and a minority utilization plan shall be submitted in each proposal for construction managers at risk and alternative bidding projects. The documentation must include evidence of all good faith efforts that were implemented, including any advertisements, solicitations, and evidence of other specific actions demonstrating recruitment and selection of minority businesses for participation in the contract. Within 30 days after award of the contract, the apparent lowest responsible responsive bidder shall also file a list of all identified subcontractors that the contractor will use on the project.

Failure to file a required affidavit or documentation that demonstrates that the contractor made the required good faith effort is grounds for rejection of the bid.

(d) No subcontractor who is identified and listed pursuant to subsection (c) of this section may be replaced with a different subcontractor except:

(1) If the subcontractor's bid is later determined by the contractor or construction manager at risk to be nonresponsible or nonresponsive, or the listed subcontractor refuses to enter into a contract for the complete performance of the bid work, or

(2) With the approval of the public entity for good cause.

Good faith efforts as set forth in G.S. 143-131(b) shall apply to the selection of a substitute subcontractor. Prior to substituting a subcontractor, the contractor shall identify the substitute subcontractor and inform the public entity of its good faith efforts pursuant to G.S. 143-131(b).

(e) Before awarding a contract, a public entity shall do the following:

(1) Develop and implement a minority business participation outreach plan to identify minority businesses that can perform public building projects and to implement outreach efforts to encourage minority business participation in these projects to include education, recruitment, and interaction between minority businesses and nonminority businesses.

(2) Attend the scheduled prebid conference.

(3) At least 10 days prior to the scheduled day of bid opening, notify minority businesses that have requested notices from the public entity for public construction or repair work and minority businesses that otherwise indicated to the Office of Historically Underutilized Businesses an interest in the type of work being bid or the potential contracting opportunities listed in the proposal. The notification shall include the following:

a. A description of the work for which the bid is being solicited.

b. The date, time, and location where bids are to be submitted.

c. The name of the individual within the public entity who will be available to answer questions about the project.

d. Where bid documents may be reviewed.

e. Any special requirements that may exist.

(4) Utilize other media, as appropriate, likely to inform potential minority businesses of the bid being sought.

(f) A public entity shall require bidders to undertake the following good faith efforts to the extent required by the Secretary on projects subject to this section. The Secretary shall adopt rules establishing points to be awarded for taking each effort and the minimum number of points required, depending on project size, cost, type, and other factors considered relevant by the Secretary. The public entity may require that additional good faith efforts be taken, as indicated in its bid specifications. Good faith efforts include:

(1) Contacting minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor or available on State or local government maintained lists at least 10 days before the bid or proposal date and notifying them of the nature and scope of the work to be performed.

(2) Making the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bid or proposals are due.

(3) Breaking down or combining elements of work into economically feasible units to facilitate minority participation.

(4) Working with minority trade, community, or contractor organizations identified by the Office of Historically Underutilized Businesses and

included in the bid documents that provide assistance in recruitment of minority businesses.

(5) Attending any prebid meetings scheduled by the public owner.

(6) Providing assistance in getting required bonding or insurance or providing alternatives to bonding or insurance for subcontractors.

(7) Negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification should have the reasons documented in writing.

(8) Providing assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisting minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit.

(9) Negotiating joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible.

(10) Providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands.

(g) As used in this section:

(1) The term "minority business" means a business:

a. In which at least fifty-one percent (51%) is owned by one or more minority persons or socially and economically disadvantaged individuals, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals; and

b. Of which the management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

(2) The term "minority person" means a person who is a citizen or lawful permanent resident of the United States and who is:

a. Black, that is, a person having origins in any of the black racial groups in Africa;

b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;

c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;

d. American Indian, that is, a person having origins in any of the original Indian peoples of North America; or

e. Female.

(3) The term "socially and economically disadvantaged individual" means the same as defined in 15 U.S.C. 637.

(h) The State, counties, municipalities, and all other public bodies shall award public building contracts, including those awarded under G.S. 143-128.1, 143-129, and 143-131, without regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as defined in G.S. 168A-3. Nothing in this section shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority-business contractors or minority-business subcontractors who do not submit the lowest responsible, responsive bid or bids.

(i) Notwithstanding G.S. 132-3 and G.S. 121-5, all public records created pursuant to this section shall be maintained by the public entity for a period of not less than three years from the date of the completion of the building project.

(j) Except as provided in subsection (a) of this section, this section shall apply to building projects costing three hundred thousand dollars ($300,000) or more. This section shall not apply to the purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site."

SECTION 3.2. G.S. 113-315.36 reads as rewritten:

"**§ 113-315.36. Building contracts.**

(a) The following general laws, to the extent provided below, do not apply to the North Carolina Seafood Industrial Park Authority:

(1) Repealed by Session Laws 1999-368, s. 1.

(2) Except for ~~G.S. 143-128(f),~~G.S. 143-128.2, Article 8 of Chapter 143 of the General Statutes does not apply to public building contracts of the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars ($250,000). With respect to a contract that is exempted from certain provisions of Article 8 under this subdivision, the powers and duties set out in Article 8 shall be exercised by the Authority, and the Secretary of Administration and other State officers, employees, or agencies shall have no duties or responsibilities concerning the contract.

(3) G.S. 143-341(3) does not apply to plans and specifications for construction or renovation authorized by the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars ($250,000).

(b) Notwithstanding the other provisions of this section, the services of the Department of Administration may be made available to the Authority, when requested by the Authority, with regard to matters governed by Article 8 of Chapter 143 of the

General Statutes and G.S. 143-341(3). The Authority shall report quarterly to the Joint Legislative Commission on Governmental Operations on any building contract to which this exemption is applied. The quarterly report required by this subsection shall specifically include information regarding the Authority's compliance with the provisions of ~~G.S. 143-128(f).~~G.S. 143-128.2."

SECTION 3.3. G.S. 143-129.4 reads as rewritten:

"**§ 143-129.4. Guaranteed energy savings contracts.**

The solicitation and evaluation of proposals for guaranteed energy savings contracts, as defined in Part 2 of Article 3B of this Chapter, and the letting of contracts for these proposals are governed solely by the provisions of that Part; except that guaranteed energy savings contracts are subject to the requirements of ~~G.S. 143-128(f).~~ G.S. 143-128.2."

SECTION 3.4. G.S. 143B-437.29 reads as rewritten:

"**§ 143B-437.29. Contracting with minority businesses.**

The Authority must comply with the policies regarding contracting with minority businesses as set out in G.S. 143-48, ~~143-128(f),~~143-128.2, and 143-135.5 and with any other applicable laws. The Authority is subject to Executive Order Number 150, issued April 20, 1999, regarding contracting with historically underutilized businesses."

SECTION 3.5. G.S. 158-35(a), as amended by Section 20.13(a) of S.L. 2001-424, reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in ~~G.S. 143-128(f)(2)~~G.S. 143-128.2(g)(2) and one of whom may be a member of the board of commissioners.

(2) The Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in ~~G.S. 143-128(f)(2).~~G.S. 143-128.2(g)(2). The Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 3.6. Article 8 of Chapter 143 is amended by adding a new section to read:

"**§ 143-128.3. Minority business participation administration.**

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

(1) The verifiable percentage goal.

(2) The type and total dollar value of the project, minority business utilization by minority business category, trade, total dollar value of contracts awarded to each minority group for each project, the applicable good faith effort guidelines or rules used to recruit minority business participation, and good faith documentation accepted by the public entity from the successful bidder.

(3) The utilization of minority businesses under the various construction methods under G.S. 143-128(a1).

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary of the Department of Administration shall make reports every six months to the Joint Legislative Committee on Governmental Operations on information reported pursuant to this subsection.

(b) A public entity that has been notified by the Secretary of its failure to comply with G.S. 143-128.2 on a project shall develop a plan of compliance that addresses the deficiencies identified by the Secretary. The corrective plan shall apply to the current project or to subsequent projects under G.S. 143-128, as appropriate, provided that the plan must be implemented, at a minimum, on the current project to the extent feasible. If the public entity, after notification from the Secretary, fails to file a corrective plan, or if the public entity does not implement the corrective plan in accordance with its terms, the Secretary shall require one or both of the following:

(1) That the public entity consult with the Department of Administration, Office of Historically Underutilized Businesses on the development of a new corrective plan, subject to the approval of the Department and the Attorney General. The public entity may designate a representative to appear on its behalf, provided that the representative has managerial responsibility for the construction project.

(2) That the public entity not bid another contract under G.S. 143-128 without prior review by the Department and the Attorney General of a good faith compliance plan developed pursuant to subdivision (1) of this subsection. The public entity shall be subject to the review and approval of its good faith compliance plan under this subdivision with

respect to any projects bid pursuant to G.S. 143-128 during a period of time determined by the Secretary, not to exceed one year.

A public entity aggrieved by the decision of the Secretary may file a contested case proceeding under Chapter 150B of the General Statutes.

(c) The Secretary shall study and recommend to the General Assembly and other State agencies ways to improve the effectiveness and efficiency of the State capital facilities development, minority business participation program and good faith efforts in utilizing minority businesses as set forth in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased utilization of minority businesses.

(d) The Secretary shall appoint an advisory board to develop recommendations to improve the recruitment and utilization of minority businesses. The Secretary, with the input of its advisory board, shall review the State's programs for promoting the recruitment and utilization of minority businesses involved in State capital projects and shall recommend to the General Assembly, the State Construction Office, The University of North Carolina, and the community colleges system changes in the terms and conditions of State laws, rules, and policies that will enhance opportunities for utilization of minority businesses on these projects. The Secretary shall provide guidance to these agencies on identifying types of projects likely to attract increased participation by minority businesses and breaking down or combining elements of work into economically feasible units to facilitate minority business participation.

(e) The Secretary shall adopt rules for State entities, The University of North Carolina, and community colleges and shall adopt guidelines for local government units to implement the provisions of G.S. 143-128.2.

(f) The Secretary shall provide the following information to the Attorney General:

(1) Failure by a public entity to report data to the Secretary in accordance with this section.

(2) Upon the request of the Attorney General, any data or other information collected under this section.

(3) False statements knowingly provided in any affidavit or documentation under G.S. 143-128.2 to the State or other public entity. Public entities shall provide to the Secretary information concerning any false information knowingly provided to the public entity pursuant to G.S. 143-128.2.

(g) The Secretary shall report findings and recommendations as required under this section to the Joint Legislative Committee on Governmental Operations annually on or before June 1, beginning June 1, 2002."

SECTION 4. G.S. 143-129(a), as amended by S.L. 2001-328, reads as rewritten:

"(a) Bidding Required. – No construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than ~~one hundred thousand dollars ($100,000)~~ three hundred thousand dollars ($300,000) or purchase of apparatus,

supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ~~fifty thousand dollars ($50,000)~~ninety thousand dollars ($90,000) may be performed, nor may any contract be awarded therefor, by any board or governing body of the State, or of any institution of the State government, or of any political subdivision of the State, unless the provisions of this section are complied with.

For purchases of apparatus, supplies, materials, or equipment, the governing body of any political subdivision of the State may, subject to any restriction as to dollar amount, or other conditions that the governing body elects to impose, delegate to the manager or the chief purchasing official, or both, the authority to award contracts, reject bids, or readvertise to receive bids on behalf of the unit. Any person to whom authority is delegated under this subsection shall comply with the requirements of this Article that would otherwise apply to the governing body."

SECTION 4.1. S.L. 1999-52 is repealed.

SECTION 5. G.S. 143-129(e), as amended by S.L. 2001-328, is amended by adding a new subdivision to read:

"(11) Contracts by a public entity with a construction manager at risk executed pursuant to G.S. 143-128.1."

SECTION 5.1. G.S. 143-131 reads as rewritten:

"**§ 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.**

(a) All contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment, involving the expenditure of public money in the amount of five thousand dollars ($5,000) or more, but less than the limits prescribed in G.S. 143-129, made by any officer, department, board, or commission of any county, city, town, or other subdivision of this State shall be made after informal bids have been secured. All such contracts shall be awarded to the lowest ~~responsible~~ responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract. It shall be the duty of any officer, department, board, or commission entering into such contract to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded.

(b) All public entities shall solicit minority participation in contracts for the erection, construction, alteration or repair of any building awarded pursuant to this section. The public entity shall maintain a record of contractors solicited and shall document efforts to recruit minority business participation in those contracts. Nothing in this section shall be construed to require formal advertisement of bids. All data, including the type of project, total dollar value of the project, dollar value of minority business participation on each project, and documentation of efforts to recruit minority participation shall be reported to the Department of Administration, Office for Historically Underutilized Business, upon the completion of the project."

SECTION 5.2. G.S. 143-135.5 reads as rewritten:

"**§ 143-135.5. State policy; cooperation in promoting the use of small, minority, physically handicapped and women contractors; purpose.**

(a) It is the policy of this State to encourage and promote the use of small, minority, physically handicapped and women contractors in State construction projects. All State agencies, institutions and political subdivisions shall cooperate with the Department of Administration and all other State agencies, institutions and political subdivisions in efforts to encourage and promote the use of small, minority, physically handicapped and women contractors in achieving the purpose of this Article, which is the effective and economical construction of public buildings.

(b) It is the policy of this State not to accept bids or proposals from, nor to engage in business with, any business that, within the last two years, has been finally found by a court or an administrative agency of competent jurisdiction to have unlawfully discriminated on the basis of race, gender, religion, national origin, age, physical disability, or any other unlawful basis in its solicitation, selection, hiring, or treatment of another business."

SECTION 6. G.S. 133-1.1(a) reads as rewritten:

"(a) In the interest of public health, safety and economy, every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds in excess of:

(1) ~~One~~ Three hundred thousand dollars ~~($100,000)~~($300,000) for the repair of public buildings where such repair does not include major structural change in framing or foundation support systems,

(1a) One hundred thousand dollars ($100,000) for the repair of public buildings affecting life safety systems,

(2) ~~Forty-five thousand dollars ($45,000)~~One hundred thirty-five thousand dollars ($135,000) for the repair of public buildings where such repair includes major structural change in framing or foundation support systems, or

(3) ~~Forty-five thousand dollars ($45,000)~~One hundred thirty-five thousand dollars ($135,000) for the construction of, or additions to, public buildings or State-owned and operated utilities,

shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83A of the General Statutes, or by a registered engineer, in accordance with the provisions of Chapter 89C of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all ~~such~~ these plans and specifications."

SECTION 7. G.S. 44A-26(a) reads as rewritten:

"(a) When the total amount of construction contracts awarded for any one project exceeds ~~one~~ three hundred thousand dollars ~~($100,000)~~($300,000), a performance and

payment bond as set forth in (1) and (2) is required by the contracting body from any contractor or construction manager at risk with a contract more than ~~fifteen thousand dollars ($15,000).~~fifty thousand dollars ($50,000). In the discretion of the contracting body, a performance and payment bond may be required on any construction contract as follows:

(1) A performance bond in the amount of one hundred percent (100%) of the construction contract amount, conditioned upon the faithful performance of the contract in accordance with the plans, specifications and conditions of the contract. Such bond shall be solely for the protection of the contracting body ~~which awarded the contract.~~that is constructing the project.

(2) A payment bond in the amount of one hundred percent (100%) of the construction contract amount, conditioned upon the prompt payment for all labor or materials for which a contractor or subcontractor is liable. The payment bond shall be solely for the protection of the persons furnishing materials or performing labor for which a ~~contractor or subcontractor~~contractor, subcontractor, or construction manager at risk is liable."

SECTION 8.(a) G.S. 116-31.11, as enacted and expired by S.L. 1997-412, is reenacted and reads as rewritten:

"**§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.**

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of ~~five hundred thousand dollars ($500,000)~~two million dollars ($2,000,000) or less:

(1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.

(2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).

(3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.

(b) The Board may delegate its authority under subsection (a) of this section to a constituent or affiliated institution if the institution is qualified under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

(c) The University shall use the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

(d) A contract may not be divided for the purpose of evading the monetary limit under this section.

(e) Notwithstanding any other provision of this Chapter, the Department of Administration shall not be the awarding authority for contracts awarded pursuant to this section."

SECTION 8.(b) Section 5.1 of S.L. 1997-412 is repealed.

SECTION 8.(c) Sections 5, 7, 8, and 10 of S.L. 1997-412 are reenacted.

SECTION 8.(d) G.S. 143-341(3) reads as rewritten:

"(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of:

1. All State ~~buildings;~~buildings and buildings located on State property; and

2. All community college buildings requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129 prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

b. To assist, as necessary, all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings.

b1. To certify that a statement of needs pursuant to G.S. 143-6 is feasible. For purposes of this sub-subdivision, "feasible" means that the proposed project is sufficiently defined in overall scope; building program; site development; detailed design, construction, and equipment budgets; and comprehensive project scheduling so as to reasonably ensure that it may be completed with the amount of funds requested. At the discretion of the General Assembly, advanced planning funds may be appropriated in support of this certification. This sub-subdivision shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000).

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all

community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

Except for sub-subdivisions b. and b1. of this subdivision, this subdivision does not apply to the design, construction, or renovation of projects by The University of North Carolina pursuant to G.S. 116-31.11."

SECTION 9. G.S. 143-132(b) reads as rewritten:

"(b) For purposes of contracts bid in the alternative between the separate-prime and single-prime contracts, pursuant to ~~G.S. 143-128(c) or (d),~~G.S. 143-128(d1) each single-prime bid shall constitute a competitive bid in each of the four subdivisions or branches of work listed in G.S. 143-128(a), and each full set of separate-prime bids shall constitute a competitive single-prime bid in meeting the requirements of subsection (a) of this section. If there are at least three single-prime bids but there is not at least one full set of separate-prime bids, no separate-prime bids shall be opened."

SECTION 10.(a) Section 2 of S.L. 1999-102 is repealed.

SECTION 10.(b) Section 3 of S.L. 1999-102 reads as rewritten:

"Section 3. This act is effective when it becomes ~~law and shall expire on June 30, 2003.~~law."

SECTION 10.(c) Section 8 of S.L. 1999-207 reads as rewritten:

"Section 8. This act is effective when it becomes ~~law and expires July 1, 2002.~~law."

SECTION 10.(d) Notwithstanding Article 8 of Chapter 143 of the General Statutes, New Hanover Regional Medical Center may use force account qualified personnel on its payroll to maintain, repair, renovate, and improve hospital and medical facilities that it owns, operates, or manages under the following conditions:

(1) The work is primarily for purposes of ensuring compliance with the Life Safety Code and other applicable codes, including requirements of the Joint Commission on the Accreditation of Healthcare Organizations, or involves work to the same or related components or areas of the building at the time of the compliance work.

(2) The force account labor is qualified to perform and is capable of performing the work in an active patient environment.

This subsection 10(d) expires December 31, 2007.

PART II. CONSTRUCTION AND DESIGN ADMINISTRATION

SECTION 11. G.S. 143-135.26 reads as rewritten:

"**§ 143-135.26. Powers and duties of the Commission.**

The State Building Commission shall have the following powers and duties with regard to the State's capital facilities development and management program:

(1) To adopt rules establishing standard procedures and criteria to assure that the designer selected for each State capital improvement ~~project~~

~~and~~ project, the consultant selected for planning and studies of an architectural and engineering nature associated with a capital improvement project or a future capital improvement project and a construction manager at risk selected for each capital improvement project has the qualifications and experience necessary for that capital improvement project or the proposed planning or study project. The rules shall provide that the State Building Commission, after consulting with the funded agency, is responsible and accountable for the final selection of the ~~designer and the final selection of the~~ designer, consultant or construction manager at risk except when the General Assembly or The University of North Carolina is the funded agency. When the General Assembly is the funded agency, the Legislative Services Commission is responsible and accountable for the final selection of the ~~designer and the final selection of the~~designer, consultant, or the construction manager at risk and when the University is the funded agency, it shall be subject to the rules adopted hereunder, except it is responsible and accountable for the final selection of the ~~designer and the final selection of the consultant.~~designer, consultant, or construction manager at risk. All designers and consultants shall be selected within 60 days of the date funds are appropriated for a project by the General Assembly or the date of project authorization by the Director of the Budget; provided, however, the State Building Commission may grant an exception to this requirement upon written request of the funded agency if (i) no site was selected for the project before the funds were appropriated or (ii) funds were appropriated for advance planning only; provided, further, the Director of the Budget, after consultation with the State Construction Office, may waive the 60-day requirement for the purpose of minimizing project costs through increased competition and improvements in the market availability of qualified contractors to bid on State capital improvement projects. The Director of the Budget also may, after consultation with the State Construction Office, schedule the availability of design and construction funds for capital improvement projects for the purpose of minimizing project costs through increased competition and improvements in the market availability of qualified contractors to bid on State capital improvement projects.

The State Building Commission shall submit a written report to the Joint Legislative Commission on Governmental Operations on the Commission's selection of a designer for a project within 30 days of selecting the designer.

(2) To adopt rules for coordinating the plan review, approval, and permit process for State capital improvement ~~projects.~~ and community college buildings, as defined in subdivision (4) of this section. The rules shall provide for a specific time frame for plan review and approval and permit issuance by each agency, consistent with applicable laws. The time frames shall be established to provide for expeditious review, approval, and permitting of State capital improvement projects and community college buildings.

(2a) To adopt rules exempting specified types of State capital improvement projects, including community college buildings as defined in subdivision (4) of this section, from plan review.

(3) To adopt rules for establishing a post-occupancy evaluation, annual inspection and preventive maintenance program for all State buildings.

(4) To develop procedures for evaluating the work performed by designers and contractors on State capital improvement projects and those community college buildings, as defined in G.S. 143-336, requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129, and for use of the evaluations as a factor affecting designer selections and determining qualification of contractors to bid on State capital improvement projects and community college buildings.

(5) To continuously study and recommend ways to improve the effectiveness and efficiency of the State's capital facilities development and management program.

(6) To request designers selected prior to April 14, 1987, whose plans for the projects have not been approved to report to the Commission on their progress on the projects. The Department of Administration shall provide the Commission with a list of all such projects.

(7) To appoint an advisory board, if the Commission deems it necessary, to assist the Commission in its work. No one other than the Commission may appoint an advisory board to assist or advise it in its ~~work; and~~work.

(8) To review the State's provisions for ensuring the safety and health of employees involved with State capital improvement projects, and to recommend to the appropriate agencies and to the General Assembly, after consultation with the Commissioner of Labor, changes in the terms and conditions of construction contracts, State regulations, or State laws that will enhance employee safety and health on these projects.

(9) ~~Effective July 1, 1996, to~~To authorize a State agency, a local governmental unit, or any other entity subject to the provisions of G.S. 143-129 to use a method of contracting not authorized under ~~G.S. 143-~~

~~128, including the use of the single prime contracting system without soliciting bids under both the single and separate prime contract systems.~~G.S. 143-128. An authorization under this subdivision for an alternative contracting method shall be granted only under the following conditions:

a. An authorization shall apply only to a single project.

b. The entity seeking authorization must demonstrate to the Commission that the alternative contracting method is necessary because the project cannot be reasonably completed under the methods authorized under G.S. 143-128 or for such other reasons as the Commission, pursuant to its rules and criteria, deems appropriate and in the public's interest.

b1. The entity includes in its bid or proposal requirements that the contractor will file a plan for making a good faith effort to reach the minority participation goal set out in G.S. 143-128.2.

c. The authorization must be approved by ~~two-thirds~~a majority of the members of the Commission present and voting.

The Commission shall not waive the requirements of G.S. 143-129 or G.S. 143-132 for public contracts unless otherwise authorized by law.

(10) To adopt rules governing review and final approval of plans that are submitted to the State Construction Office pursuant to G.S. 58-31-40. The rules shall provide for the manner of submission of the plan by the owner, the type of structural work that may be completed by the owner pursuant to G.S. 58-31-40(c), and the expeditious review or completion of review of the plan in a manner that ensures that the building will meet the fire safety requirements of G.S. 58-31-40(b).

(11) To direct the Department in the development of rules for agency evaluation of energy savings contracts pursuant to G.S. 143-64.17F.

(12) To develop dispute resolution procedures, including mediation, for subcontractors under any of the construction methods authorized under G.S. 143-128(a1) on State capital improvement projects, including building projects of The University of North Carolina, and community college buildings as defined in subdivision (4) of this section, for use by any public entity that has not developed its own dispute resolution process.

(13) To adopt rules governing the use of open-end design agreements for State capital improvement projects and community college buildings as defined in subdivision (4) of this section, where the fee does not exceed the amount specified in G.S. 143-64.34(b).

(14) ~~The Commission shall~~ To submit an annual report of its activities to the Governor and the Joint Legislative Commission on Governmental Operations."

SECTION 11.1. G.S. 58-31-40 is amended by adding the following new subsection to read:

"(c) The Commissioner shall review a plan subject to subsection (b) of this section within 30 days of submission, provided that the Commissioner may require one additional 30-day extension if necessary to complete the review. If the Commissioner has neither approved nor denied the plan during the initial 30-day review period, the owner may proceed with the building site preparation, the building foundation, and any structural components of the building that are not subject to inspection for the purposes set forth in subsection (b) of this section. If the Commissioner has neither approved nor denied the plan within 60 days of submission, the owner may request review and final approval under subsection (b) of this section by the Department of Administration, State Construction Office, pursuant to rules adopted under G.S. 143-135.26."

PART III. LANDSCAPE ARCHITECTURE LAW CHANGES

SECTION 12.1.(a) G.S. 89A-1(3) reads as rewritten:

"(3) Landscape architecture or the practice of landscape architecture. – The performance of services in connection with the development of land areas where, and to the extent that the dominant purpose of the services is the preservation, enhancement or determination of proper land uses, natural land features, ground cover and planting, naturalistic and aesthetic values, the settings, approaches or environment for structures or other improvements, natural drainage and the consideration and determination of inherent problems of the land relating to the erosion, wear and tear, blight or other hazards. This practice shall include the preparation of plans and specifications and supervising the execution of projects involving the arranging of land and the elements set forth in this subsection used ~~thereon~~ in connection with the land for public and private use and enjoyment, embracing the following, all ~~drainage, soil conservation, grading and planting plans and erosion control,~~ in accordance with the accepted professional standards of public health, safety and ~~welfare.~~welfare:

a. The location and orientation of buildings and other similar site elements.

b. The location, routing and design of public and private streets, residential and commercial subdivision roads, or roads in and providing access to private or public developments. This does not include the preparation of construction plans for proposed roads classified as major thoroughfares or a higher classification.

c. The location, routing and design of private and public pathways and other travelways.

d. The preparation of planting plans.

e. The design of surface or incidental subsurface drainage systems, soil conservation and erosion control measures necessary to an overall landscape plan and site design."

SECTION 12.1.(b) The State Board of Examiners for Engineers and Surveyors and the Board of Landscape Architects shall agree to a Memorandum of Understanding that identifies areas of overlap or common practice regarding the scope of their respective professions and means for resolving disputes concerning standards of practice, qualifications, and jurisdiction regarding the identified areas of overlap. The parties shall send a joint written report to the General Assembly no later than April 30, 2002, concerning the Memorandum of Understanding and whether the changes in Section 13.1(a) of this act should be repealed or modified, and the General Assembly may consider and take action on the report during its session in 2002 or at any other time as it may consider appropriate.

SECTION 12.1.(c) The Legislative Research Commission is authorized to study the relationship between the professions of engineering and landscape architecture.

This study shall include an examination of:

(1) The qualifications and education of landscape architects.

(2) The definition of landscape architecture in G.S. 89A-1(3), as amended by subsection 13.1(a) of this act, and whether the changes made in subsection 13.1(a) of this act should be repealed or modified.

(3) The areas of overlap or common practice regarding the scope of the professions of engineering and landscape architecture.

(4) The governance and procedures of the State Board of Examiners for Engineers and Surveyors and the Board of Landscape Architects in their respective roles in protecting the public health, safety, and welfare of the people of the State.

In considering appointees to the committee to study this matter, the appointing authorities shall consider inclusion of representatives of the following groups:

(1) The State Board of Landscape Architects.

(2) The State Board of Examiners for Engineers and Surveyors.

(3) The Consulting Engineers Council of North Carolina.

(4) The North Carolina Chapter of the American Society of Landscape Architects.

(5) The Professional Engineers of North Carolina, Inc.

(6) The North Carolina League of Landscape Architects.

(7) The academic community involved in instruction in the area of engineering and landscape architecture.

The Legislative Research Commission may make an interim report to the 2001 General Assembly, Regular Session 2002, and shall make a final report to the

2003 General Assembly upon its convening. The reports may include proposed legislation to carry out the recommendations of the study.

SECTION 12.1.(d) This section is effective when this act becomes law.

PART IV. MISCELLANEOUS PROVISIONS

SECTION 13. Annually, on or before April 1st, beginning April 1, 2003, The University of North Carolina and all other public entities shall report to the Secretary of the Department of Administration on the effectiveness and cost-benefit of utilization of each of the construction methods authorized in G.S. 143-128(a1) that are used by the public entity. The reports, which shall be initially filed in the year in which the project is completed, shall be in the format and contain the data prescribed by the Secretary of Administration and shall include at least the following:

(1) The total dollar value of building projects by specific project with costs.

(2) The bid costs and relevant post-bid costs.

The Secretary of the Department of Administration shall report to the General Assembly on or before May 1st each year on the information collected pursuant to this section.

SECTION 13.1. The provisions of this act are severable. In the event that any provision of this act shall be declared invalid, that invalidity shall not affect the remaining provisions of this act.

SECTION 13.2. The Legislative Research Commission may authorize a study of the issue of certification of minority businesses for public construction purposes and the problem of substitution of nonminority businesses in place of minority businesses in public construction projects and the effect of frustrating the public purpose of attempting to lawfully increase minority business participation in public construction projects. The Legislative Research Commission may file an interim report to the 2002 Session of the 2001 General Assembly and shall file a final report to the 2003 General Assembly.

SECTION 13.3.(a) There is appropriated from the General Fund to the Department of Administration the sum of one million twelve thousand seven hundred forty-six dollars ($1,012,746) for the 2001-2002 fiscal year and the sum of six hundred twenty-three thousand three hundred eighty-three dollars ($623,383) for the 2002-2003 fiscal year to implement the provisions of this act. The funds shall be allocated as follows:

	Fiscal Year 2001-2002	Fiscal Year 2002-2003
Office of the Secretary	$ 32,396	$ 64,791
State Construction Office	$474,252	$224,715
Office of Historically Underutilized Business	$506,098	$333,877.

SECTION 13.3.(b) There is appropriated from the General Fund to the Department of Justice the sum of sixty-four thousand seven hundred ninety-one dollars ($64,791) for the 2002-2003 fiscal year to implement the provisions of this act.

PART V. EFFECTIVE DATE

SECTION 14.(a) Sections 8(a) through 8(d) of this act become effective July 1, 2001. Section 11.1 of this act becomes effective March 1, 2002. The remaining sections of Parts I and II of this act become effective January 1, 2002, and apply to construction projects for which bids or proposals are solicited on or after that date. The remainder of this act is effective when it becomes law. Sections 8(a) through 8(d) of this act expire December 31, 2006.

SECTION 14.(b) The State Building Commission shall adopt temporary rules to implement G.S. 143-135.26(10) and G.S. 143-135.26(12) as enacted by Section 11 of this act no later than 60 days following the effective date of Section 11 of this act. The Secretary of Administration shall adopt rules to implement G.S. 143-128.2(f) as enacted by Section 3.1 of this act no later than June 30, 2002. A bidder must show compliance with at least five of the 10 efforts, as set forth in G.S. 143-128.2(f) as enacted by Section 3.1 of this act, until 60 days following the adoption of rules to implement G.S. 143-128.2(f) by the Secretary of Administration as required in this section.

SECTION 14.(c) A city, county, or other public entity, other than the State, may apply verifiable percentage goals enacted prior to the effective date of Section 3.1 of this act to building projects undertaken on or after the effective date of Section 3.1 of this act.

SB 914 (version 4)
Public Construction Law Changes
Estimated Cost

	FY 2001-2002 Nonrecurring	FY 2001-2002 Recurring	FY 2002-2003 Recurring
Department of Justice			
Attorney II			$64,791
Department of Administration			
Office of Secretary			
Attorney II		$32,396	$64,791
State Construction			
Building System Engineers III (3)	$12,000	$112,358	$224,715
IT Upgrades	$300,000		
Equipment	$49,894		
Total State Construction	**$361,894**	**$112,358**	**$224,715**
HUB			
Administrative Support		$15,722	$31,444
Statistican II		$22,390	$44,779
Statistician II		$25,215	$50,430
HUB Certification Specialis (B/O III)		$24,248	$48,495
HUB Compliance Officer (Auditor III)		$27,365	$54,729
Total Personnel	$0	$114,939	$229,877
IT Upgrades	$366,160		$14,000
HUB Advisory Board	$0	$25,000	$50,000
Minority Contractor Outreach	$0		$40,000
HUB Total	**$366,160**	**$139,939**	**$333,877**
TOTAL	**$728,054**	**$284,693**	**$688,174**

Adopted by voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 914

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S914-ARU-92 [v.2]

Date 12-03-01 ,2001

Comm. Sub. [YES]
Amends Title [YES]
Fourth Edition

Representative ~~Redwine~~ OLDHAM

moves to amend the bill on page 1, lines 15 and 16, by rewriting the lines to read:
REVIEW PROCESS FOR PUBLIC BUILDINGS; AND TO AMEND THE LAW";
and

on page 10, line 26, by inserting between the words "contract," and "a", the words "the apparent lowest responsible responsive bidder shall also file"; and

on page 16, line 24, by deleting the word "provided" and substituting the word "provide"; and

on page 25, line 14 through page 29, line 20, by deleting the lines: and

on page 31, line 30, by deleting the words "**SECTION 14.3**" and substituting the words "**SECTION 14.2**"; and

on page 31, line 32, by deleting the word "non-minority" and substituting the word "nonminority"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 914

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S914-ARU-92 [v.2]

on page 31, line 33, by deleting the word "project" and substituting the word "projects"; and

on page 32, lines 7 through 9, by rewriting the lines to read:
"enacted by Section 3.1 of this act no later than June 30, 2002. A bidder must show compliance with at least five of the 10 efforts, as set forth in G.S. 143-128.2(f) as enacted by Section 3.1 of this act, until 60 days following the adoption of rules to implement G.S. 143-128.2(f) by the Secretary of Administration as required in this Section."; and

by renumbering the remaining sections accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ Voice vote FAILED _____ TABLED _____

Adopted voice vote
perfected by Rep Michaux

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 914

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S914-ALH-51 [v.2]

Date 12.3.01 ,2001

Comm. Sub. [NO]
Amends Title [YES]
Fourth Edition

Representative Easterling

moves to amend the bill on page 1, line 17,
by changing the period on that line to a comma and adding the following:
"AND TO APPROPRIATE FUNDS TO IMPLEMENT THE PUBLIC CONSTRUCTION LAW CHANGES"; and

on page 31, lines 37-38,
by inserting between those lines the following:

"**SECTION 14.3A(a)** There is appropriated from the General Fund to the Department of Administration the sum of one million twelve thousand seven hundred forty-six dollars ($1,012,746) for the 2001-2002 fiscal year to implement the provisions of this act. The funds shall be allocated as follows:

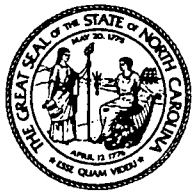
and the sum of six hundred twenty-three thousand three hundred eighty-three dollars ($623,383) for the 2002-2003 fiscal year

	Fiscal Year 2001-02	Fiscal Year 2002-03
Office of the Secretary	$ 32,396	$64,791
State Construction Office	$474,252	$224,715
Office of Historically Underutilized Business	$506,098	$333,877

Ranky

SECTION 14.3A(b) There is appropriated from the General Fund to the Department of Justice the sum of sixty four thousand seven hundred ninety-one dollars ($64,791) to implement the provisions for revenues of this act. and year

SIGNED Ruth M. Easterling
Amendment Sponsor


THE GREAT SEAL OF THE STATE OF NORTH CAROLINA
MAY 20, 1775
APRIL 12, 1776
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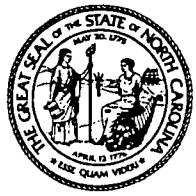
NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 914

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S914-ALH-51 [v.2]

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED √ FAILED _____ TABLED _____


THE GREAT SEAL OF THE STATE OF NORTH CAROLINA
ESSE QUAM VIDERI

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 4

SENATE BILL 914

Education/Higher Education Committee Substitute Adopted 4/24/01
House Committee Substitute Favorable 11/27/01
Fourth Edition Engrossed 11/29/01

Short Title: Public Construction Law Changes. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR CONSTRUCTION FLEXIBILITY FOR PUBLIC ENTITIES BY ALLOWING THE USE, WITHOUT LIMITATION, OF SEPARATE-PRIME CONTRACTING, SINGLE-PRIME CONTRACTING, DUAL BIDDING, CONSTRUCTION MANAGER AT RISK, AND ALTERNATIVE CONTRACTING METHODS AUTHORIZED BY THE STATE BUILDING COMMISSION; TO ENHANCE AND IMPROVE GOOD FAITH EFFORTS TO RECRUIT AND SELECT MINORITY BUSINESSES FOR PARTICIPATION IN PUBLIC CONSTRUCTION CONTRACTS; TO INCREASE THE MANDATORY PERFORMANCE AND PAYMENT BOND THRESHOLD FOR PUBLIC CONSTRUCTION PROJECTS; TO PROVIDE FOR CONSTRUCTION AND DESIGN SUPERVISORY AUTHORITY FOR PROJECTS UP TO TWO MILLION DOLLARS FOR THE UNIVERSITY OF NORTH CAROLINA UNTIL DECEMBER 31, 2006; TO PROVIDE FOR EFFICIENCIES IN THE PLAN REVIEW PROCESS FOR PUBLIC BUILDINGS; ~~TO PROMOTE ENERGY EFFICIENCY IN STATE-OWNED BUILDINGS~~; AND TO AMEND THE LAW GOVERNING LANDSCAPE ARCHITECTURE.

The General Assembly of North Carolina enacts:

PART I. CONSTRUCTION CHANGES

SECTION 1. G.S. 143-64.31 reads as rewritten:

"**§ 143-64.31. Declaration of public policy.**

It is the public policy of this State and all public subdivisions and Local Governmental Units thereof, except in cases of special emergency involving the health and safety of the people or their property, to announce all requirements for architectural, engineering, ~~and~~ surveying and construction management at risk services, to select firms qualified to provide such services on the basis of demonstrated competence and

qualification for the type of professional services required without regard to fee other than unit price information at this stage, and thereafter to negotiate a contract for ~~architectural, engineering, or surveying~~ those services at a fair and reasonable fee with the best qualified firm. If a contract cannot be negotiated with the best qualified firm, negotiations with that firm shall be terminated and initiated with the next best qualified firm. Selection of a firm under this Article shall include the use of good faith efforts by the public entity to notify minority firms of the opportunity to submit qualifications for consideration by the public entity."

SECTION 2. Article 8 of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-128.1. Construction management at risk contracts.**

(a) For purposes of this section and G.S. 143-64.31:

(1) "Construction management services" means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

(2) "Construction management at risk services" means services provided by a person, corporation, or entity that (i) provides construction management services for a project throughout the preconstruction and construction phases, (ii) who is licensed as a general contractor, and (iii) who guarantees the cost of the project.

(3) "Construction manager at risk" means a person, corporation, or entity that provides construction management at risk services.

(4) "First-tier subcontractor" means a subcontractor who contracts directly with the construction manager at risk.

(b) The construction manager at risk shall be selected in accordance with Article 3D of this Chapter. Design services for a project shall be performed by a licensed architect or engineer. The public owner shall contract directly with the architect or engineer.

(c) The construction manager at risk shall contract directly with the public entity for all construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and accept bids from first-tier subcontractors for all construction work under this section. The prequalification criteria shall be determined by the public entity and the construction manager at risk to address quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, capacity to perform, and other factors deemed appropriate by the public entity. The public entity shall require the construction manager at risk to submit its plan for compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the project's first-tier subcontractors. A construction manager at risk and first-tier subcontractors shall make a good faith effort to recruit and select minority businesses for participation in contracts pursuant to G.S. 143-128.2. A construction

manager at risk may perform a portion of the work only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the lowest responsible, responsive bidder will not execute a contract for the bid portion of the work, or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely manner, and (ii) the public entity approves of the construction manager at risk's performance of the work. All bids shall be opened publicly and shall be public records under Chapter 132 of the General Statutes. The construction manager at risk shall act as the fiduciary of the public entity in handling and opening bids. The construction manager at risk shall award the contract to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, compliance with G.S. 143-128.2, and other factors deemed appropriate by the public entity and advertised as part of the bid solicitation. The public entity may require the selection of a different first-tier subcontractor for any portion of the work, consistent with this section, provided that the construction manager at risk is compensated for any additional cost incurred.

When contracts are awarded pursuant to this section, the public entity shall provide for a dispute resolution procedure as provided in G.S. 143-128(g).

(d) The construction manager at risk shall provide a performance and payment bond to the public entity in accordance with the provisions of Article 3 of Chapter 44A of the General Statutes."

SECTION 3. G.S. 143-128 reads as rewritten:

"**§ 143-128. Requirements for certain building contracts.**

(a) Preparation of specifications. – Every officer, board, department, commission or commissions charged with responsibility of preparation of specifications or awarding or entering into contracts for the erection, construction, alteration or repair of any buildings for the State, or for any county, municipality, or other public body, ~~must~~ shall have prepared separate specifications for each of the following subdivisions or branches of work to be performed:

(1) Heating, ventilating, air conditioning and accessories (separately or combined into one conductive ~~system) and/or~~system), refrigeration for cold storage (where the cold storage cooling load is 15 tons or more of refrigeration), and all ~~work kindred thereto.~~related work.

(2) Plumbing and gas fittings and accessories, and all ~~work kindred thereto.~~related work.

(3) Electrical wiring and installations, and all ~~work kindred thereto.~~related work.

(4) General work not included in subdivisions (1), (2), and (3) of this subsection relating to the erection, construction, alteration, or repair of any ~~building above referred to, which work is not included in the above listed three subdivisions or branches.~~building.

~~All such specifications must~~ Specifications for contracts that will be bid under the separate-prime system or dual bidding system shall be ~~so~~ drawn as to permit separate and independent bidding upon each of the subdivisions ~~or branches~~ of work enumerated ~~above.~~ in this subsection. The above enumeration of subdivisions or branches of work shall not be construed to prevent any officer, board, department, commission or commissions from preparing additional separate specifications for any other category of work.

(a1) Construction methods. – The State, a county, municipality, or other public body shall award contracts to erect, construct, alter, or repair buildings pursuant to any of the following methods:

(1) Separate-prime bidding.
(2) Single-prime bidding.
(3) Dual bidding pursuant to subsection (d1) of this section.
(4) Construction management at risk contracts pursuant to G.S. 143-128.1.
(5) Alternative contracting methods authorized pursuant to G.S. 143-135.26(9).

(b) ~~Building projects over five hundred thousand dollars ($500,000); separate prime contracts.~~ Separate-prime contracts. – ~~Except as provided in subsection (d) of this section, when the entire cost of the erection, construction, alteration, or repair of a building exceeds five hundred thousand dollars ($500,000),~~ When the State, county, municipality, or other public body uses the separate-prime contract system, it shall accept bids for each subdivision ~~or branch~~ of work for which specifications are required to be prepared under subsection (a) of this section and shall award the respective work specified separately to responsible and reliable persons, firms or corporations regularly engaged in their respective lines of work. ~~When the estimated cost of work to be performed in any single subdivision or branch for which separate bids are required by this subsection is less than twenty-five thousand dollars ($25,000), the same may be included in the contract for one of the other subdivisions or branches of the work, irrespective of total project cost.~~ The contracts shall be awarded to the lowest responsible, responsive bidders, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. Bids may also be accepted from and awards made to separate contractors for other categories of work.

Each separate contractor shall be directly liable to the State of North Carolina, or to the ~~county or municipality,~~ county, municipality, or other public body and to the other separate contractors for the full performance of all duties and obligations due respectively under the terms of the separate contracts and in accordance with the plans and specifications, which shall specifically set forth the duties and obligations of each separate contractor. For the purpose of this section, "separate contractor" means any person, firm or corporation who shall enter into a contract with the State, or with any county, municipality, or other public ~~body,~~ entity ~~for the erection, construction,~~

~~alteration~~to erect, construct, alter or repair ~~of~~ any building or buildings, or parts ~~thereof.~~of any building or buildings.

~~(c) Building projects five hundred thousand dollars ($500,000) or less. When the entire cost of the erection, construction, alteration, or repair of a building is five hundred thousand dollars ($500,000) or less, the State, county, municipality, or other public body may accept bids under the single-prime contract system, the separate prime contract system, or both. The provisions of subsection (b) of this section apply to the use of the separate prime contract system under this subsection. The provisions of subsection (d) of this section apply to the use of the single-prime contract system under this section, except that bidding in the alternative between the single-prime and separate prime systems is not required. Contracts bid in the alternative between the single-prime and separate prime systems under this subsection must be awarded to the lowest responsible bidder or bidders, as provided in subsection (d) of this section.~~

(d) Single-prime ~~and alternative~~ contracts. – ~~The State, a county, municipality, or other public body may accept bids under the single-prime contract system or a contracting method approved by the State Building Commission under G.S. 143-135.26.~~

~~If the State, county, municipality, or other public body accepts bids under the single-prime contract system, it must also seek bids for the project under the separate prime contract system, except as otherwise authorized under G.S. 143-135.26, and award the contract to the lowest responsible bidder or bidders for the total project, taking into consideration quality, performance and the time specified in the bids for the performance of the contract.~~

~~When bids are accepted under the single-prime contract system all~~All bidders ~~must~~ in a single-prime project shall identify on their bid the contractors they have selected for the subdivisions or branches of work for:

(1) Heating, ventilating, and air conditioning;
(2) Plumbing;
(3) Electrical; and
(4) General.

~~No contractor whose bid is accepted~~The contract shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. A contractor whose bid is accepted shall not substitute any person as subcontractor in the place of the subcontractor listed in the original bid, except (i) if the listed subcontractor's bid is later determined by the contractor to be nonresponsible or nonresponsive or the listed subcontractor refuses to enter into a contract for the complete performance of the bid work, or (ii) with the approval of the awarding authority for good cause shown by the contractor. The terms, conditions, and requirements of each contract between the contractor and a subcontractor performing work under a subdivision or branch of work listed in this subsection shall ~~be substantially the same as~~incorporate by reference the terms, conditions, and

requirements of the contract between the contractor and the State, county, municipality, or other public body.

~~The requirements of this subsection governing the identification of bidders, substitution of contractors,and the terms and conditions of subcontractor's contracts apply to all single prime bidding and single prime contracts, regardless of whether bidding in the alternative between the single prime and separate prime systems has been waived by the State Building Commission.~~When contracts are awarded pursuant to this section, the public body shall make available to subcontractors the dispute resolution process as provided for in subsection (g) of this section.

(d1) ~~Local school administrative units; building projects over five hundred thousand dollars ($500,000).~~ Dual bidding. – ~~When the entire cost of the building project is more than five hundred thousand dollars ($500,000), a local school administrative unit shall seek bids as provided in subsection (b) or (d) of this section or this subsection. The local school administrative unit~~ The State, a county, municipality, or other public entity may accept bids to erect, construct, alter, or repair a building under both the single-prime and separate-prime contracting systems and shall award the contract to the lowest ~~responsible~~ responsible, responsive bidder under the single-prime system or to the lowest ~~responsible~~ responsible, responsive bidder under the separate-prime system, taking into consideration quality, performance, compliance with G.S. 143-128.2, and time specified in the bids ~~for performance of~~to perform the contract. In determining the system under which the contract will be awarded to the lowest ~~responsible~~ responsible, responsive bidder, the ~~local school administrative unit~~ public entity may consider cost of construction oversight, time for completion, and other factors it ~~deems~~ considers appropriate. ~~The local school administrative unit shall not open any bid solicited under subsection (d) of this section unless the unit receives at least three competitive bids from reputable and qualified contractors regularly engaged in their respective lines of endeavor and unless the unit receives a bid from at least one general contractor under the separate prime system.~~ The bids received as separate-prime bids shall be ~~submitted three hours~~ received, but not opened, one hour prior to the deadline for the submission of single-prime bids. The amount of a bid submitted by a subcontractor to the general contractor under the single-prime system shall not exceed the amount bid, if any, for the same work by that subcontractor to the ~~local school administrative unit~~ public entity under the separate-prime system. ~~Each single prime bid that identifies the contractors selected to perform the three major subdivisions or branches of work described in subsection (d) of this section and that lists the contractors' respective bid prices for those branches of work shall constitute a single competitive bid, and each full set of separate prime bids for all of the branches of work described in subsection (d) of this section shall constitute a single competitive bid. If after advertisement as required by G.S. 143-129, the local school administrative unit has not received the minimum number of competitive bids as required by this subsection, the unit shall again advertise for bids. If the required minimum number of bids is not received as a result of the second advertisement, the unit may let the contract to the~~

~~lowest responsible bidder that submitted a bid for the project, even though the unit received only one bid. A contractor must provide an affidavit to the local school administrative unit that it has made the good faith effort required pursuant to G.S. 143-128(f), and failure to file the affidavit is grounds for rejection of the bid. All provisions of Article 8 of Chapter 143 of the General Statutes that are not inconsistent with this subsection shall apply to local school administrative units.~~ The provisions of subsection (b) of this section shall apply to separate-prime contracts awarded pursuant to this section and the provisions of subsection (d) of this section shall apply to single-prime contracts awarded pursuant to this section.

(e) Project expediter; scheduling; public body to resolve project disputes. – The State, county, municipality, or other public body may, if specified in the bid documents, provide for assignment of responsibility for expediting the work on ~~the~~ a project to a single responsible and reliable person, firm or corporation, which may be a prime contractor. In executing this responsibility, the designated project expediter may recommend to the State, county, municipality, or other public body whether payment to a contractor should be approved. The project expediter, if required by the contract documents, shall be responsible for ~~the preparation of~~preparing the project schedule and shall allow all contractors and subcontractors performing any of the branches of work listed in subsection (d) of this section equal input into the preparation of the initial schedule. Whenever separate contracts are awarded and separate contractors engaged for a project pursuant to this section, the public body may provide in the contract documents for resolution of project disputes through alternative dispute resolution processes ~~such as mediation or arbitration.~~as provided for in subsection (g) of this section.

~~(f) Minority goals. – The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each building project. Each city, county, or other public body shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal for participation by minority businesses in the total value of work for each building.~~As used in this subsection:

~~(1) The term "minority business" means a business:~~

~~a. In which at least fifty-one percent (51%) is owned by one or more minority persons, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons; and~~

~~b. Of which the management and daily business operations are controlled by one or more of the minority persons who own it.~~

~~(2) The term "minority person" means a person who is a citizen or lawful permanent resident of the United States and who is:~~

~~a. Black, that is, a person having origins in any of the black racial groups in Africa;~~

~~b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;~~

~~c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;~~

~~d. American Indian or Alaskan Native, that is, a person having origins in any of the original peoples of North America; or~~

~~e. Female.~~

~~(3) The term "verifiable goal" means:~~

~~a. For purposes of the separate prime contract system, that the awarding authority has adopted written guidelines specifying the actions that will be taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section.~~

~~b. For purposes of the single prime contract system, that the awarding authority has adopted written guidelines specifying the actions that the prime contractor must take to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section; the required actions must be documented in writing by the contractor to the appropriate awarding authority.~~

~~c. For purposes of an alternative contracting system authorized by the State Building Commission under G.S. 143-135.26(9), that the awarding authority has adopted written guidelines specifying the action to be taken to ensure a good faith effort in the recruitment and selection of minority businesses for participation in contracts awarded under this section.The State, counties, municipalities, and all other public bodies shall award public building contracts without regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as defined in G.S. 168A-3. Nothing in this section shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority business contractors or minority business subcontractors who do not submit the lowest responsible bid or bids.~~

(g) Dispute resolution. – A public entity shall use the dispute resolution process adopted by the State Building Commission pursuant to G.S. 143-135.26(12), or shall adopt another dispute resolution process, which shall include mediation, to be used as an alterative to the dispute resolution process adopted by the State Building Commission. This dispute resolution process will be available to all the parties involved

in the public entity's construction project including the public entity, the architect, the construction manager, the contractors, and the first-tier and lower-tier subcontractors and shall be available for any issues arising out of the contract or construction process. The public entity may set a reasonable threshold, not to exceed fifteen thousand dollars ($15,000), concerning the amount in controversy that must be at issue before a party may require other parties to participate in the dispute resolution process. The public entity may require that the costs of the process be divided between the parties to the dispute with at least one-third of the cost to be paid by the public entity, if the public entity is a party to the dispute. The public entity may require in its contracts that a party participate in mediation concerning a dispute as a precondition to initiating litigation concerning the dispute.

~~(g)~~(h) Exceptions. – This section shall not apply to:

(1) The purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site.

(2) The erection, construction, alteration, or repair of a building when the cost thereof is ~~one hundred thousand dollars ($100,000) or less.~~ three hundred thousand dollars ($300,000) or less.

Notwithstanding the other provisions of this subsection, subsection (g) of this section shall apply to any erection, construction, alteration, or repair of a building by a public entity."

SECTION 3.1. Article 8 of Chapter 143 is amended by adding a new section to read:

"**§ 143-128.2. Minority business participation goals.**

(a) The State shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each State building project, including building projects done by a private entity on a facility to be leased or purchased by the State. A local government unit or other public or private entity that receives State appropriations for a building project or other State grant funds for a building project, including a building project done by a private entity on a facility to be leased or purchased by the local government unit, where the project cost is one hundred thousand dollars ($100,000) or more, shall have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of the work; provided, however, a local government unit may apply a different verifiable goal that was adopted prior to December 1, 2001, if the local government unit had and continues to have a sufficiently strong basis in evidence to justify the use of that goal. On State building projects and building projects subject to the State goal requirement, the Secretary shall identify the appropriate percentage goal, based on adequate data, for each category of minority business as defined in G.S. 143-128.2(g)(1) based on the specific contract type.

Except as otherwise provided for in this subsection, each city, county, or other local public entity shall adopt, after a notice and public hearing, an appropriate verifiable percentage goal for participation by minority businesses in the total value of work for

building projects to include water, sewer, and landscape projects where no buildings are erected or repaired in accordance with this subsection.

Each entity required to have verifiable percentage goals under this subsection shall make a good faith effort to recruit minority participation in accordance with this section or G.S. 143-131(b), as applicable.

(b) A public entity shall establish prior to solicitation of bids the good faith efforts that it will take to make it feasible for minority businesses to submit successful bids or proposals for the contracts for building projects. Public entities shall make good faith efforts as set forth in subsection (e) of this section. Public entities shall require contractors to make good faith efforts pursuant to subsection (f) of this section. Each first-tier subcontractor on a construction management at risk project shall comply with the requirements applicable to contractors under this subsection.

(c) Each bidder, which shall mean first-tier subcontractor for construction manager at risk projects for purposes of this subsection, on a project bid under any of the methods authorized under G.S. 143-128(a1) shall identify on its bid the minority businesses that it will use on the project and good faith documentation required pursuant to this subsection. A contractor, including a first-tier subcontractor on a construction manager at risk project, that performs all of the work under a contract with its own workforce may submit an affidavit to that effect in lieu of documentation otherwise required under this section. Documentation of its good faith effort shall be submitted by each bidder with the bid and a minority utilization plan shall be submitted in each proposal for construction managers at risk and alternative bidding projects. The documentation must include evidence of all good faith efforts that were implemented, including any advertisements, solicitations, and evidence of other specific actions demonstrating recruitment and selection of minority businesses for participation in the contract. Within 30 days after award of the contract, a list of all identified subcontractors that the contractor will use on the project.

Failure to file a required affidavit or documentation that demonstrates that the contractor made the required good faith effort is grounds for rejection of the bid.

(d) No subcontractor who is identified and listed pursuant to subsection (c) of this section may be replaced with a different subcontractor except:

(1) If the subcontractor's bid is later determined by the contractor or construction manager at risk to be nonresponsible or nonresponsive, or the listed subcontractor refuses to enter into a contract for the complete performance of the bid work, or

(2) With the approval of the public entity for good cause.

Good faith efforts as set forth in G.S. 143-131(b) shall apply to the selection of a substitute subcontractor. Prior to substituting a subcontractor, the contractor shall identify the substitute subcontractor and inform the public entity of its good faith efforts pursuant to G.S. 143-131(b).

(e) Before awarding a contract, a public entity shall do the following:

(1) Develop and implement a minority business participation outreach plan to identify minority businesses that can perform public building projects and to implement outreach efforts to encourage minority business participation in these projects to include education, recruitment, and interaction between minority businesses and nonminority businesses.

(2) Attend the scheduled prebid conference.

(3) At least 10 days prior to the scheduled day of bid opening, notify minority businesses that have requested notices from the public entity for public construction or repair work and minority businesses that otherwise indicated to the Office of Historically Underutilized Businesses an interest in the type of work being bid or the potential contracting opportunities listed in the proposal. The notification shall include the following:

a. A description of the work for which the bid is being solicited.

b. The date, time, and location where bids are to be submitted.

c. The name of the individual within the public entity who will be available to answer questions about the project.

d. Where bid documents may be reviewed.

e. Any special requirements that may exist.

(4) Utilize other media, as appropriate, likely to inform potential minority businesses of the bid being sought.

(f) A public entity shall require bidders to undertake the following good faith efforts to the extent required by the Secretary on projects subject to this section. The Secretary shall adopt rules establishing points to be awarded for taking each effort and the minimum number of points required, depending on project size, cost, type, and other factors considered relevant by the Secretary. The public entity may require that additional good faith efforts be taken, as indicated in its bid specifications. Good faith efforts include:

(1) Contacting minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor or available on State or local government maintained lists at least 10 days before the bid or proposal date and notifying them of the nature and scope of the work to be performed.

(2) Making the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bid or proposals are due.

(3) Breaking down or combining elements of work into economically feasible units to facilitate minority participation.

(4) Working with minority trade, community, or contractor organizations identified by the Office of Historically Underutilized Businesses and

included in the bid documents that provide assistance in recruitment of minority businesses.

(5) Attending any prebid meetings scheduled by the public owner.

(6) Providing assistance in getting required bonding or insurance or providing alternatives to bonding or insurance for subcontractors.

(7) Negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification should have the reasons documented in writing.

(8) Providing assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisting minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit.

(9) Negotiating joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible.

(10) Providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands.

(g) As used in this section:

(1) The term "minority business" means a business:

a. In which at least fifty-one percent (51%) is owned by one or more minority persons or socially and economically disadvantaged individuals, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals; and

b. Of which the management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

(2) The term "minority person" means a person who is a citizen or lawful permanent resident of the United States and who is:

a. Black, that is, a person having origins in any of the black racial groups in Africa;

b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;

c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;

d. American Indian, that is, a person having origins in any of the original Indian peoples of North America; or

e. Female.

(3) The term "socially and economically disadvantaged individual" means the same as defined in 15 U.S.C. 637.

(h) The State, counties, municipalities, and all other public bodies shall award public building contracts, including those awarded under G.S. 143-128.1, 143-129, and 143-131, without regard to race, religion, color, creed, national origin, sex, age, or handicapping condition, as defined in G.S. 168A-3. Nothing in this section shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority-business contractors or minority-business subcontractors who do not submit the lowest responsible, responsive bid or bids.

(i) Notwithstanding G.S. 132-3 and G.S. 121-5, all public records created pursuant to this section shall be maintained by the public entity for a period of not less than three years from the date of the completion of the building project.

(j) Except as provided in subsection (a) of this section, this section shall apply to building projects costing three hundred thousand dollars ($300,000) or more. This section shall not apply to the purchase and erection of prefabricated or relocatable buildings or portions thereof, except that portion of the work which must be performed at the construction site."

SECTION 3.2. G.S. 113-315.36 reads as rewritten:

"**§ 113-315.36. Building contracts.**

(a) The following general laws, to the extent provided below, do not apply to the North Carolina Seafood Industrial Park Authority:

(1) Repealed by Session Laws 1999-368, s. 1.

(2) Except for ~~G.S. 143-128(f),~~G.S. 143-128.2, Article 8 of Chapter 143 of the General Statutes does not apply to public building contracts of the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars ($250,000). With respect to a contract that is exempted from certain provisions of Article 8 under this subdivision, the powers and duties set out in Article 8 shall be exercised by the Authority, and the Secretary of Administration and other State officers, employees, or agencies shall have no duties or responsibilities concerning the contract.

(3) G.S. 143-341(3) does not apply to plans and specifications for construction or renovation authorized by the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars ($250,000).

(b) Notwithstanding the other provisions of this section, the services of the Department of Administration may be made available to the Authority, when requested by the Authority, with regard to matters governed by Article 8 of Chapter 143 of the

General Statutes and G.S. 143-341(3). The Authority shall report quarterly to the Joint Legislative Commission on Governmental Operations on any building contract to which this exemption is applied. The quarterly report required by this subsection shall specifically include information regarding the Authority's compliance with the provisions of ~~G.S. 143-128(f).~~G.S. 143-128.2."

SECTION 3.3. G.S. 143-129.4 reads as rewritten:

"**§ 143-129.4. Guaranteed energy savings contracts.**

The solicitation and evaluation of proposals for guaranteed energy savings contracts, as defined in Part 2 of Article 3B of this Chapter, and the letting of contracts for these proposals are governed solely by the provisions of that Part; except that guaranteed energy savings contracts are subject to the requirements of ~~G.S. 143-128(f).~~ G.S. 143-128.2."

SECTION 3.4. G.S. 143B-437.29 reads as rewritten:

"**§ 143B-437.29. Contracting with minority businesses.**

The Authority must comply with the policies regarding contracting with minority businesses as set out in G.S. 143-48, ~~143-128(f),~~143-128.2, and 143-135.5 and with any other applicable laws. The Authority is subject to Executive Order Number 150, issued April 20, 1999, regarding contracting with historically underutilized businesses."

SECTION 3.5. G.S. 158-35(a), as amended by Section 20.13(a) of S.L. 2001-424, reads as rewritten:

"(a) Commission Membership. – The governing body of the Zone is the Global TransPark Development Commission. The members of the Commission must be residents of the Zone and shall be appointed as follows:

(1) The board of commissioners of each county participating in the Zone shall appoint three voting members, one of whom shall be a minority person as defined in ~~G.S. 143-128(f)(2)~~G.S. 143-128.2(g)(2) and one of whom may be a member of the board of commissioners.

(2) The Commission shall appoint at least three but no more than seven voting members. By the appointment of these members, the Commission shall ensure that the voting membership of the Commission includes at least seven women and seven members of a racial minority described in ~~G.S. 143-128(f)(2).~~G.S. 143-128.2(g)(2). The Commission shall appoint the fewest number of members necessary to achieve these minimums.

(3) Four nonvoting members shall be appointed as follows:

a. One appointed by the Chancellor of East Carolina University to represent the University.

b. One appointed by a majority vote of the presidents of the community colleges located in the Zone, to represent the community colleges.

c. One appointed by the chair of the State Ports Authority, to represent the sea ports of the State.

d. One member of the board of directors of the Global TransPark Foundation, Inc., appointed by that board."

SECTION 3.6. Article 8 of Chapter 143 is amended by adding a new section to read:

"**§ 143-128.3. Minority business participation administration.**

(a) All public entities subject to G.S. 143-128.2 shall report to the Department of Administration, Office of Historically Underutilized Business, the following with respect to each building project:

(1) The verifiable percentage goal.

(2) The type and total dollar value of the project, minority business utilization by minority business category, trade, total dollar value of contracts awarded to each minority group for each project, the applicable good faith effort guidelines or rules used to recruit minority business participation, and good faith documentation accepted by the public entity from the successful bidder.

(3) The utilization of minority businesses under the various construction methods under G.S. 143-128(a1).

The reports shall be in the format and contain the data prescribed by the Secretary of Administration. The University of North Carolina and the State Board of Community Colleges shall report quarterly and all other public entities shall report semiannually. The Secretary of the Department of Administration shall make reports every six months to the Joint Legislative Committee on Governmental Operations on information reported pursuant to this subsection.

(b) A public entity that has been notified by the Secretary of its failure to comply with G.S. 143-128.2 on a project shall develop a plan of compliance that addresses the deficiencies identified by the Secretary. The corrective plan shall apply to the current project or to subsequent projects under G.S. 143-128, as appropriate, provided that the plan must be implemented, at a minimum, on the current project to the extent feasible. If the public entity, after notification from the Secretary, fails to file a corrective plan, or if the public entity does not implement the corrective plan in accordance with its terms, the Secretary shall require one or both of the following:

(1) That the public entity consult with the Department of Administration, Office of Historically Underutilized Businesses on the development of a new corrective plan, subject to the approval of the Department and the Attorney General. The public entity may designate a representative to appear on its behalf, provided that the representative has managerial responsibility for the construction project.

(2) That the public entity not bid another contract under G.S. 143-128 without prior review by the Department and the Attorney General of a good faith compliance plan developed pursuant to subdivision (1) of this subsection. The public entity shall be subject to the review and approval of its good faith compliance plan under this subdivision with

respect to any projects bid pursuant to G.S. 143-128 during a period of time determined by the Secretary, not to exceed one year.

A public entity aggrieved by the decision of the Secretary may file a contested case proceeding under Chapter 150B of the General Statutes.

(c) The Secretary shall study and recommend to the General Assembly and other State agencies ways to improve the effectiveness and efficiency of the State capital facilities development, minority business participation program and good faith efforts in utilizing minority businesses as set forth in G.S. 143-128.2, and other appropriate good faith efforts that may result in the increased utilization of minority businesses.

(d) The Secretary shall appoint an advisory board to develop recommendations to improve the recruitment and utilization of minority businesses. The Secretary, with the input of its advisory board, shall review the State's programs for promoting the recruitment and utilization of minority businesses involved in State capital projects and shall recommend to the General Assembly, the State Construction Office, The University of North Carolina, and the community colleges system changes in the terms and conditions of State laws, rules, and policies that will enhance opportunities for utilization of minority businesses on these projects. The Secretary shall provide guidance to these agencies on identifying types of projects likely to attract increased participation by minority businesses and breaking down or combining elements of work into economically feasible units to facilitate minority business participation.

(e) The Secretary shall adopt rules for State entities, The University of North Carolina, and community colleges and shall adopt guidelines for local government units to implement the provisions of G.S. 143-128.2.

(f) The Secretary shall provided the following information to the Attorney General:

(1) Failure by a public entity to report data to the Secretary in accordance with this section.

(2) Upon the request of the Attorney General, any data or other information collected under this section.

(3) False statements knowingly provided in any affidavit or documentation under G.S. 143-128.2 to the State or other public entity. Public entities shall provide to the Secretary information concerning any false information knowingly provided to the public entity pursuant to G.S. 143-128.2.

(g) The Secretary shall report findings and recommendations as required under this section to the Joint Legislative Committee on Governmental Operations annually on or before June 1, beginning June 1, 2002."

SECTION 4. G.S. 143-129(a), as amended by S.L. 2001-328, reads as rewritten:

"(a) Bidding Required. – No construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than ~~one hundred thousand dollars ($100,000)~~ three hundred thousand dollars ($300,000) or purchase of apparatus,

supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ~~fifty thousand dollars ($50,000)~~ninety thousand dollars ($90,000) may be performed, nor may any contract be awarded therefor, by any board or governing body of the State, or of any institution of the State government, or of any political subdivision of the State, unless the provisions of this section are complied with.

For purchases of apparatus, supplies, materials, or equipment, the governing body of any political subdivision of the State may, subject to any restriction as to dollar amount, or other conditions that the governing body elects to impose, delegate to the manager or the chief purchasing official, or both, the authority to award contracts, reject bids, or readvertise to receive bids on behalf of the unit. Any person to whom authority is delegated under this subsection shall comply with the requirements of this Article that would otherwise apply to the governing body."

SECTION 4.1. S.L. 1999-52 is repealed.

SECTION 5. G.S. 143-129(e), as amended by S.L. 2001-328, is amended by adding a new subdivision to read:

"(11) Contracts by a public entity with a construction manager at risk executed pursuant to G.S. 143-128.1."

SECTION 5.1. G.S. 143-131 reads as rewritten:

"**§ 143-131. When counties, cities, towns and other subdivisions may let contracts on informal bids.**

(a) All contracts for construction or repair work or for the purchase of apparatus, supplies, materials, or equipment, involving the expenditure of public money in the amount of five thousand dollars ($5,000) or more, but less than the limits prescribed in G.S. 143-129, made by any officer, department, board, or commission of any county, city, town, or other subdivision of this State shall be made after informal bids have been secured. All such contracts shall be awarded to the lowest ~~responsible~~ responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract. It shall be the duty of any officer, department, board, or commission entering into such contract to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded.

(b) All public entities shall solicit minority participation in contracts for the erection, construction, alteration or repair of any building awarded pursuant to this section. The public entity shall maintain a record of contractors solicited and shall document efforts to recruit minority business participation in those contracts. Nothing in this section shall be construed to require formal advertisement of bids. All data, including the type of project, total dollar value of the project, dollar value of minority business participation on each project, and documentation of efforts to recruit minority participation shall be reported to the Department of Administration, Office for Historically Underutilized Business, upon the completion of the project."

SECTION 5.2. G.S. 143-135.5 reads as rewritten:

"**§ 143-135.5. State policy; cooperation in promoting the use of small, minority, physically handicapped and women contractors; purpose.**

(a) It is the policy of this State to encourage and promote the use of small, minority, physically handicapped and women contractors in State construction projects. All State agencies, institutions and political subdivisions shall cooperate with the Department of Administration and all other State agencies, institutions and political subdivisions in efforts to encourage and promote the use of small, minority, physically handicapped and women contractors in achieving the purpose of this Article, which is the effective and economical construction of public buildings.

(b) It is the policy of this State not to accept bids or proposals from, nor to engage in business with, any business that, within the last two years, has been finally found by a court or an administrative agency of competent jurisdiction to have unlawfully discriminated on the basis of race, gender, religion, national origin, age, physical disability, or any other unlawful basis in its solicitation, selection, hiring, or treatment of another business."

SECTION 6. G.S. 133-1.1(a) reads as rewritten:

"(a) In the interest of public health, safety and economy, every officer, board, department, or commission charged with the duty of approving plans and specifications or awarding or entering into contracts involving the expenditure of public funds in excess of:

(1) ~~One~~ Three hundred thousand dollars ~~($100,000)~~($300,000) for the repair of public buildings where such repair does not include major structural change in framing or foundation support systems,

(1a) One hundred thousand dollars ($100,000) for the repair of public buildings affecting life safety systems,

(2) ~~Forty-five thousand dollars ($45,000)~~One hundred thirty-five thousand dollars ($135,000) for the repair of public buildings where such repair includes major structural change in framing or foundation support systems, or

(3) ~~Forty-five thousand dollars ($45,000)~~One hundred thirty-five thousand dollars ($135,000) for the construction of, or additions to, public buildings or State-owned and operated utilities,

shall require that such plans and specifications be prepared by a registered architect, in accordance with the provisions of Chapter 83A of the General Statutes, or by a registered engineer, in accordance with the provisions of Chapter 89C of the General Statutes, or by both architect and engineer, particularly qualified by training and experience for the type of work involved, and that the North Carolina seal of such architect or engineer together with the name and address of such architect or engineer, or both, be placed on all ~~such~~ these plans and specifications."

SECTION 7. G.S. 44A-26(a) reads as rewritten:

"(a) When the total amount of construction contracts awarded for any one project exceeds ~~one~~ three hundred thousand dollars ~~($100,000)~~($300,000), a performance and

payment bond as set forth in (1) and (2) is required by the contracting body from any contractor or construction manager at risk with a contract more than ~~fifteen thousand dollars ($15,000).~~fifty thousand dollars ($50,000). In the discretion of the contracting body, a performance and payment bond may be required on any construction contract as follows:

(1) A performance bond in the amount of one hundred percent (100%) of the construction contract amount, conditioned upon the faithful performance of the contract in accordance with the plans, specifications and conditions of the contract. Such bond shall be solely for the protection of the contracting body ~~which awarded the contract.~~that is constructing the project.

(2) A payment bond in the amount of one hundred percent (100%) of the construction contract amount, conditioned upon the prompt payment for all labor or materials for which a contractor or subcontractor is liable. The payment bond shall be solely for the protection of the persons furnishing materials or performing labor for which a ~~contractor or subcontractor~~contractor, subcontractor, or construction manager at risk is liable."

SECTION 8.(a) G.S. 116-31.11, as enacted and expired by S.L. 1997-412, is reenacted and reads as rewritten:

"**§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital improvements.**

(a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect to the design, construction, or renovation of buildings, utilities, and other property developments of The University of North Carolina requiring the estimated expenditure of public money of ~~five hundred thousand dollars ($500,000)~~two million dollars ($2,000,000) or less:

(1) Conduct the fee negotiations for all design contracts and supervise the letting of all construction and design contracts.

(2) Develop procedures governing the responsibilities of The University of North Carolina and its affiliated and constituent institutions to perform the duties of the Department of Administration and the Director or Office of State Construction under G.S. 133-1.1(d) and G.S. 143-341(3).

(3) Develop procedures and reasonable limitations governing the use of open-end design agreements, subject to G.S. 143-64.34 and the approval of the State Building Commission.

(b) The Board may delegate its authority under subsection (a) of this section to a constituent or affiliated institution if the institution is qualified under guidelines adopted by the Board and approved by the State Building Commission and the Director of the Budget.

(c) The University shall use the standard contracts for design and construction currently in use for State capital improvement projects by the Office of State Construction of the Department of Administration.

(d) A contract may not be divided for the purpose of evading the monetary limit under this section.

(e) Notwithstanding any other provision of this Chapter, the Department of Administration shall not be the awarding authority for contracts awarded pursuant to this section."

SECTION 8.(b) Section 5.1 of S.L. 1997-412 is repealed.

SECTION 8.(c) Sections 5, 7, 8, and 10 of S.L. 1997-412 are reenacted.

SECTION 8.(d) G.S. 143-341(3) reads as rewritten:

"(3) Architecture and Engineering:

a. To examine and approve all plans and specifications for the construction or renovation of:

1. All State ~~buildings;~~buildings and buildings located on State property; and

2. All community college buildings requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129 prior to the awarding of a contract for such work; and to examine and approve all changes in those plans and specifications made after the contract for such work has been awarded.

b. To assist, as necessary, all agencies in the preparation of requests for appropriations for the construction or renovation of all State buildings.

b1. To certify that a statement of needs pursuant to G.S. 143-6 is feasible. For purposes of this sub-subdivision, "feasible" means that the proposed project is sufficiently defined in overall scope; building program; site development; detailed design, construction, and equipment budgets; and comprehensive project scheduling so as to reasonably ensure that it may be completed with the amount of funds requested. At the discretion of the General Assembly, advanced planning funds may be appropriated in support of this certification. This sub-subdivision shall not apply to requests for appropriations of less than one hundred thousand dollars ($100,000).

c. To supervise the letting of all contracts for the design, construction or renovation of all State buildings and all community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision.

d. To supervise and inspect all work done and materials used in the construction or renovation of all State buildings and all

community college buildings whose plans and specifications must be examined and approved under a.2. of this subdivision; and no such work may be accepted by the State or by any State agency until it has been approved by the Department.

Except for sub-subdivisions b. and b1. of this subdivision, this subdivision does not apply to the design, construction, or renovation of projects by The University of North Carolina pursuant to G.S. 116-31.11."

SECTION 9. G.S. 143-132(b) reads as rewritten:

"(b) For purposes of contracts bid in the alternative between the separate-prime and single-prime contracts, pursuant to ~~G.S. 143-128(c) or (d),~~G.S. 143-128(d1) each single-prime bid shall constitute a competitive bid in each of the four subdivisions or branches of work listed in G.S. 143-128(a), and each full set of separate-prime bids shall constitute a competitive single-prime bid in meeting the requirements of subsection (a) of this section. If there are at least three single-prime bids but there is not at least one full set of separate-prime bids, no separate-prime bids shall be opened."

SECTION 10.(a) Section 2 of S.L. 1999-102 is repealed.

SECTION 10.(b) Section 3 of S.L. 1999-102 reads as rewritten:

"Section 3. This act is effective when it becomes ~~law and shall expire on June 30, 2003.~~law."

SECTION 10.(c) Section 8 of S.L. 1999-207 reads as rewritten:

"Section 8. This act is effective when it becomes ~~law and expires July 1, 2002.~~law."

SECTION 10.(d) Notwithstanding Article 8 of Chapter 143 of the General Statutes, New Hanover Regional Medical Center may use force account qualified personnel on its payroll to maintain, repair, renovate, and improve hospital and medical facilities that it owns, operates, or manages under the following conditions:

(1) The work is primarily for purposes of ensuring compliance with the Life Safety Code and other applicable codes, including requirements of the Joint Commission on the Accreditation of Healthcare Organizations, or involves work to the same or related components or areas of the building at the time of the compliance work.

(2) The force account labor is qualified to perform and is capable of performing the work in an active patient environment.

This subsection 10(d) expires December 31, 2007.

PART II. CONSTRUCTION AND DESIGN ADMINISTRATION

SECTION 11. G.S. 143-135.26 reads as rewritten:

"**§ 143-135.26. Powers and duties of the Commission.**

The State Building Commission shall have the following powers and duties with regard to the State's capital facilities development and management program:

(1) To adopt rules establishing standard procedures and criteria to assure that the designer selected for each State capital improvement ~~project~~

~~and~~ project, the consultant selected for planning and studies of an architectural and engineering nature associated with a capital improvement project or a future capital improvement project and a construction manager at risk selected for each capital improvement project has the qualifications and experience necessary for that capital improvement project or the proposed planning or study project. The rules shall provide that the State Building Commission, after consulting with the funded agency, is responsible and accountable for the final selection of the ~~designer and the final selection of the~~ designer, consultant or construction manager at risk except when the General Assembly or The University of North Carolina is the funded agency. When the General Assembly is the funded agency, the Legislative Services Commission is responsible and accountable for the final selection of the ~~designer and the final selection of the~~designer, consultant, or the construction manager at risk and when the University is the funded agency, it shall be subject to the rules adopted hereunder, except it is responsible and accountable for the final selection of the ~~designer and the final selection of the consultant.~~designer, consultant, or construction manager at risk. All designers and consultants shall be selected within 60 days of the date funds are appropriated for a project by the General Assembly or the date of project authorization by the Director of the Budget; provided, however, the State Building Commission may grant an exception to this requirement upon written request of the funded agency if (i) no site was selected for the project before the funds were appropriated or (ii) funds were appropriated for advance planning only; provided, further, the Director of the Budget, after consultation with the State Construction Office, may waive the 60-day requirement for the purpose of minimizing project costs through increased competition and improvements in the market availability of qualified contractors to bid on State capital improvement projects. The Director of the Budget also may, after consultation with the State Construction Office, schedule the availability of design and construction funds for capital improvement projects for the purpose of minimizing project costs through increased competition and improvements in the market availability of qualified contractors to bid on State capital improvement projects.

The State Building Commission shall submit a written report to the Joint Legislative Commission on Governmental Operations on the Commission's selection of a designer for a project within 30 days of selecting the designer.

(2) To adopt rules for coordinating the plan review, approval, and permit process for State capital improvement ~~projects.~~ and community college buildings, as defined in subdivision (4) of this section. The rules shall provide for a specific time frame for plan review and approval and permit issuance by each agency, consistent with applicable laws. The time frames shall be established to provide for expeditious review, approval, and permitting of State capital improvement projects and community college buildings.

(2a) To adopt rules exempting specified types of State capital improvement projects, including community college buildings as defined in subdivision (4) of this section, from plan review.

(3) To adopt rules for establishing a post-occupancy evaluation, annual inspection and preventive maintenance program for all State buildings.

(4) To develop procedures for evaluating the work performed by designers and contractors on State capital improvement projects and those community college buildings, as defined in G.S. 143-336, requiring the estimated expenditure for construction or repair work for which public bidding is required under G.S. 143-129, and for use of the evaluations as a factor affecting designer selections and determining qualification of contractors to bid on State capital improvement projects and community college buildings.

(5) To continuously study and recommend ways to improve the effectiveness and efficiency of the State's capital facilities development and management program.

(6) To request designers selected prior to April 14, 1987, whose plans for the projects have not been approved to report to the Commission on their progress on the projects. The Department of Administration shall provide the Commission with a list of all such projects.

(7) To appoint an advisory board, if the Commission deems it necessary, to assist the Commission in its work. No one other than the Commission may appoint an advisory board to assist or advise it in its ~~work; and~~work.

(8) To review the State's provisions for ensuring the safety and health of employees involved with State capital improvement projects, and to recommend to the appropriate agencies and to the General Assembly, after consultation with the Commissioner of Labor, changes in the terms and conditions of construction contracts, State regulations, or State laws that will enhance employee safety and health on these projects.

(9) ~~Effective July 1, 1996, to~~To authorize a State agency, a local governmental unit, or any other entity subject to the provisions of G.S. 143-129 to use a method of contracting not authorized under ~~G.S. 143-~~

~~128, including the use of the single prime contracting system without soliciting bids under both the single and separate prime contract systems.~~G.S. 143-128. An authorization under this subdivision for an alternative contracting method shall be granted only under the following conditions:

a. An authorization shall apply only to a single project.

b. The entity seeking authorization must demonstrate to the Commission that the alternative contracting method is necessary because the project cannot be reasonably completed under the methods authorized under G.S. 143-128 or for such other reasons as the Commission, pursuant to its rules and criteria, deems appropriate and in the public's interest.

b1. The entity includes in its bid or proposal requirements that the contractor will file a plan for making a good faith effort to reach the minority participation goal set out in G.S. 143-128.2.

c. The authorization must be approved by ~~two-thirds~~a majority of the members of the Commission present and voting.

The Commission shall not waive the requirements of G.S. 143-129 or G.S. 143-132 for public contracts unless otherwise authorized by law.

(10) To adopt rules governing review and final approval of plans that are submitted to the State Construction Office pursuant to G.S. 58-31-40. The rules shall provide for the manner of submission of the plan by the owner, the type of structural work that may be completed by the owner pursuant to G.S. 58-31-40(c), and the expeditious review or completion of review of the plan in a manner that ensures that the building will meet the fire safety requirements of G.S. 58-31-40(b).

(11) To direct the Department in the development of rules for agency evaluation of energy savings contracts pursuant to G.S. 143-64.17F.

(12) To develop dispute resolution procedures, including mediation, for subcontractors under any of the construction methods authorized under G.S. 143-128(a1) on State capital improvement projects, including building projects of The University of North Carolina, and community college buildings as defined in subdivision (4) of this section, for use by any public entity that has not developed its own dispute resolution process.

(13) To adopt rules governing the use of open-end design agreements for State capital improvement projects and community college buildings as defined in subdivision (4) of this section, where the fee does not exceed the amount specified in G.S. 143-64.34(b).

(14) ~~The Commission shall~~ To submit an annual report of its activities to the Governor and the Joint Legislative Commission on Governmental Operations."

SECTION 11.1. G.S. 58-31-40 is amended by adding the following new subsection to read:

"(c) The Commissioner shall review a plan subject to subsection (b) of this section within 30 days of submission, provided that the Commissioner may require one additional 30-day extension if necessary to complete the review. If the Commissioner has neither approved nor denied the plan during the initial 30-day review period, the owner may proceed with the building site preparation, the building foundation, and any structural components of the building that are not subject to inspection for the purposes set forth in subsection (b) of this section. If the Commissioner has neither approved nor denied the plan within 60 days of submission, the owner may request review and final approval under subsection (b) of this section by the Department of Administration, State Construction Office, pursuant to rules adopted under G.S. 143-135.26."

PART III. ENERGY EFFICIENCY IN STATE BUILDINGS

SECTION 12.(a) The title of Part 2 of Article 3B of Chapter 143 of the General Statutes reads as rewritten:

"Part 2. Guaranteed Energy Savings Contracts for ~~Local~~ Governmental Units."

SECTION 12.(b) G.S. 143-64.17 reads as rewritten:

"**§ 143-64.17. Definitions.**

As used in this Part:

(1) "Energy conservation measure" means a facility alteration, training, or services related to the operation of the facility, when the alteration, training, or services provide anticipated energy savings. Energy conservation measure includes any of the following:

a. Insulation of the building structure and systems within the building.

b. Storm windows or doors, caulking, weatherstripping, multiglazed windows or doors, heat-absorbing or heat-reflective glazed or coated window or door systems, additional glazing, reductions in glass area, or other window or door system modifications that reduce energy consumption.

c. Automatic energy control systems.

d. Heating, ventilating, or air-conditioning system modifications or replacements.

e. Replacement or modification of lighting fixtures to increase the energy efficiency of a lighting system without increasing the overall illumination of a facility, unless an increase in illumination is necessary to conform to the applicable State or local building code or is required by the light system after the proposed modifications are made.

f. Energy recovery systems.

g. Cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings.

h. Other energy conservation measures.

(2) "Energy savings" means a measured reduction in fuel costs, energy costs, or operating costs created from the implementation of one or more energy conservation measures when compared with an established baseline of previous fuel costs, energy costs, or operating costs developed by the local governmental unit.

(3) "Guaranteed energy savings contract" means a contract for the evaluation, recommendation, or implementation of energy conservation measures, including the design and installation of equipment or the repair or replacement of existing equipment, in which all payments, except obligations on termination of the contract before its expiration, are to be made over time, and in which energy savings are guaranteed to exceed costs.

(4) ~~"Local governmental~~ "Governmental unit" means an agency, board, or commission of the State or any board or governing body of a political subdivision of the State, including any board of a community college, any school board, or an agency, commission, or authority of a political subdivision of the State.

(5) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures.

(6) "Request for proposals" means a negotiated procurement initiated by a local governmental unit by way of a published notice that includes the following:

a. The name and address of the local governmental unit.

b. The name, address, title, and telephone number of a contact person in the local governmental unit.

c. Notice indicating that the local governmental unit is requesting qualified providers to propose energy conservation measures through a guaranteed energy savings contract.

d. The date, time, and place where proposals must be received.

e. The evaluation criteria for assessing the proposals.

f. A statement reserving the right of the ~~local~~ governmental unit to reject any or all the proposals.

g. Any other stipulations and clarifications the ~~local~~ governmental unit may require."

SECTION 12.(c) G.S. 143-64.17A reads as rewritten:

"**§ 143-64.17A. Solicitation of guaranteed energy savings contracts.**

(a) Before entering into a guaranteed energy savings contract, a local governmental unit shall issue a request for proposals. Notice of the request shall be published at least 15 days in advance of the time specified for opening of the proposals in at least one newspaper of general circulation in the geographic area for which the local governmental unit is responsible. No guaranteed energy savings contract shall be awarded by any ~~governing body~~ governmental unit unless at least two proposals have been received from qualified providers. Provided that if after the publication of the notice of the request for proposals, fewer than two proposals have been received from qualified providers, the ~~governing body of the local~~ governmental unit shall again publish notice of the request and if as a result of the second notice, one or more proposals by qualified providers are received, the ~~governing body~~governmental unit may then open the proposals and select a qualified provider even if only one proposal is received.

(b) The ~~local~~ governmental unit shall evaluate a sealed proposal from any qualified provider. Proposals shall contain estimates of all costs of installation, modification, or remodeling, including costs of design, engineering, installation, maintenance, repairs, and debt service, ~~and~~ estimates of energy savings.

(c) Proposals received pursuant to this section shall be opened by a member or an employee of the ~~governing body of the local~~ governmental unit at a public opening at which the contents of the proposals shall be announced and recorded in the minutes of the ~~governing body.~~governmental unit. Proposals shall be evaluated for the ~~local~~ governmental unit by a licensed architect or engineer on the basis of:

(1) The information required in subsection (b) of this section; and

(2) The criteria stated in the request for proposals.

The ~~local~~ governmental unit may require a qualified provider to include in calculating the cost of a proposal for a guaranteed energy savings contract any reasonable fee payable by the ~~local~~ governmental unit for evaluation of the proposal by a licensed architect or professional engineer not employed as a member of the staff of the ~~local~~ governmental unit or the qualified provider.

(d) The ~~local~~ governmental unit shall select the qualified provider that it determines to best meet the needs of the ~~local~~ governmental unit by evaluating the following:

(1) Prices offered;

(2) Proposed costs of construction, financing, maintenance, and training;

(3) Quality of the products proposed;

(4) Amount of energy savings;

(5) General reputation and performance capabilities of the qualified providers;

(6) Substantial conformity with the specifications and other conditions set forth in the request for proposals;

(7) Time specified in the proposals for the performance of the contract; and

(8) Any other factors the ~~local~~ governmental unit deems necessary, which factors shall be made a matter of record.

(e) Nothing in this section shall limit the authority of local governmental units as set forth in Article 3D of this Chapter."

SECTION 12.(d) G.S. 143-64.17B reads as rewritten:

"**§ 143-64.17B. Guaranteed energy savings contracts.**

(a) A ~~local~~ governmental unit may enter into a guaranteed energy savings contract with a qualified provider if all of the following apply:

(1) The term of the contract does not exceed 12 years from the date of the installation and acceptance by the ~~local~~ governmental unit of the energy conservation measures provided for under the contract.

(2) The ~~local~~ governmental unit finds that the energy savings resulting from the performance of the contract will equal or exceed the total cost of the contract.

(3) The energy conservation measures to be installed under the contract are for an existing building.

(b) Before entering into a guaranteed energy savings contract, the ~~local~~ governmental unit shall provide published notice of the meeting at which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose. The notice must be published at least 15 days before the date of the meeting.

(c) A qualified provider entering into a guaranteed energy savings contract under this Part shall provide a bond to the ~~local~~ governmental unit in the amount equal to one hundred percent (100%) of the total cost of the guaranteed energy savings contract to assure the provider's faithful performance. Any bonds required by this subsection shall be subject to the provisions of Article 3 of Chapter 44A of the General Statutes. If the savings resulting from a guaranteed energy savings contract are not as great as projected under the contract and all required shortfall payments to the ~~local~~ governmental unit have not been made, the ~~local~~ governmental unit may terminate the contract without incurring any additional obligation to the qualified provider.

(d) As used in this section, "total cost" shall include, but not be limited to, costs of construction, costs of financing, and costs of maintenance and training during the term of the contract. "Total cost" does not include any obligations on termination of the contract before its expiration, provided that those obligations are disclosed when the contract is executed.

(e) A guaranteed energy savings contract may not require the ~~local~~ governmental unit to purchase a maintenance contract or other maintenance agreement from the qualified provider who installs energy conservation measures under the contract if the ~~local~~ unit of government takes appropriate action to budget for its own forces or another provider to maintain new systems installed and existing systems affected by the guaranteed energy savings contract."

SECTION 12.(e) G.S. 143-64.17D reads as rewritten:

"**§ 143-64.17D. Contract continuance.**

A guaranteed energy savings contract may extend beyond the fiscal year in which it becomes effective. Such a contract shall stipulate that it does not constitute a debt, liability, or obligation of any local governmental unit or a pledge of the faith and credit of any ~~unit of local government.~~governmental unit."

SECTION 12.(f) Part 2 of Article 3B of Chapter 143 of the General Statutes is amended by adding the following new section to read:

"**§ 143-64.17F. State agencies to use contracts when feasible.**

State governmental units, including State universities, shall evaluate the use of guaranteed energy savings contracts in reducing energy costs and may use those contracts when feasible and practical. The Department of Administration, under the direction of the State Building Commission, shall develop rules for agency evaluation of guaranteed energy savings contracts."

SECTION 12.(g) The Department of Administration shall develop a plan for establishing and implementing an energy efficiency goal for all State buildings. The Department shall report the plan to the General Assembly no later than December 31, 2002, by filing copies with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the legislative Fiscal Research Division, and the Legislative Library.

SECTION 13. Nothing in this act limits the use of any method of contracting authorized by local law or other applicable laws.

PART IV. LANDSCAPE ARCHITECTURE LAW CHANGES

SECTION 13.1.(a) G.S. 89A-1(3) reads as rewritten:

"(3) Landscape architecture or the practice of landscape architecture. – The performance of services in connection with the development of land areas where, and to the extent that the dominant purpose of the services is the preservation, enhancement or determination of proper land uses, natural land features, ground cover and planting, naturalistic and aesthetic values, the settings, approaches or environment for structures or other improvements, natural drainage and the consideration and determination of inherent problems of the land relating to the erosion, wear and tear, blight or other hazards. This practice shall include the preparation of plans and specifications and supervising the execution of projects involving the arranging of land and the elements set forth in this subsection used ~~thereon~~ in connection with the land for public and private use and enjoyment, embracing the following, all ~~drainage, soil conservation, grading and planting plans and erosion control,~~ in accordance with the accepted professional standards of public health, safety and ~~welfare.~~welfare:

a. The location and orientation of buildings and other similar site elements.

b. The location, routing and design of public and private streets, residential and commercial subdivision roads, or roads in and providing access to private or public developments. This does not include the preparation of construction plans for proposed roads classified as major thoroughfares or a higher classification.

c. The location, routing and design of private and public pathways and other travelways.

d. The preparation of planting plans.

e. The design of surface or incidental subsurface drainage systems, soil conservation and erosion control measures necessary to an overall landscape plan and site design."

SECTION 13.1.(b) The State Board of Examiners for Engineers and Surveyors and the Board of Landscape Architects shall agree to a Memorandum of Understanding that identifies areas of overlap or common practice regarding the scope of their respective professions and means for resolving disputes concerning standards of practice, qualifications, and jurisdiction regarding the identified areas of overlap. The parties shall send a joint written report to the General Assembly no later than April 30, 2002, concerning the Memorandum of Understanding and whether the changes in Section 13.1(a) of this act should be repealed or modified, and the General Assembly may consider and take action on the report during its session in 2002 or at any other time as it may consider appropriate.

SECTION 13.1.(c) The Legislative Research Commission is authorized to study the relationship between the professions of engineering and landscape architecture.

This study shall include an examination of:

(1) The qualifications and education of landscape architects.

(2) The definition of landscape architecture in G.S. 89A-1(3), as amended by subsection 13.1(a) of this act, and whether the changes made in subsection 13.1(a) of this act should be repealed or modified.

(3) The areas of overlap or common practice regarding the scope of the professions of engineering and landscape architecture.

(4) The governance and procedures of the State Board of Examiners for Engineers and Surveyors and the Board of Landscape Architects in their respective roles in protecting the public health, safety, and welfare of the people of the State.

In considering appointees to the committee to study this matter, the appointing authorities shall consider inclusion of representatives of the following groups:

(1) The State Board of Landscape Architects.

(2) The State Board of Examiners for Engineers and Surveyors.

(3) The Consulting Engineers Council of North Carolina.

(4) The North Carolina Chapter of the American Society of Landscape Architects.
(5) The Professional Engineers of North Carolina, Inc.
(6) The North Carolina League of Landscape Architects.
(7) The academic community involved in instruction in the area of engineering and landscape architecture.

The Legislative Research Commission may make an interim report to the 2001 General Assembly, Regular Session 2002, and shall make a final report to the 2003 General Assembly upon its convening. The reports may include proposed legislation to carry out the recommendations of the study.

SECTION 13.1.(d) This section is effective when this act becomes law.

PART V. MISCELLANEOUS PROVISIONS

SECTION 14. Annually, on or before April 1st, beginning April 1, 2003, The University of North Carolina and all other public entities shall report to the Secretary of the Department of Administration on the effectiveness and cost-benefit of utilization of each of the construction methods authorized in G.S. 143-128(a1) that are used by the public entity. The reports, which shall be initially filed in the year in which the project is completed, shall be in the format and contain the data prescribed by the Secretary of Administration and shall include at least the following:

(1) The total dollar value of building projects by specific project with costs.
(2) The bid costs and relevant post-bid costs.

The Secretary of the Department of Administration shall report to the General Assembly on or before May 1st each year on the information collected pursuant to this section.

SECTION 14.1. The provisions of this act are severable. In the event that any provision of this act shall be declared invalid, that invalidity shall not affect the remaining provisions of this act.

SECTION 14.3. The Legislative Research Commission may authorize a study of the issue of certification of minority businesses for public construction purposes and the problem of substitution of non-minority businesses in place of minority businesses in public construction project and the effect of frustrating the public purpose of attempting to lawfully increase minority business participation in public construction projects. The Legislative Research Commission may file an interim report to the 2002 Session of the 2001 General Assembly and shall file a final report to the 2003 General Assembly.

PART VI. EFFECTIVE DATE

SECTION 15.(a) Sections 8(a) through 8(d) of this act become effective July 1, 2001. Section 11.1 of this act becomes effective March 1, 2002. The remaining sections of Parts I and II of this act become effective January 1, 2002, and apply to construction projects for which bids or proposals are solicited on or after that date. The

remainder of this act is effective when it becomes law. Sections 8(a) through 8(d) of this act expire December 31, 2006.

SECTION 15.(b) The State Building Commission shall adopt temporary rules to implement G.S. 143-135.26(10) and G.S. 143-135.26(12) as enacted by Section 11 of this act no later than 60 days following the effective date of Section 11 of this act. The Secretary of Administration shall adopt rules to implement G.S. 143-128.2(f) as enacted by Section 3.1 of this act no later than June 30, 2002. Prior to July 1, 2002, a bidder must show compliance with at least five of the 10 efforts as set forth in G.S. 143-128.2(f) as enacted by Section 3.1 of this act.

SECTION 15.(c) A city, county, or other public entity, other than the State, may apply verifiable percentage goals enacted prior to the effective date of Section 3.1 of this act to building projects undertaken on or after the effective date of Section 3.1 of this act.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 914 (4th Edition)

SHORT TITLE: Public Construction Law Changes

SPONSOR(S): Sen. Dalton

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
REVENUES					
EXPENDITURES					
General Fund					
Dept of Justice	**$0**	**$64,791**	**$64,791**	**$64,791**	**$64,791**
Administration					
Office of Secretary	**$32,396**	**$64,791**	**$64,791**	**$64,791**	**$64,791**
State Construction	**$112,358**	**$224,715**	**$224,715**	**$224,715**	**$224,715**
	$361,894NR				
HUB Office	**$139,938**	**$333,877**	**$333,877**	**$333,877**	**$333,877**
	$366,160NR				
Total	**$284,730R**	**$688,174**	**$688,174**	**$688,174**	**$688,174**
	$$728,054NR				
POSITIONS:	10	10	10	10	10

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: **Department of Justice** and **Department of Administration:** State Construction Office, Office of the Secretary , and Office for Historically Underutilized Businesses.
Department of Insurance

EFFECTIVE DATE: Sections 8(a) thru 8(e) - July 1, 2001; Section 11.1 – March 1, 2002; Remaining sections of Parts I and II – Jan. 1, 2002. The remainder of the bill – when it becomes law.

BILL SUMMARY:

SUMMARY[1]: Senate Bill 914 would make changes in the public construction laws to permit greater flexibility and efficiencies in public building design, construction and plan

[1] From Research Division Committee Counsel.

review, primarily through the concept of construction managers at risk, would increase the mandatory performance and payment bond threshold for public construction projects, and would make changes intended to enhance and improve good faith efforts to recruit and select minority businesses for participation in public construction contracts. The bill would also change the law to provide for construction and design supervisory authority for projects up to $2 million for the University of North Carolina until December 31, 2006, promote greater energy efficiency in State buildings and make clarifying changes to the scope of practice for landscape architecture.

BILL ANALYSIS: The bill would make the following changes to current law:

Construction Flexibility for Public Entities (Part I, Sections 1, 2, 3, 5)

The bill would permit public entities to utilize the services of a construction manager at risk as an alternative construction method. The construction manager, a licensed general contractor, would contract directly with the public entity. The construction manager generally would not perform work on the project, but would provide services to the public entity in preparing and coordinating bid packages, scheduling, controlling costs, value engineering, evaluation, pre-construction services, and administering the construction of the project. The construction manager would guarantee the cost of the project and would be required to provide a performance and payment bond to the public entity.

Contracts by a public entity with a construction management would be excepted from the provisions of Article 8 of Chapter 143 (Procedure for Letting of Public Contracts).

The bill would also make various construction bidding methods available to all levels of government, not just local school administrative units, including the State, counties, cities and other public bodies. These construction-bidding methods would include separate-prime, single-prime, dual bidding, construction management services, and alternative contracting methods. The bill would raise the size of the contracts covered by the formal bid requirements from $100,000 to $300,000.

These changes would become effective January 1, 2002 and apply to construction projects for which bids or proposals are solicited on or after that date.

Dispute Resolution in Public Construction Contracts (Part I, Section 3; Part II, Section 11)

The bill would require the State Building Commission to develop dispute resolution procedures, including mediation, for subcontractors on State capital improvement projects (Part II, Section 11, G.S. 143-135.26(12)). For all construction and repair projects, public entities would be required to use the Commission's dispute resolution process or adopt another dispute resolution process, and would have to make this process available to all the parties involved in the public entity's construction project. The public entity could set a reasonable threshold, not to exceed $15,000, concerning the amount in controversy that must be at issue before a party may require other parties to participate in the dispute resolution process. The public entity would determine how the costs of the dispute resolution process would be divided, but at least one-third of the cost would be paid by the public entity if the public entity were a party to the dispute. Finally, the public entity could require by contract that a party participate in mediation as a precondition to initiating litigation concerning a dispute. (Part I, Section 3, G.S. 143-128(g)). These changes would become effective January 1, 2002.

Minority Participation in Public Construction Contracts (Part I, Sections 1, 3.1, 3.6, and 5.1)

Current law requires the State to have a verifiable ten percent (10%) goal for participation by minority businesses in the total value of work for each building project, and requires cities, counties, and other public bodies to set verifiable percentage goals for minority participation in building projects.

The bill is intended to enhance and improve minority business participation in public construction contracts by providing for the following:

- In addition to original construction, minority business participation goals (which would remain at 10%) would apply to repair work and work done by a private entity on a facility to be leased or purchased by the State. On State projects, the Secretary of the Department of Administration would identify the appropriate percentage goal for each category of minority business as defined in statute based on the particular contract type.
- Local governmental units or other public or private entities that receive State funds for construction work for projects costing more than $100,000 (including project work done by a private entity on a facility to be leased or purchased by a local government unit) shall be subject to the 10% goal. However, local governments would be permitted to apply for a different verifiable goal that was adopted prior to December 1, 2001 if the local government had and continues to have a sufficiently strong basis in evidence to justify the use of that goal.
- Each entity required to have a verifiable percentage goal would have to make a "good faith effort" to recruit minority participation. Public entities would have to establish the good faith efforts that it will take prior to soliciting bids on a project, and shall require its contractors to made good faith efforts. First tier subcontractors would likewise have to comply with the requirements applicable to contractors as to good faith efforts, and good faith efforts would apply to the selection of a substitute subcontractor.
- All bidders on any construction or repair project would have to identify good faith efforts made to ensure minority business participation, documented as prescribed by statute.
- Before awarding a contract, a public entity would be required to develop and implement a minority business participation outreach plan, attend the scheduled pre-bid conference, notify minority businesses of potential contracting opportunities, and utilize other media likely to inform potential minority businesses of the bid.
- Public entities would have to require bidders to undertake good faith efforts, which would include 1) contacting minority businesses, 2) making the construction plans available for review by prospective minority businesses, 3) breaking down or combining elements of work into economically feasible units to facilitate minority participation, 4) working with minority trade, community or contractor organizations, 5) attending any pre-bid meetings, 6) providing assistance in getting required bonding or insurance or providing alternative to bonding, 7) negotiating in good faith with interested minority businesses, 8) providing assistance to an otherwise qualified minority business in need of equipment or funds to secure

financial assistance or supplies, 9) negotiating joint venture and partnership arrangements with minority businesses, and 10) providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands. No later than June 30, 2002, the Secretary would be required to adopt rules establishing points to be awarded for taking each effort and the minimum number of points required. Prior to July 1, 2002 (when the rules will be in place), a bidder must show compliance with at least five of these ten efforts.

- The term "minority business" would be expanded to include businesses owned by socially and economically disadvantaged individuals (as defined by federal law governing federal procurement contracts).
- Public entities would have to report to the Office of Historically Underutilized Business information concerning minority business utilization. Public entities that fail to comply with this requirement would be required to develop a corrective plan. Failure to file a corrective plan or to implement the plan could result in the loss of authority to enter into construction or repair contracts without prior review by the Department of Administration.
- An advisory board would be appointed by the Secretary of the Department of Administration to develop recommendations to improve the recruitment and utilization of minority businesses. These recommendations would be presented to the General Assembly, the State Construction Office, the University of North Carolina, and the community college system.
- For construction or repair work subject to the informal bidding process, public entities would be required to solicit minority business participation, maintain a record of contractors solicited and document efforts to recruit minority business participation, and report information and provide documentation concerning efforts to recruit minority business participation to the Office for Historically Underutilized Business upon the completion of the project.

These changes would become effective January 1, 2002 and apply to construction projects for which bids or proposals are solicited on or after that date.

Construction And Design Administration (Part II, Sections 11, 11.1)

The bill would make changes to the powers and duties of the State Building Commission, including exemption from plan review for certain projects, expeditious plan review, agency evaluation of energy contracts, open-end design agreements, and dispute resolution procedures. The bill would change the vote by which an alternative contracting method may be approved from 2/3 to a majority. These changes would become effective January 1, 2002. The bill would, beginning March 1, 2002, provide an alternative to begin construction if fire safety reviews of public building specifications are not completed by the Insurance Department within 60 days.

Energy Efficiency in State Buildings (Part III, Sections 12(a)-(g) and 13)

The bill changes the Guaranteed Energy Savings Contract law to make to applicable to State agencies in addition to local governments as is currently allowed. These changes would become effective when the act becomes law.

Changes in Landscape Architecture Law (Part IV, Sections 13.1(a)-(d))

The bill would amend the Landscape Architecture statutes to clarify what construction design matters may be performed by landscape architects. This change is to clarify a conflicting overlap of responsibilities with licensed engineers. The bill would also require engineers and landscape architects to enter into a Memorandum of Understanding regarding their respective responsibilities and authorize an LRC study on the subject. These provisions would become effective when the act becomes law.

Miscellaneous

Section 4 would raise the limit for public bidding from $100,000 to $300,000 for construction projects and from $50,000 to $90,000 for purchases of apparatus, supplies, materials, or equipment. **Section 4.1** would repeal a local act for Greensboro that had allowed Greensboro a $70,000 limit for purchases of materials and equipment (less than the proposed limit). **Section 5.2** would add language to G.S. 143-135.5 that would make it the State's policy not to accept bids or proposals from or engage in business with firms that discriminates on the basis or race, gender, religion, national origin, age, physical disability, or any other form of unlawful discrimination in its solicitation, selection, hiring or treatment of another business. **Section 6** would raises the level of contracts for which architectural plans are required for public projects by varying amounts depending on the type of work being done.

Section 7 would raise the threshold for which performance and payment bonds are required on government projects from $100,000 to $300,000. This change is consistent with the changes being made in the competitive bidding laws in elsewhere in the bill.

Sections 8(a) through (e) restores The University of North Carolina's exemption from State Construction Office oversight and raises the cap for the exemption from $500,000 to $2 million, and continues other construction law exceptions applicable to UNC construction that had expired July 1, 2001. This change would become effective July 1, 2001 and would expire December 31, 2006.

All of Section 10 involves local provisions involving construction law exceptions. **Sections 10. (a) and (b)** would remove the sunset on Johnston County School Board to use the Unitary System Approach model school plan. **Section 10. (c)** would repeal the sunset on the Charlotte-Mecklenburg School Board's authority to use design-built construction for school projects. **Section 10. (d)** would authorize the use of force account by the New Hanover Regional Medical Center. This section would expire December 31, 2007.

Section 14 would require the University of North Carolina and all other public entities to report annually to the Department of Administration (beginning April 1, 2003) on the effectiveness and cost-benefit of utilization of each of the authorized construction methods used by the public entity.

Except for Sections 8(a) through (e), the above miscellaneous provisions would become effective when the act becomes law.

Note: Sections 3.2, 3.3, 3.4, 3.5, and 9 contain conforming changes.

ASSUMPTIONS AND METHODOLOGY:

Department of Administration:

The Department estimates that this bill will have a fiscal impact on the Office of the Secretary, the State Construction Office and the Office for Historically Underutilized Businesses. The additional costs are primarily related to the implementation of the minority business participation requirements of the bill. The discussion for each of the three divisions follows.

Office of the Secretary:

The Secretary estimates that DOA will need one Attorney II (salary grade 82) at a cost of $60,944 to provide the legal and policy assistance in drafting rules and implementing statutory requirements set forth in the G.S. §§ 143-128.2, 143-128.3, and 143-135.5 as revised by the bill. These provisions require the Secretary to draft rules establishing points to be awarded for a public entity's good faith efforts at minority business participation and to adopt guidelines for local government units to implement the provisions of G.S. § 143-128.2.

The drafting of rules is a responsibility of the Secretary's legal counsel. However, per the Department, it currently has a significant backlog of rules to be drafted for the 26 divisions within the Department. Thus, it cannot meet the requirements of the bill with existing resources. In addition to drafting the rules, the attorney would also provide assistance with the implementation of the minority business participation goals required by the bill in that the attorney would be responsible for providing guidance to the public entities in developing the minority participation outreach plans, assisting in the corrective action required for those agencies that fail to comply with G.S. § 143-128.2, providing any legal advice required by the implementation of the point system.

Fiscal Research believes the Department's need for an additional attorney is a reasonable one. However, we have adjusted their estimate from $60,944 to $64,711, annually, based on the minimum salary for the position and benefits at 15.66 percent for social security and retirement and $2,932 for medical. The recurring cost for fiscal year 2001-02 would be $32,355, assuming a January 1, 2002 effective date for the position.

State Construction Office:

The State Construction Office expects this bill to increase the responsibilities in historically underutilized business (HUB) reporting requirements, energy conservation reporting, reporting requirements relating to the effectiveness and cost of alternative contracting methods, establishment of administrative rules and in providing additional support and service to the State Building Commission. To meet these additional responsibilities, SCO estimates that it will need 3 additional Building Systems Engineers (salary grade 80) at a cost of $236,715.

One of these positions would be responsible for monitoring minority business participation goals as directed in § 3.1 of the bill. As the administrator of the state construction contracts, SCO would be responsible for implementing the minority participation requirements for the construction contracts that it administers to ensure the State's compliance with G.S. § 143.128.2. This will require an additional review in the award of contracts to ensure that the State's good faith efforts are incorporated and to ensure that bidders on state contracts have met the good faith requirements.

Another engineer would be responsible for drafting the administrative rules for the State Building Commission as directed in § 11 of the bill. Specifically, the State Building Commission has been given additional responsibility for drafting of administrative rules related to the State's Capital Facilities program. These rules govern the review of plans and specifications and types of projects to be reviewed. In addition, rules for evaluation of energy savings contracts and dispute resolution procedures must be developed. These are all new issues and responsibilities that must be researched and studied by individuals with technical expertise to assure proper drafting of the rules. In addition, as provided for in § 11.1 of the bill, the State Building Commission may become involved in Department of Insurance responsibilities for review of plans if DOI fails to act on plans within 60 days of submission. This is an expansion of the SBC's duties and powers.

The third position would evaluate the use of energy savings contracts and implement energy efficiency goals for all state buildings as directed in § 12.(f) of the bill. Currently only local governments have the authority to enter into guaranteed energy savings contracts. Under the bill, all state government entities will be able to enter into these arrangements. As part of the SCO's responsibility under G.S. § 143-341, proposals and contracts will have to be reviewed from both a technical and contractual standpoint. This is a new responsibility which will require a technically proficient individual to be involved and dedicated to this new process. Their review would include verification that the plans are in compliance with existing building codes as well as verification that the project realized the savings as guaranteed by the contractor.

In addition to the additional personnel, the SCO estimates that it will need $387,832 in nonrecurring funding for equipment and system upgrades. Specifically, it estimates that it will need 20 new computers at a cost of $35,700 and a new server and additional server ports at a cost of $14,194. The computers would replace the existing computers which do not contain enough memory, RAM, or operating space to run the web-based application efficiently. Replacing the server would provide additional capacity and prevent loss of data due to the increased demands on the system. SCO also estimates that it will need $300,000 to upgrade Interscope, the SCO's web-based application, to allow public access for tracking of project status. The bill requires SCO to track minority participation statistics by category. Point system data would also be collected. Additionally, all entities are required to report on the effectiveness and cost-benefit of utilization of each of the construction methods authorized in G.S. 143-128(a1). SCO believes the increased requirements of tracking and monitoring alternative contracting methods and minority business participation reporting requirements mandates the enhancements to the system. Finally, SCO estimates that it will need a new copier at a cost of $37,938 for the printing and distribution of reports, guidelines and information on the changes in the administrative rules and construction statutes to the design and construction community.

Based on our review of the bill, FRD believes that the estimate of $236,715 for personnel provided by SCO is reasonable. The cost for each of the three Building Systems Engineers includes recurring cost $65,754 ($54,316 SER + $8,506 SS/Retirement + $2,932 Medical) for salaries and benefits based on the special entry rate approved by the Office of State Personnel and operating cost of $9,151 for travel, supplies, continuing education. The nonrecurring cost for each position is $4,000 for equipment and office furniture. The total recurring cost for the three positions is $224,715 and the nonrecurring is $12,000.

Additionally, though we believe the computer and equipment needs are existing needs within SCO and are not mandated by the bill, we believe the additional requirements of the bill make their need for these items more crucial. Thus, our estimate includes the nonrecurring cost of $349,894 for computers, equipment and system upgrades. We have not included their estimated cost for a copier. The recurring cost for fiscal year 2001-02 would be $112,358 assuming a January 1, 2002 effective date for the positions.

The State Construction Office notes that this bill does not in any significant matter decrease the current workload of the SCO staff. The only duty it eliminates is the review of University projects less than $2,000,000. Review of projects since 1988 indicates that this equates to less than 30 per year on average. Currently under $500,000 projects are not reviewed by the SCO. Current projects in house are approximately 1,500. All claims associated with the University projects would continue to be heard by the SCO. The new mediation process does not eliminate the SCO from the claims process. One of the reasons stated by the University system to us in their request to increase the threshold from $500,000 to $2,000,000 was so the SCO could concentrate on the larger projects (over $2million) and enhance their reviews and improve turnaround times. Under Part I of the legislation, the CM at Risk construction method will not eliminate the SCO under GS 143-341 in contract negotiation preparation or oversight. The SCO will still be involved with bid protest and claims from subcontracts.

Office of Historically Underutilized Businesses.

This bill will require HUB to identify a new category of minority contractors (i.e. socially and economically disadvantaged). Also, all public entities are required to submit quarterly or semiannual reports to HUB on their minority participation efforts. Currently HUB is receiving reports from the 230 state agencies, community colleges, universities and local educational authorities. This bill will also require the municipalities (approximately 500) and the 100 counties to report to HUB semi annually. Further, though not explicitly stated in the bill, the Secretary would be responsible for reviewing the reports for the entities' compliance with G.S. 143-128.2 and to take corrective action.

To meet these additional responsibilities, HUB estimates that it will need five additional positions at a total cost of $229,877 as well as $30,000 for position upgrades. These positions include an administrative support position (grade 63), two statisticians (grade 73 and 76), a business officer III (grade 77) and an auditor III (grade 78). The statistician would be responsible for assisting with the design of the report database and analyzing the data submitted by the public entities. The business officer III would be responsible for certification and verification efforts with minority contractors including the new category. The auditor would be responsible for reviewing the reports for compliance and consulting with the entities on their corrective action plans. The administrative support position would provide clerical assistance with the processing the additional report and staffing the HUB Advisory Board.

The HUB Office received a nonrecurring appropriation for fiscal year 2001-2002. It believes that this funding will allow it to also meet the outreach requirements of the bill. However, on a recurring basis, it believes it will need $40,000 to continue the outreach efforts.

The HUB Office also estimates that it would need $366,160 nonrecurring to enhance VendorLink to include those minority contractors that would not register through e-procurement and to develop a web-based application for the minority participation reports. It would also need $14,000 recurring for the annual maintenance of the web-server. The web-based application would provide for the electronic receipt of the required reports from the public entities, more accurate and efficient reporting, and tracking and monitoring of compliance with the minority participation requirements.

The HUB Office estimates that it would need $50,000 recurring for the expenses of the HUB Advisory Board.

The Fiscal Research Division believes the identified needs are reasonable. The estimate would include the following personnel cost:

Position	Grade	Salary	SS/Ret	Medical	Total
Administrative Support	63	$22,921	$3,589	$2,932	$29,442
Statistician II	73	$34,452	$5,395	$2,932	$42,779
Statistician II	76	$39,338	$6,160	$2,932	$48,430
HUB Certification Specialist (B/O III)	77	$37,665	$5,898	$2,932	$46,495
HUB Compliance Officer (Auditor III)	78	$43,055	$6,742	$2,932	$52,729
Total Salaries and Benefits					$219,877
Operating Cost					$10,000
Total Recurring Position Cost					$229,877

Our estimate does not include the requested funding for position upgrades as this is an existing need that is not mandated by this bill. The first year recurring cost would be $114,938 assuming a January 1, 2002 effective date for the positions.

Also, we believe the requested funding for the advisory council, the system upgrades and the outreach efforts are also reasonable. These costs are summarized below:

	FY 2001-02		**FY 2002-03**
	NR	**Recurring**	**Recurring**
Upgrade IT System			
3 contractors for 6 mos	$336,960		
Web Server	$20,000		
4 PC	$9,200		
Annual Web Server Maintenance			$14,000
HUB Advisory Board			
Travel/Operating Expenses		$25,000	$50,000
Outreach/Training		$0	$40,000
Total	**$366,160**	**$25,000**	**$104,000**

Department of Insurance:
Section 11.1 requires the Commissioner of Insurance to review plans subject to G.S. 58-31-40 within 30 days of submission. It also allows an additional 30-day extension if necessary to complete the review. The turnaround time for completing reviews depends on the number of plans as well as on whether the plans have been submitted accurately and completely. Currently, the DOI has 7 reviewers for plans submitted by the community colleges and for private structures and the turnaround time is approximately 28 days. There are 6 reviewers for state projects and the turnaround time is approximately 20 days. Substantial increases in the number of plans may increase the turnaround time for reviewing plans. However, without an estimate of the number of plans that will be submitted, the Department cannot provide an estimate of the extent of the additional resources, if any, it may need to continue to review plans within 30 days of submission.

Attorney General's Office, Department of Justice

Section 3.6

Background: Section 3.6 in the fourth edition of SB 914 adds new responsibilities for the Attorney General in the administration of G.S. 143-128.2, "Minority business participation goals." These responsibilities are set out in Section 3.6 which establishes new G.S. 143-128.3, "Minority business participation administration" in subsections (b) and (f). The primary responsibilities for administration are assigned to the Department of Administration (DOA), while the role of the A.G. is at the secondary review level.

G.S. 143-28.3 requires all public entities to report certain information and data on minority business participation for each building project to DOA, Office of Historically Underutilized Businesses. DOA is also required to follow up with agencies that have not complied with minority business goals as set out in 143-128.2. and direct the development of a "corrective plan."

Under G.S. 143-128.3, the A.G. does not get involved unless the public entity has failed to comply with DOA's directive to prepare a "corrective plan." Specifically, if after notification from the Secretary of DOA, a public entity does not file a corrective plan or does not file a plan in accordance with DOA terms, both the DOA and the Attorney General are charged to do *one or both* of the following:

(1) approve new corrective plans once the public entity has consulted with HUB and/or
(2) Prevent the public entity from bidding another contract without prior review by the A.G. and DOA of a good faith compliance plan.

Section 3.6 also requires the Secretary of DOA to provide additional information to the A.G. including information on the failure of an entity to report data in accordance with Section 3.6 and any false statements, documents or other information relating to minority business participation (G.S. 143-128.3 (f)).

Fiscal Impact: Given that the A.G. is assigned new responsibilities by this bill, some fiscal impact is anticipated. T*he fiscal impact is difficult to determine since one cannot predict the number of public entities that will be non-compliant.* However, the Attorney General's

Office believes that one Attorney III is needed to carry out the new role assigned to the A.G. based on the following:

- Currently, State Construction indicates there are 1,216 projects worth $4 billion in the pipeline and normally over 1000 projects are ongoing at any one time. Given the volume of ongoing projects, there is the "potential" for a certain number of cases to reach the stage requiring A.G. review of a corrective plan.

- The A.G.'s Office indicates that one intent of G.S. 143-128.3 (b) is to provide an additional level of review over that provided by DOA. Assigning current attorneys in the Office that work with DOA may not provide adequate independence.

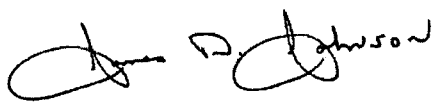
If the volume of cases forwarded to the A.G.'s Office is small it is likely that existing resources could handle new cases. However, given the "potential" for new work and the need for an additional level of review of corrective plans, Fiscal Research believes the need for one attorney is reasonable.

However, we do not believe a position is needed at an Attorney III level. The legal work is not likely to involve litigation. If a position is established, it should be at the Attorney I or II level. The cost of an Attorney II is $64,791. Because this section of the bill is effective January 1, 2002 and since the A.G. is only involved in a review if DOA requirements are not met, any cost for an Attorney would not begin until July 1, 2002.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910
PREPARED BY: Marilyn Chism

APPROVED BY: James D. Johnson



DATE: November 29, 2001

Subject: Position of CEC/NC on Senate Bill 914 - Message from the Presiden t of CEC/NC

To Honorable members of the North Carolina Legislature:

As final consideration of Senate Bill 914 approaches, I would like to reiterate the position of the Consulting Engineers Council of North Carolina (CEC/NC) on this legislation. Our position is as follows:

1. The leadership and membership of CEC/NC are strongly opposed to any expansion of the practice Landscape Architecture to include engineering design without first verifying that the individuals responsible for the design have the appropriate education, experience, and licensing. In addition, there should be a reliable process in place to assure compliance with all competency requirements prior to making any changes to existing regulations.

2. CEC/NC realizes that there are many parties interested in the passage of the remaining portions of Senate Bill 914. In the interest of securing passage of the bill, CEC/NC has agreed not to oppose the proposed legislation as long as the compromise language of 10/5/01 is included in the legislation. It should be understood that this is not an endorsement of the bill or the compromise language, it is merely an agreement not to oppose it in the interest of moving remaining portions of the legislation forward.

3. CEC/NC is aware of efforts by PENC to revise the current compromise language. CEC/NC is in support of language acceptable to PENC membership which clarifies the compromise language.

4. CEC/NC is generally in support of the portions of the bill dealing with construction management at risk and single prime contracting.

We appreciate your consideration of our position on these issues. Please do not hesitate to call me if you have any questions.

Stephen Criscenzo
President - Consulting Engineers Council of North Carolina
Office 919 831-8047
Fax 919 831 8137
Mobile 919 949 1707

J. D. Solomon - North Carolina Chapter
American Society of Civil Engineers

VISITOR REGISTRATION SHEET

APPROPRIATIONS — OCTOBER 18, 2001

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS

VISITOR REGISTRATION SHEET

Appropriations
Name of Committee

12-3-01
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Gwynn T. Swinson	Dept. of Administration
Bridget Wade	Hwy Office / DOA
Caitlin Mynch	DOA
[illegible]	[illegible]
Martha Glass	DOA
Ruth Sapphire	NCDOT
[illegible]	TDOT - DMV
KEVIN MacNAUGHTON	UNC
[illegible]	OSBM
Cares Pinder	11
R.S. Nelson	UNC
CHARLES LEFFLER	NC STATE UNIV.
CHUCK COOPER	ACCENTURE
Jeff Davies	UNC
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	City of Fed[illegible]
[illegible]	[illegible]
[illegible]	CSC
[illegible]	NCCU
Leslie Winner	UNC
Evelyn Hawthorne	UNC Chapel Hill
Roz Savitt	NCCCC
[illegible]	[illegible]
[illegible]	NCDOT & NCPTA
J.D. [illegible]	ASCE
Henry Jones	Attorney - Raleigh

VISITOR REGISTRATION SHEET

Appropriations — 12-3-01
Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Laura DeVivo	DENR
Bill Flannery	DENR
Jere Royall	NC Family Policy Council
Emily Eglehart	Smith Anderson
Sara Beverly	LBA
Mark Fleming	NC State University
ANN LOLE	DUHS
Ken Melton	Allen Associates, Inc.
Mark Gleason	Capitol Groups
Jim Blackburn	County Commrs Assoc.
John Phelps	NCLM
Dave Simpson	Carolinas AGC
Leanne Winner	NCSBA
Paul B. Hoobson	Professional Engineers of NC
Jack Cozort	CEC NC
David Crawford	AIA NC
Andrew Ritter	NC Board of Examiners of PE's + PLS
Tim Clancy	Clancy & Theys Const. Co
Hal Miller	NCACCT
Jim LORA	NC DPI
JERRY KNOTT	" "
John Mehegal	GOV OFFICE
Katie Cassens	SCO
Spencer Phillips	State Auditor
SMITTY LOCKLEAR	DOA
Brooks Shannon	DOA

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA
Friday, December 7, 2001
10:30 AM

S 346 Amend Stalking/Domestic Violence Laws

Minutes
House Appropriations Committee Meeting
Friday, December 7, 2001
10:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 10:40 AM for the purposes of considering S 346, a bill to be entitled an act amending the law regarding the criminal offense of stalking and certain domestic violence laws. He recognized the House Pages in attendance.

The Co-Chair recognized Senator Rand and Representative Goodwin to explain the bill. Rep. Goodwin stated that S 346 would amend the stalking law to prohibit a broader category of behavior, increase the criminal penalties of a violation and define "harassment." It would make other changes to the domestic violence bail and pretrial release stature and increase the punishment of felonies committed after a domestic violence protective order is in pace as listed in the attached Bill Analysis. The fiscal impact would total $36, 342 for FY '01-'02 and the membership was referred to the legislative fiscal note attached.

Anne Winner with the NC Coalition Against Domestic Violence was recognized for her expertise on the language in the bill.

A technical amendment by Rep. Goodwin, which changes the date from December 1 2001 to March 1, 2002 on page 4, line 21 passed by a voice vote. A second technical amendment offered by Rep. Sutton to delete the word "annoys," on page 2, line 1 passed by voice vote. Representative Sherrill moved to give the bill a favorable report as amended. The motion passed by a voice vote and the meeting adjourned at 11:25 am.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2001 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** for the Committee on **APPROPRIATIONS**.

☐ Committee Substitute for
S.B. 346 A BILL TO BE ENTITLED AN ACT AMENDING THE LAW REGARDING THE CRIMINAL OFFENSE OF STALKING AND CERTAIN DOMESTIC VIOLENCE LAWS

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 12.7.01

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 3

SENATE BILL 346

Judiciary I Committee Substitute Adopted 4/25/01
House Committee Substitute Favorable 5/16/01

Short Title: Amend Stalking/Domestic Violence Laws. (Public)

Sponsors:

Referred to:

March 6, 2001

A BILL TO BE ENTITLED

AN ACT AMENDING THE LAW REGARDING THE CRIMINAL OFFENSE OF STALKING AND CERTAIN DOMESTIC VIOLENCE LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-277.3 reads as rewritten:

"**§ 14-277.3. Stalking.**

(a) Offense. – A person commits the offense of stalking if the person willfully on more than one occasion follows or is in the presence ~~of~~ of, or otherwise harasses, another person without legal purpose and with the intent to ~~cause death or bodily injury or with the intent to cause emotional distress by placing that person in reasonable fear of death or bodily injury.~~ do any of the following:

(1) Place that person in reasonable fear either for the person's safety or the safety of the person's immediate family or close personal associates.

(2) Cause that person to suffer substantial emotional distress by placing that person in fear of death, bodily injury, or continued harassment, and that in fact causes that person substantial emotional distress.

(b) Classification. – A violation of this section is a Class ~~1~~A1 misdemeanor. A person who commits the offense of stalking when there is a court order in effect prohibiting similar behavior by that person is guilty of a Class ~~A1 misdemeanor. A second or subsequent conviction for stalking occurring within five years of a prior conviction of the same defendant is punishable as a Class I felony.~~ H felony. A person who commits the offense of stalking after having been previously convicted of a stalking offense is guilty of a Class F felony.

(c) Definition. – For the purposes of this section, the term 'harasses' or 'harassment' means knowing conduct, including written or printed communication or transmission, telephone or cellular or other wireless telephonic communication, facsimile transmission, pager messages or transmissions, answering machine or voice mail messages or transmissions, and electronic mail messages or other computerized or

electronic transmissions, directed at a specific person that annoys, torments, terrorizes, or terrifies that person and that serves no legitimate purpose."

SECTION 2. G.S. 15A-534.1(a) reads as rewritten:

"(a) In all cases in which the defendant is charged with assault ~~on or~~ on, communicating a threat ~~to~~ to, or committing a felony provided in Articles 7A, 8, 10, or 15 of Chapter 14 of the General Statutes upon a spouse or former spouse or a person with whom the defendant lives or has lived as if married, with domestic criminal trespass, or with violation of an order entered pursuant to Chapter 50B, Domestic Violence, of the General Statutes, the judicial official who determines the conditions of pretrial release shall be a judge, and the following provisions shall apply in addition to the provisions of G.S. 15A-534:

(1) Upon a determination by the judge that the immediate release of the defendant will pose a danger of injury to the alleged victim or to any other person or is likely to result in intimidation of the alleged victim and upon a determination that the execution of an appearance bond as required by G.S. 15A-534 will not reasonably assure that such injury or intimidation will not occur, a judge may retain the defendant in custody for a reasonable period of time while determining the conditions of pretrial release.

(2) A judge may impose the following conditions on pretrial release:

a. That the defendant stay away from the home, school, business or place of employment of the alleged victim;

b. That the defendant refrain from assaulting, beating, molesting, or wounding the alleged victim;

c. That the defendant refrain from removing, damaging or injuring specifically identified property;

d. That the defendant may visit his or her child or children at times and places provided by the terms of any existing order entered by a judge.

The conditions set forth above may be imposed in addition to requiring that the defendant execute a secured appearance bond.

(3) Should the defendant be mentally ill and dangerous to himself or others or a substance abuser and dangerous to himself or others, the provisions of Article 5 of Chapter 122C of the General Statutes shall apply."

SECTION 3. G.S. 50B-1(a) reads as rewritten:

"(a) Domestic violence means the commission of one or more of the following acts upon an aggrieved party or upon a minor child residing with or in the custody of the aggrieved party by a person with whom the aggrieved party has or has had a personal relationship, but does not include acts of self-defense:

(1) Attempting to cause bodily injury, or intentionally causing bodily injury; or

(2) Placing the aggrieved party or a member of the aggrieved party's family or household in fear of imminent serious bodily ~~injury;~~ injury or continued harassment, as defined in G.S. 14-277.3, that rises to such a level as to inflict substantial emotional distress; or

(3) Committing any act defined in G.S. 14-27.2 through G.S. 14-27.7."

SECTION 4. G.S. 50B-2(c1) reads as rewritten:

"(c1) Ex Parte Orders by Authorized Magistrate. – The chief district court judge may authorize a magistrate or magistrates to hear any motions for emergency relief ex parte. Prior to the hearing, if the magistrate determines that at the time the party is seeking emergency relief ex parte the district court is not in session and a district court judge is not and will not be available to hear the motion for a period of four or more hours, the motion may be heard by the magistrate. If it clearly appears to the magistrate from specific facts shown that there is a danger of acts of domestic violence against the aggrieved party or a minor child, the magistrate may enter such orders as it deems necessary to protect the aggrieved party or minor children from such acts, except that a temporary order for custody ex parte and prior to service of process and notice shall not be entered unless the magistrate finds that the child is exposed to a substantial risk of bodily injury or sexual abuse. An ex parte order entered under this subsection shall expire and the magistrate shall schedule an ex parte hearing before a district court judge ~~within 72 hours of the filing for relief under this subsection, or~~ by the end of the next day on which the district court is in session in the county in which the action was ~~filed, whichever occurs first.~~filed. ~~A party who has paid court costs due for seeking an order from the magistrate under this subsection shall not be liable for court costs for a hearing before the district court judge scheduled and heard pursuant to an order entered by the magistrate under this subsection.~~ Ex parte orders entered by the district court judge pursuant to this subsection shall be entered and scheduled in accordance with subsection (c) of this section."

SECTION 5. G.S. 50B-4.1 reads as rewritten:

"**§ 50B-4.1. Violation of valid protective ~~order a misdemeanor.~~ order.**

(a) ~~A~~ Except as otherwise provided by law, a person who knowingly violates a valid protective order entered pursuant to this Chapter or who knowingly violates a valid protective order entered by the courts of another state or the courts of an Indian tribe shall be guilty of a Class A1 misdemeanor.

(b) A law enforcement officer shall arrest and take a person into custody without a warrant or other process if the officer has probable cause to believe that the person knowingly has violated a valid protective order excluding the person from the residence or household occupied by a victim of domestic violence or directing the person to refrain from doing any or all of the acts specified in G.S. 50B-3(a)(9).

(c) When a law enforcement officer makes an arrest under this section without a warrant, and the party arrested contests that the out-of-state order or the order issued by an Indian court remains in full force and effect, the party arrested shall be promptly provided with a copy of the information applicable to the party which appears on the

National Crime Information Center registry by the sheriff of the county in which the arrest occurs.

(d) Unless covered under some other provision of law providing greater punishment, a person who commits a felony at a time when the person knows the behavior is prohibited by a valid protective order as provided in subsection (a) of this section shall be guilty of a felony one class higher than the principal felony described in the charging document. This subsection shall not apply to a person who is charged with or convicted of a Class A or B1 felony or to a person charged under subsection (f) of this section.

(e) An indictment or information that charges a person with committing felonious conduct as described in subsection (d) of this section shall also allege that the person knowingly violated a valid protective order as described in subsection (a) of this section in the course of the conduct constituting the underlying felony. In order for a person to be punished as described in subsection (d) of this section, a finding shall be made that the person knowingly violated the protective order in the course of conduct constituting the underlying felony.

(f) Unless covered under some other provision of law providing greater punishment, any person who knowingly violates a valid protective order as provided in subsection (a) of this section, after having been previously convicted of three offenses under this Chapter, shall be guilty of a Class H felony."

SECTION 6. This act becomes effective December 1, 2001, and applies to offenses committed on or after that date.

Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 346

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S346-ALH-53 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Goodwin

moves to amend the bill on page 4, line 21, March
by deleting "December 1, 2001", and substituting "~~January~~ 1, 2002".

SIGNED Wayne Goodwin
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED V VMC FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

adopted voice vote

(Please type or use ballpoint pen)

EDITION No. 3rd

H. B. No. _____ DATE 12/6/01

S. B. No. 346 Amendment No. 2

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
Sen.) Sutton

1 moves to amend the bill on page 2, line 1

2 ( ) WHICH CHANGES THE TITLE

3 by deleting the phrase "annoys,".

4

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SIGNED _____

ADOPTED ✓ voice FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE (INCARCERATION NOTE G.S. 120-36.7)

BILL NUMBER: SB 346 (Second Edition)

SHORT TITLE: Amend Stalking/Domestic Violence Laws

SPONSOR(S): Senator Rand

FISCAL IMPACT

Yes (X) No ( ) No Estimate Available (X)

(In millions)

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
GENERAL FUND					
Correction					
Recurring	$0	$27,173	$55,977	$118,357	$207,319
Judicial					
Jury Fees	$11,352	$22,704	$22,704	$22,704	$22,704
Indigent Defense	$24,990	$54,978	$60,476	$66,523	$73,176
TOTAL EXPENDITURES	$36,342	$104,855	$139,157	$207,584	$303,199

Section 1 (G.S. 14-277.3): For new stalking misdemeanor offenses, impact on county jails is expected but no estimate is available; fiscal impact on Judicial Branch can be absorbed with existing resources. For felony stalking offenses, Judicial Branch is expected to incur costs as shown above; and impact on the Department of Correction is expected but cannot be determined.

Section 2 (G.S. 15A-534.1(a)): Pretrial release conditions are expected to have a fiscal impact on the Judicial Branch, but cannot be estimated.

Section 3 (G.S. 50B-1 (a)): Fiscal impact on the Judicial Branch expected but cannot be estimated.

Section 4 (G.S. 50B-4.1): A fiscal impact is expected on the Judicial Branch and DOC as a result of a new felony offense for repeat violations of protective orders (G.S. 50B-4.1(f)). However, it cannot be estimated at this time.
The enhanced felony class for felonies that violate a protective order (G.S. 50B-4.1(d)) is expected to have a fiscal impact on the Department of Correction as shown above; an impact on the Judicial Branch is expected but not available.

POSITIONS: It is anticipated that approximately 1 position would be needed to supervise the additional inmates housed under this bill by the year 2005-06. This is based on inmate to employee ratios, provided by the Division of Prisons, for close, medium, and minimum custody facilities. For the five-year fiscal note horizon, it is recommended that a ratio of 2.5 inmates to one employee be used for each custody level.

PRINCIPAL DEPARTMENT (S) & PROGRAM (S) AFFECTED: Dept. of Correction: Judicial Branch, County Jails

EFFECTIVE DATE: This act becomes effective December 1, 2001, and applies to offenses committed on or after that date.

NOTE: *This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.*

BILL SUMMARY:

Section 1 of the proposed bill revises G.S. 14-277.3 by broadening the definition of stalking and enhancing the penalty. Under the bill, a person commits the offense of stalking if the person willfully on more than one occasion follows or is in the presence of, *or otherwise harasses*, another person, without legal purpose and with the intent to place the person in reasonable fear either for the person's safety or the safety of their immediate family or close personal associates. It further enhances violation of this section to a Class A1 misdemeanor from a Class 1, and to Class H felony from a Class I felony if done when there is a court order in effect prohibiting similar behavior. The bill also provides that a person who commits the offense of stalking after having been previously convicted of a stalking offense is guilty of a Class F felony.

Section 2 revises GS 15A-534.1(a) to add that a judge must determine pretrial release conditions in all cases in which the defendant is charged with committing a felony under a variety of specified offenses (including rape and sexual offenses, assault, kidnapping, and arson) upon current or past domestic partners.

Section 3 revises GS 50B-1(a) to include continued harassment that inflicts substantial emotional distress within the definition of domestic violence. Under Section 4, GS 50B-4.1 is amended to provide that a person committing a felony while knowingly violating a valid protective order shall be guilty of a felony one class higher than the principal felony (unless that is a Class A or B1 felony or the multiple offense felony created by this law) and makes fourth offense of violation of a valid protective order a Class H felony.

ASSUMPTIONS AND METHODOLOGY: Department of Correction and the Judicial Branch

Stalking Offenses (Misdemeanor Offenses, G.S. 14-277.3)

The proposed bill expands the scope of the stalking offense to cover harassing conduct and enhances violation of G.S. 14-277.3 to a Class A1 misdemeanor. The bill defines harass or harassment as knowing conduct communicated by any means (written, printed, telephonic, or electronic) directed at a specific person that annoys, torments, terrorizes, or terrifies that person and that serves no legitimate purpose. Consequently, additional charges and jail sentences may result since some people would be charged with the broader stalking offense created by this bill that might not otherwise be charged with any offense under the current law, and offenders currently charged with Class 1 would be upgraded to Class AI

There were 86 Class 1 misdemeanor convictions for stalking and 14 Class A1 misdemeanor convictions for stalking during FY 1999/2000, according to the NC Sentencing Commission. In addition, the Administrative Office of the Courts (AOC) reports that for a similar period (CY 2000) data indicate that 830 defendants were charged with misdemeanor stalking (Class 1 and Class A1 misdemeanors).

While it is not known how many additional sentences will result from broadening the definition of stalking, Fiscal Research does not expect the expansion of scope and reclassification of Class 1 misdemeanor convictions to Class A1 misdemeanor convictions to have an impact on the prison population. However, the reclassification and the expansion of scope could have an impact on local jail populations. In FY 1999/2000, 19% of Class A1 misdemeanor convictions resulted in active sentences. The average sentence length imposed was 69 days. Offenders serving active sentences of 90 days or less are housed in county jails.

AOC cannot provide an estimate on the increase in district court workload that would result from the enhancement of the misdemeanor offenses from Class 1 to Class A1, or from the expansion of scope. But, given the number of offenders currently charged and that any expected increase in Judicial Branch workload is spread statewide, Fiscal Research estimates the impact from this section of the bill can be absorbed with existing resources.

Stalking Offenses (Felony Offenses, G.S. 14-277.3)

The proposed bill enhances violation of this section to a Class H felony from a misdemeanor if done when there is a court order in effect prohibiting similar behavior. The bill also provides that a person who commits the offense of stalking after having been previously convicted of a stalking offense is guilty of a Class F felony. Given these penalty upgrades and the expansion of scope, some defendants would face longer sentences, and in some cases, be ineligible for community sanctions. It also can be expected that the defense and prosecution would be more vigorous, resulting in more time and cost to the courts.

During CY 1999/2000 there were 15 defendants charged with felony stalking (Class I), according to the AOC. The Sentencing Commission reports that for a similar period (FY 1999/2000) there were no Class I felony convictions for stalking.

While it cannot be assumed that the 14 Class A1 convictions for stalking in FY 1999/2000 were committed while a court order was in place, the Sentencing Commission can estimate the impact on the prison population under various scenarios. If, for example, there are 15 convictions for stalking with a court order in place that move from Class A1 to Class H, this would result in the need for four additional prison beds the first year and eight additional prison beds the second year.

If there are five convictions for repeated stalking that move from Class I to Class F, this would result in the need for three additional prison beds the first year and five additional prison beds the second year.

While it is not known how many offenders will be sentenced as a result of the penalty enhancements, Fiscal Research assumes there may be an impact on the Department of Correction since there are no surplus prison beds available for the five year Fiscal Note horizon and beyond, and each active sentence would create the need for an additional prison bed.

AOC is unable to provide at this time an estimate on the impact to the court system from the Class F felony enhancement, but has provided analysis on the Class H felony enhancement if done when there is a court order in effect prohibiting similar behavior. Although they do not have data on the exact number of such defendants, they note the percentage could be very high given the very large number of Chapter 50B protective order cases. In calendar year 2000, there 25,766 protective order cases under Chapter 50B. They, therefore, estimate conservatively that a minimum of 7% (between 5% and 10%) of the CY1999/2000 misdemeanor stalking charges, or 58 defendants would be charged under the bill with the Class H felony.

In addition, they estimate that 7% of defendants charged with harassing/threatening telephone calls (Class 2 misdemeanor) and those charged with communicating threats (Class 1 misdemeanor) could be charged under the broad language of the bill. There were 6,154 and 24,097 defendants charged in CY 2000, respectively. Thus, they estimate 430 of the defendants charged with harassing/threatening telephone calls and 1,686 defendants charged with communicating threats would be charged with the Class H felony under the bill, for a total of 2,116 defendants. Added to the 58 defendants, AOC would estimate 2,174 defendants would be charged with felonies under the bill instead of misdemeanor under current law.

Assuming that 2% of these defendants would go to trial, 43 felony trials at 2 days (12 hours) in superior court is estimated. The jury fees associated with the new superior court trials are estimated at $22,704 for the 43 trials ($528 for each 2-day trial).

Along with jury fees, these new superior court trials would be associated with personnel costs and indigent defense costs. However, Fiscal Research does not include personnel costs in its calculation if the workload increase is less than 3,600 (3,600 = 2 fulltime positions). With this particular amendment, workload is only estimated to increase by 1,494 hours.

In addition to those defendants going to trial, AOC estimates that 60%, or 1,304 defendants, would plead guilty. AOC estimates that about 60% of these defendants, or 26 defendants with felony trials and 782 defendants with guilty pleas, would be found indigent and receive court-appointed counsel. For trials, AOC estimates 12 in-court hours and 5 additional hours of preparation time would be need for a total of 17 hours. At a cost of $60 per hour, AOC estimates indigent costs for trials at $26,520 (26 trials x 17 hours x $60). For guilty pleas, AOC expects an additional half hour of preparation time would be needed. At a cost of $60 per hour, AOC estimates indigent costs for guilty pleas at $23,460 (782 pleas x .5 hours x $60). Indigent cost for a full year would total $49,980. AOC, further, estimates that indigency cost would increase by 10% each year, during the five-year Fiscal Note horizon.

Pretrial Release Conditions Under Chapter 50B

This bill amends GS 15A-534.1(a) to add that a judge must determine pretrial release conditions in all cases in which the defendant is charged with committing a felony under Articles 7A (Rape and Other Sex Offenses), 8 (Assaults), 10 (Kidnapping and Abduction), or 15 (Arson and Other Burnings), upon a spouse or former spouse or a person with whom the defendant lives or has lived as if married. Current G.S. 15A-534 provides that a judicial official (not only a judge) must determine pretrial release conditions for a defendant not covered under current G.S. 15A-534.1(a). Thus, magistrates would no longer be able to determine pretrial release conditions for defendants charged with various sex offenses (including rape and sexual offenses, assault, kidnapping, and arson) that involve domestic relationships defined under the bill.

AOC cannot provide an estimate on the impact to the court system as a result of this provision. Nevertheless, they note that there are numerous offenses covered under the specified articles to which the bill would apply. For example, one such offense is first-degree and second degree kidnapping, in which AOC data for calendar year 2000 indicates that 1,447 defendants were charged with this offense. Thus, given the number of new offenses to which this provision could apply, Fiscal Research and AOC would anticipate a fiscal impact on the courts.

Expanded Definition of Domestic Violence (G.S. 50B-1(a))

Similar to the expanded scope of stalking offenses under the bill (discussed previously), the bill adds harassing conduct to the definition of domestic violence. The broad definition for harassment can be expected to result in new charges being filed, more protective orders being sought and entered by the court, and thus, additional violations of protective orders. However AOC has no data from which to estimate the extent of this impact on the courts. Given that this change affects the definition of domestic violence for the entire Chapter, Fiscal Research and AOC assumes it could have a very substantial impact on court workload.

New Felony for Repeat Violations of Protective Orders (G.S. 50B-4.1(f))

Fiscal Research anticipates a fiscal impact on the courts and the prison population from this section of the bill. In FY 1999/2000 there were 929 convictions for violation of a protective order, with 331 having three or more prior conviction points. In addition, the AOC data indicate there were 3,274 defendants charged with a misdemeanor violation of a domestic violence protective order under G.S. 50B-4.1. While the AOC database contains information on the number of prior conviction points, it does not contain information about the specific offenses that are used to calculate the number of points. Therefore, it is not known how many offenders have knowingly violated a valid protective order and have previously been convicted of three Chapter 50B offenses.

The Sentencing Commission notes if, for example, there were three convictions that moved from a Class A1 misdemeanor to a Class H felony, the combination of active sentences and probation revocations would result in the need for one prison bed the first year and two prisons beds the second year. If, for example, there were 100 convictions that moved from a Class A1 misdemeanor to a Class H felony, the combination of active sentences and probation revocations would result in the need for 22 prison beds the first year and 50 prison beds the second year.

According to AOC, the number of cases that may result is unknown and there is no estimate available of the fiscal impact on the Judicial Branch. Notwithstanding, Fiscal Research assumes there will be a fiscal impact on the Judicial Branch.

Enhanced Felony Class for Felonies that Violate a Protective Order (G.S. 50B-4.1(d))

As indicated earlier, the section of the bill amends G.S. 50B-4.1 to punish a person who commits any felony at the time the person knows the behavior is prohibited by a valid protective order with a felony one class higher than the principal felony.

AOC is unable to provide an estimate on the Judicial Branch as a result of this provision. Fiscal Research assumes there will be a fiscal impact given the felony enhancement.

During FY 1999/2000 there were 19 felony convictions associated with the violation of a valid protective order. Since the conditions of the protective order are not computerized, it is not known whether all of these convictions would increase one felony offense class as proposed. For purposes of simulation, it was assumed that all 19 felony convictions would increase by one offense class.

The chart below compares the projected inmate population to prison bed capacity and shows whether there is adequate bed capacity for any population increases caused by a specific bill. Based on the most recent population projections and estimated available prison bed capacity, *there are no surplus prison beds available for the five*

year Fiscal Note horizon and beyond. That means the number of beds needed (Row 5) is always equal to the projected additional inmates due to a bill (Row 4).

Rows 4 and 5 in the chart show the impact of this specific Bill. As shown in bold in the chart below, the Sentencing Commission estimates this specific legislation will add 3 inmates to the prison system by the end of FY 2005-06.

	June 30 2002	June 30 2003	June 30 2004	June 30 2005	June 30 2006
1. Projected No. Of Inmates Under Current Structured Sentencing Act[1]	33,141	33,954	34,738	35,682	36,590
2. Projected No. of Prison Beds (DOC Expanded Capacity)[2]	32,544	32,712	32,712	32,712	32,712
3. No. of Beds Over/Under No. of Inmates Under Current Structured Sentencing Act	*-597*	*-1,242*	*-2,026*	*-2970*	*-3,878*
4. No. of Projected Additional Inmates Due to this Bill[3]	0	1	1	2	3
5. No. of Additional Beds Needed Each Fiscal Year Due to this Bill[3]	0	1	1	2	3

OTHER ASSUMPTIONS:

1. The assumptions for number of active sentences and number of probation revocations assume the same percentage as found for Class E offenders in FY 1999/2000. Assumes no changes in judicial or prosecutorial behavior regarding convictions for this offense.
2. Assumes no deterrent effects as a result of the bill.

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[1] The Sentencing and Policy Advisory Commission prepares inmate population projections annually. The projections used for incarceration fiscal notes are based on January, 2001 projections. These projections are based on historical information on incarceration and release rates under Structured Sentencing, crime rates forecast by a technical advisory board, probation and revocation rates, and the decline (parole and maxouts) of the stock prison population sentenced under previous sentencing acts.

[2] Projected number of prison beds is based on beds completed or funded and under construction as of 1/11/01. The number of beds assumes the Department of Correction will operate at an Expanded Operating Capacity (EOC), which is the number of beds above 100% or Standard Operating Capacity. The EOC is authorized by previous court consent decrees or departmental policy. ***These bed capacity figures do not include the 3,000 new beds proposed by the Department of Correction for operation in 2003 and 04 nor the potential loss in bed capacity due to any proposals in the 2001 Session to eliminate prison beds or close prisons.***

[3]Criminal Penalty bills effective December 1, 2001 will only affect inmate population for one month -- June of FY 2001-02 – due to lag time between when an offense is committed and an offender is sentenced.

FISCAL IMPACT BEYOND FIVE YEARS -- Fiscal Notes look at the impact of a bill through the year 2006. However, there is information available on the impact of this bill in later years. The chart below shows the additional inmates due to this bill, the projected available beds, and required beds due only to this bill each year.

	2006-07	2007-08	2008-09	2009-10
Inmates Due to This Bill	4	5	6	7
Available Beds	-4,848	-5,771	-6,688	-7,597
New Beds Needed	4	5	6	7

DISTRIBUTION OF BEDS: After analyzing the proposed legislation, the Department of Correction estimates the following distribution of beds as needed under this bill:

Close Custody – 29%
Medium Custody –44%
Minimum Custody –27%

NOTE: *The Department of Correction indicates that the prison system is under capacity in close custody beds only. However, in assigning the true cost of this bill, the Fiscal Research Division considered the number of beds needed at each custody level due to this bill.*

OPERATING: Operating costs are based on actual 1999-2000 costs for each custody level as provided by the Department of Correction on November 1, 2000. A 3% per year inflationary rate has been added to these 99-00 costs to determine the five-year recurring costs estimated in the Fiscal Impact Table on Page 1.

DAILY INMATE OPERATING COST 99-2000

Custody Level	Minimum	Medium	Close	Statewide Average
Daily Cost Per Inmate (99-2000)	$52.52	$68.13	$75.32	$63.65

These costs include security, inmate costs (food, medical etc.) and administrative overhead costs for the Department and the Division of Prisons.

NOTE: *Operating costs will be calculated as follows: number of offenders times daily cost per inmate for each custody level = total operating costs. For bills that increase inmate population in 2002 or 2003, only operating costs are included in the estimate of fiscal impact. This methodology is based on the following assumption. It is not practical to assume that Correction can build prisons quickly enough to house additional offenders before 2003-04. In practice, DOC will have to purchase additional beds out of state or in county jails or establish temporary beds until construction can be completed. Based on previous contract costs for purchasing beds, the DOC statewide average cost for 99-2000 will be the base cost of buying a prison bed.*

METHODOLOGY FOR CALCULATING PRISON BED COSTS: Sentencing Commission projections and DOC estimates of custody levels and operating costs (illustrated previously) were the basis for calculating the number of beds needed each year. Due to the gap between the time a felony offense is committed and the offender is sentenced, the effective date for prison impact is estimated to be 6/1/2002. Therefore, fiscal impact

for FY 2002 is for the month of June only, or 1/12 of the annual bed operating cost. Fiscal Year 2003 represents the first full year, and in this case the first year in which a prison bed is needed.

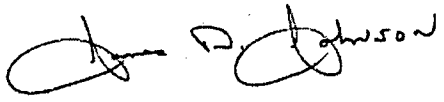
SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission; and Office of State Construction

TECHNICAL CONSIDERATIONS: The bill's change of felony level will require a change in how stalking is cited in the Victim's Rights Act (Article 46 of Chapter 15A) if stalking is still to be covered. The current law defines a *victim* as a person against whom there is probable cause to believe that one of the crimes listed has been committed. Stalking is one of the offenses specifically listed for Class I felony violations. Under the bill, the felony offense of stalking is a Class H or Class F felony and not a Class I felony, as provided under current law. If it is the intent of the General Assembly that stalking continue to be covered under the Victim's Rights Act, then it should amend the specific listing of this section among Class H or Class F felonies pursuant to the change in the bill, instead of a Class I felony.

FISCAL RESEARCH DIVISION 733-4910

PREPARED BY: Lisa Robinson and Jim Mills

APPROVED BY: James D. Johnson



DATE: May 8, 2001

SENATE BILL 346:
Amend Stalking/Domestic Violence Laws

BILL ANALYSIS

Committee:	House Judiciary III	**Introduced by:**	Senator Rand
Date:	May 15, 2001	**Summary by:**	Dianna Jessup
Version:	PCS S346-CSRV-18[v.3]		Committee Counsel

SUMMARY: ***The PCS for Senate Bill 346 would amend the stalking law to prohibit a broader category of behavior, to increase the criminal penalties for a violation, and to define "harassment." The bill would make other changes to the domestic violence bail and pretrial release statute and increase the punishment for felonies committed after a domestic violence protective order is in place.***

The PCS differs from the second edition in that Section 4 was added, which would amend the statute regarding ex parte orders entered by magistrates in domestic violence cases so that the orders would expire and hearings would be scheduled before a judge by the end of the next day on which the district court is in session.

This bill would become effective December 1, 2001, and apply to offenses committed on or after that date.

CURRENT LAW: **Stalking.** North Carolina's anti-stalking law was first enacted in June 1992. The statute was last amended in 1997, when the offense was raised from a Class 2 to a Class 1 misdemeanor (maximum 120 days' punishment), and the commission of the offense while a court order is in effect prohibiting similar conduct was raised from a Class 1 to a Class A1 misdemeanor (maximum 150 days' punishment).

Currently, a person commits the offense of stalking when the person:

- Willfully and on more than one occasion
- Follows, *or* is in the presence
- Of another person
- Without legal purpose
- With the intent to cause death or bodily injury *or* with the intent to cause emotional distress by placing that person in reasonable fear of death or bodily injury.

In 1999, the General Assembly expanded the telephone harassment statute to prohibit threatening e-mail communications (G.S. 14-196). Violation of the telephone harassment statute is a Class 2 misdemeanor. Other offenses related to stalking include: communicating threats (G.S. 14-277.1 - Class 1 misdemeanor), domestic criminal trespass (G.S. 14-134.3 - Class 1 misdemeanor), assault on a female (G.S. 14-33(c)(2) - Class A1 misdemeanor), simple assault (G.S. 14-33 - Class 2 misdemeanor)

Domestic Violence: State law permits a person to file a civil action to obtain a protective order or other relief to protect against acts of domestic violence. "Domestic violence" is defined to mean the commission upon an aggrieved party by a person with whom the aggrieved party has or has had a personal relationship of the following acts: attempting to cause or causing bodily injury; placing the aggrieved party or a member of the aggrieved party's family or household in fear of imminent serious bodily injury; or rape. Currently, an aggrieved party may seek an ex parte order from an authorized

magistrate. An ex parte order entered by a magistrate expires, and a magistrate must schedule an ex parte hearing before a district court judge within 72 hours of the filing for relief or by the end of the next day on which the district court is in session in the county in which the action was filed, whichever occurs first.

BILL ANALYSIS: Section 1 of the bill would amend the stalking statute to broaden the category of behavior prohibited by G.S. 14-277.3 to include harassment and acts designed to place a victim in reasonable fear either for the victim's safety or that of the victim's immediate family or close personal associates. The bill would also prohibit harassment that is intended to cause, and does cause, substantial emotional distress by placing the victim in fear of bodily harm. The terms "harasses" and "harassment" would be added as defined terms and would include most types of communications that annoy, torment, terrorize or terrify a victim.

The bill would also increase the class of the offense of stalking to a Class A1 misdemeanor, punishable by a maximum of 150 days' community/intermediate/active punishment. Where a court order is in effect prohibiting similar behavior, a violator would be punished as a Class H felon (currently, Class A1 misdemeanor), and may be sentenced to a maximum of 30 months. A recidivist would be punished as a Class F felon, with a maximum punishment of 59 months.

Section 2 would amend G.S. 15A-534.1(a) to add to the list of domestic violence crimes drawing special conditions of bail and pretrial release, the following categories of felonies when committed upon a victim group: Rape/Sex Offenses (Article 7A), Assaults (Article 8), Kidnapping/Abduction (Article 10), or Arson (Article 15).

Section 3 would make a conforming change to the domestic violence definition from Chapter 50B. If the bill were enacted, domestic violence would include acts that place a victim group in fear of continued harassment to a level that inflicts substantial emotional distress.

Section 4 would amend the statute governing the expiration of ex parte orders by magistrates in a domestic violence case so that the orders would no longer expire within 72 hours. Instead, the order's expiration and the ex parte hearing before the district court judge would be scheduled for the next day on which the district court is in session. This change would eliminate the need for the aggrieved party to return to court every 72 hours, even if there is not a district court judge available.

Section 5 would expand the punishment for violating a domestic violence protective order (50B order). A person committing felonious acts prohibited by a known existing 50B order would be punished at one higher felony class, unless the felonious act is punishable as a Class A or B1 felony. Any person who knowingly violates a 50B order after having been previously convicted of three Chapter 50 offenses would be guilty of a Class H felony, with a maximum punishment of 30 months.

Al Andrews and Trina Griffin contributed to this summary.

VISITOR REGISTRATION SHEET

Appropriations
Name of Committee

12/6/07
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
DAVID BARNES	Poyner Spruill LLP
W M Potter	NCDS & NCPHA
Pam Wescott	Sprint
Bill Pollitzer	AT&T
Steve Woodson	NCFB
Laura DeVine	DENR
[signature]	NCFPC
[signature]	NCCC
[signature]	NCCIDD
[signature]	NCDA&CS
Addis Watkins	SEANC
Sharon Matthews	DOT - DMV
Carole Lawler	EGHS
[signature]	NCASA
[signature]	NCRA

2002

HOUSE APPROPRIATIONS

MINUTES

HOUSE APPROPRIATIONS COMMITTEE

2002 SESSION

Co-Chairs
Representative Ruth Easterling
Representative David Redwine
Representative Warren P Oldham
Representative Gregg Thompson

Rita Harris
Committee Assistant

Appropriations
Meets Tuesdays, Wednesdays, Thursdays at 8:30 am in 643

Chair	Rep. Easterling
Chair	Rep. Oldham
Chair	Rep. Redwine
Chair	Rep. Thompson
Vice Chair	Rep. Crawford, J.
Vice Chair	Rep. Owens
Members	Rep. Adams, Rep. Allred, Rep. Arnold, Rep. Baker, Rep. Barbee, Rep. Barefoot, Rep. Barnhart, Rep. Bell, Rep. Blue, Rep. Bonner, Rep. Bowie, Rep. Boyd-McIntyre, Rep. Brubaker, Rep. Carpenter, Rep. Church, Rep. Clary, Rep. Coates, Rep. Cole, Rep. Crawford, M, Rep. Creech, Rep. Culp, Rep. Culpepper, Rep. Daughtry, Rep. Davis, Rep. Dockham, Rep. Earle, Rep. Ellis, Rep. Esposito, Rep. Fox, Rep. Gillespie, Rep. Goodwin, Rep. Grady, Rep. Gulley, Rep. Haire, Rep. Hall, Rep. Harrington, Rep. Hensley, Rep. Hiatt, Rep. Hilton, Rep. Holmes, Rep. Howard, Rep. Hunter, Rep. Insko, Rep. Jeffus, Rep. Justus, Rep. Kiser, Rep. Lucas, Rep. McAllister, Rep. McLawhorn, Rep. Michaux, Rep. Miller, Rep. Miner, Rep. Mitchell, Rep. Morgan, Rep. Nesbitt, Rep. Nye, Rep. Preston, Rep. Rogers, Rep. Russell, Rep. Saunders, Rep. Setzer, Rep. Sexton, Rep. Sherrill, Rep. Shubert, Rep. Smith, Rep. Sutton, Rep. Teague, Rep. Tolson, Rep. Tucker, Rep. Underhill, Rep. Walend, Rep. Walker, Rep. Warner, Rep. Warren, Rep. Warwick, Rep. Weatherly, Rep. West, Rep. Wilson, G, Rep. Wright, Rep. Yongue

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 **43 D's** 43 R's					
CHAIRS:					
EASTERLING, RUTH	3-5900				
OLDHAM, WARREN, "PETE"	5-2530				
REDWINE, DAVID	3 5829				
THOMPSON, GREGG	3-5828				
OWENS, BILL, VICE-CHAIR	3 0010	**NER**			
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap			
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap			
BAKER, REX L.	3 5787	ner			
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed			
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed			
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs			
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp			
COLE, NELSON	3 5779	**TRANSP**,cap			
CREECH, BILLY	5-4466	hhs			
CULP, ARLIE F.	3 5865	ner			
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates					
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs			
FOX, STANLEY H.	3 5758	**NER**, cap			
GILLESPIE, MITCH	3 5987	cap			
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp			
HAIRE, PHIL	5 3005	**JPS**,cap			
HALL, JOHN D.	3-5898	transp			
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed			
JEFFUS, MARGARET M.	3 5191	**GG**, cap			
JUSTUS, LARRY T.	3 5956	cap, jps			
KISER, JOE L.	3 5782	Cap, jps			
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v			
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner			

Dates					
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap			
NYE, EDD	3 5477	**HHS**, cap			
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED,** cap			
RUSSELL, CAROLYN B.	5 0873	cap, ner			
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG,** cap,			
SHUBERT, FERN	3-5602	cap			
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp			
TEAGUE, W.B., JR.	3 5530	ed			
TOLSON, JOE	5 3024	**IT**, ner			
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner			
WALEND, TRUDI	5 3012	hhs			
WALKER, TRACY	3-5935	ner			
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v			
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner			
WEST, ROGER	3-5859	ner			
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2001			Full App. June 26, 2002		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap	✓		
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓		
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	3-5609	hhs			
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates 12/03			6.26.02		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp	✓		
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	✓		
GRADY, ROBERT	5 9644	cap	✓		
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it	✓		
HOLMES, GEORGE M.	3 5771	cap, ed	✓		
~~**HOWARD, JULIA**~~	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner	✓		
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it	✓		
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates 14			6.26.02		
MORGAN, RICHARD T.	5 3010	ed	✓		
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S:	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner	✓		
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**	✓		
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓		
Baddour, Philip, Majority Leader	5 0850		✓		
Dedmon, Andrew, Majority Whip	3 5732		✓		
Cunningham, Pete (At Large)	3 5778		✓		

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002			July 23, 2002		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap	✓		
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap			
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			4/23		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5757	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	✓		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it	✓		
HOLMES, GEORGE M.	3 5771	cap, ed	✓		
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner	✓		
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5958	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp	✓		
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5861	ner	✓		

Dates			4/23		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5776	transp	✓		
SETZER, MITCHELL S.	3 5886	gg	✓		
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**	✓		
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓		
Baddour, Philip, Majority Leader	5 0850		✓		
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002			July 25, 2002		
CHAIRS:					
EASTERLING, RUTH	3-5900				
OLDHAM, WARREN, "PETE"	5-2530				
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828				
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg	✓		
ALLRED, CARY D.	3 5607	cap, trans			
ARNOLD, GENE	3 5806	cap			
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp	✓		
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓		
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps	✓		
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	3-5609	hhs	✓		
CULP, ARLIE F.	3 5865	ner			
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			7/25		
DAUGHTRY, N. LEO	3 5868	cap	/		
DAVIS, DONALD	5 6707	transp	/		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	/		
ELLIS, J. SAM	3 5755	cap	/		
ESPOSITO, THERESA H.	5 3009	hhs	/		
FOX, STANLEY H.	3 5757	**NER**, cap	/		
GILLESPIE, MITCH	3 5987	cap	/		
GOODWIN, WAYNE	3-5849	jps	/		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	/		
HAIRE, PHIL	5 3005	**JPS**,cap	/		
HALL, JOHN D.	3-5898	transp	/		
HARRINGTON, MICHAEL	3-5823	it	/		
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it	/		
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
HURLEY, JOHN W.	3 5601	transp			
INSKO, VERLA	3 5775	ed	/		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	/		
JUSTUS, LARRY T.	3 5958	cap, jps			
KISER, JOE L.	3 5782	Cap, jps	/		
LUCAS, MARVIN	3-5775	gg	/		
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	/		
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap	/		
MITCHELL, FRANK	3 5861	ner	/		

Dates			7/25		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	3 5956	cap	/		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	/		
ROGERS, GENE	5 3023	**ED**, cap	/		
RUSSELL, CAROLYN B.	5 0873	cap, ner	/		
SAUNDERS, DREW P.	3 5776	transp			
SETZER, MITCHELL S.	3 5886	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 4466	**GG**, cap,			
SHUBERT, FERN	3-5602	cap	/		
SMITH, RONALD L.	3 5773	ed	/		
SUTTON, RONNIE	5 0875	transp	/		
TEAGUE, W.B., JR.	3 5530	ed			
TOLSON, JOE	5 3024	**IT**, ner	/		
TUCKER, RUSSELL	5-3015	**IT**	/		
UNDERHILL, ALICE	3-5776	ner	/		
WALEND, TRUDI	5 3012	hhs	/		
WALKER, TRACY	3-5935	ner	/		
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	/		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	/		
WEST, ROGER	3-5859	ner	/		
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	/		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			~~July 25, 2002~~	Aug. 5, 2002	
CHAIRS:					
EASTERLING, RUTH	3-5900			✓	
OLDHAM, WARREN, "PETE"	5-2530				
REDWINE, DAVID	3 5829			✓	
THOMPSON, GREGG	3-5828			✓	
OWENS, BILL, VICE-CHAIR	3 0010	**NER**		✓	
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap		✓	
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap		✓	
BAKER, REX L.	3 5787	ner		✓	
BARBEE, BOBBY H., SR.	3 5908	Transp		✓	
BAREFOOT, DANIEL W.	5 3021	gg		✓	
BARNHART, JEFF	3-5661	ed		✓	
BELL, LARRY	3-5863	ed		✓	
BLUE, DANIEL T., JR.	5 2528	transp		✓	
BONNER, DONALD A.	3 5803	ed		✓	
BOWIE, JOANNE W. (Joni)	3 5877	transp		✓	
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs		✓	
CARPENTER, MARGE	3-5886	ed		✓	
CHURCH, WALTER	3-5805	hhs		✓	
CLARY, DEBBIE A.	3 5654	jps		✓	
COATES, LORENE	3-5784	transp		✓	
COLE, NELSON	3 5779	**TRANSP**,cap		✓	
CREECH, BILLY	5-4466	hhs		✓	
CULP, ARLIE F.	3 5865	ner		✓	
CULPEPPER, BILL	5 3028	**JPS**, cap		✓	

Dates				Aug. 5, 2002	
DAUGHTRY, N. LEO	3 5868	cap		✓	
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp		✓	
EARLE, BEVERLY M.	3 5747	**HHS**, cap		✓	
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs		✓	
FOX, STANLEY H.	3 5758	**NER**, cap		✓	
GILLESPIE, MITCH	3 5987	cap		✓	
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap		✓	
GULLEY, JIM	3 5860	transp		✓	
HAIRE, PHIL	5 3005	**JPS**,cap		✓	
HALL, JOHN D.	3-5898	transp		✓	
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it		✓	
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed		✓	
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed		✓	
JEFFUS, MARGARET M.	3 5191	**GG**, cap		✓	
JUSTUS, LARRY T.	3 5956	cap, jps		✓	
KISER, JOE L.	3 5782	Cap, jps		✓	
LUCAS, MARVIN	3-5775	gg		✓	
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v		✓	
MICHAUX, MICKEY	3 5772	hhs		✓	
MILLER, PAUL	3-5872	it		✓	
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner		✓	

Dates				Aug. 5, 2002	
MORGAN, RICHARD T.	5 3010	ed		✓	
NESBITT, MARTIN L., JR.	5 3001	cap		✓	
NYE, EDD	3 5477	**HHS**, cap		✓	
PRESTON, JEAN ROUSE	3 5706	ed		✓	
ROGERS, GENE	5 3023	**ED**, cap		✓	
RUSSELL, CAROLYN B.	5 0873	cap, ner		✓	
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg		✓	
SEXTON, P. WAYNE	3 5974	jps		✓	
SHERRILL, WILMA M.	5 3026	**GG**, cap,		✓	
SHUBERT, FERN	3-5602	cap		✓	
SMITH, RONALD L.	3 5773	ed		✓	
SUTTON, RONNIE	5 0875	transp		✓	
TEAGUE, W.B., JR.	3 5530	ed		✓	
TOLSON, JOE	5 3024	**IT**, ner		✓	
TUCKER, RUSSELL	5-3015	**IT**		✓	
UNDERHILL, ALICE	3-5776	ner		✓	
WALEND, TRUDI	5 3012	hhs		✓	
WALKER, TRACY	3-5935	ner		✓	
WARNER, ALEX	3 5853	Ed-		✓	
WARREN, EDITH D.	5 3019	ner-v		✓	
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner		✓	
WEST, ROGER	3-5859	ner		✓	
WILSON, GENE	3 7727	hhs		✓	
WRIGHT, THOMAS	3 5754	**CAP**		✓	
YONGUE, DOUGLAS Y.	3 5821	**ED**		✓	
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Aug 6, 2002	Aug. 7, 2002	Aug. 8, 2002
CHAIRS:					
EASTERLING, RUTH	3-5900		✓	✓	✓
OLDHAM, WARREN, "PETE"	5-2530		✓	✓	✓
REDWINE, DAVID	3 5829		✓	✓	✓
THOMPSON, GREGG	3-5828		✓	✓	✓
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓	✓	✓
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓	✓	✓
ADAMS, ALMA S.	3 5902	gg	✓	✓	✓
ALLRED, CARY D.	3 5878	cap, trans	✓	✓	✓
ARNOLD, GENE	3 5802	cap	✓	✓	✓
BAKER, REX L.	3 5787	ner	✓	✓	✓
BARBEE, BOBBY H., SR.	3 5908	Transp	✓	✓	✓
BAREFOOT, DANIEL W.	5 3021	gg	✓	✓	✓
BARNHART, JEFF	3-5661	ed	✓	✓	✓
BELL, LARRY	3-5863	ed	✓	✓	✓
BLUE, DANIEL T., JR.	5 2528	transp	✓	✓	
BONNER, DONALD A.	3 5803	ed	✓	✓	✓
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓	✓	✓
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓	✓	✓
BRUBAKER, HAROLD J.	5 4946	cap		✓	
CRAWFORD, MARK.	3 5605	hhs	✓	✓	✓
CARPENTER, MARGE	3-5886	ed	✓	✓	✓
CHURCH, WALTER	3-5805	hhs	✓	✓	✓
CLARY, DEBBIE A.	3 5654	jps	✓	✓	✓
COATES, LORENE	3-5784	transp	✓	✓	✓
COLE, NELSON	3 5779	**TRANSP**,cap	✓	✓	✓
CREECH, BILLY	5-4466	hhs	✓	✓	✓
CULP, ARLIE F.	3 5865	ner	✓	✓	✓
CULPEPPER, BILL	5 3028	**JPS**, cap	✓	✓	✓

Dates			Aug. 6, 2002	Aug 7, 2002	Aug 8, 2002
DAUGHTRY, N. LEO	3 5868	cap	✓	✓	✓
DAVIS, DONALD	5 6707	transp	✓	✓	✓
DOCKHAM, JERRY C.	3 5822	transp	✓	✓	✓
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓	✓	✓
ELLIS, J. SAM	3 5755	cap	✓	✓	✓
ESPOSITO, THERESA H.	5 3009	hhs	✓	✓	✓
FOX, STANLEY H.	3 5758	**NER**, cap	✓	✓	
GILLESPIE, MITCH	3 5987	cap	✓	✓	✓
GOODWIN, WAYNE	3-5849	jps	✓	✓	✓
GRADY, ROBERT	5 9644	cap		✓	
GULLEY, JIM	3 5860	transp	✓	✓	✓
HAIRE, PHIL	5 3005	**JPS**,cap	✓	✓	✓
HALL, JOHN D.	3-5898	transp	✓	✓	✓
HARRINGTON, MICHAEL	3-5823	it	✓	✓	✓
HENSLEY, BOB	3 5780	it	✓	✓	✓
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it	✓	✓	✓
HOLMES, GEORGE M.	3 5771	cap, ed	✓	✓	✓
HOWARD, JULIA	3-5904	cap	✓	✓	✓
HUNTER, HOWARD M., JR.	3 2962	ner		✓	✓
INSKO, VERLA	3-7208	ed	✓	✓	
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓	✓	✓
JUSTUS, LARRY T.	3 5956	cap, jps	✓	✓	✓
KISER, JOE L.	3 5782	Cap, jps	✓	✓	✓
LUCAS, MARVIN	3-5775	gg	✓	✓	✓
MCALLISTER, MARY E.	3 5959	transp	[redacted]	✓	✓
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓	✓	✓
MICHAUX, MICKEY	3 5772	hhs	✓	✓	✓
MILLER, PAUL	3-5872	it	✓	✓	✓
MINER, DAVID	3-5861	cap	[redacted]	✓	
MITCHELL, FRANK	3 5931	ner	✓	✓	✓

Dates			Aug. 6, 2002	Aug. 7, 2002	Aug 8, 2002
MORGAN, RICHARD T.	5 3010	ed	✓	✓	✓
NESBITT, MARTIN L., JR.	5 3001	cap	✓	✓	✓
NYE, EDD	3 5477	**HHS**, cap	✓	✓	✓
PRESTON, JEAN ROUSE	3 5706	ed	✓	✓	✓
ROGERS, GENE	5 3023	**ED**, cap	✓	✓	✓
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓	✓	✓
SAUNDERS, DREW P.	3 5606	transp	✓	✓	✓
SETZER, MITCHELL S.	3 4948	gg	✓	✓	✓
SEXTON, P. WAYNE	3 5974	jps	✓	✓	✓
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓	✓	✓
SHUBERT, FERN	3-5602	cap	✓	✓	✓
SMITH, RONALD L.	3 5773	ed	✓	✓	✓
SUTTON, RONNIE	5 0875	transp	✓	✓	✓
TEAGUE, W.B., JR.	3 5530	ed	✓	✓	✓
TOLSON, JOE	5 3024	**IT**, ner	✓	✓	✓
TUCKER, RUSSELL	5-3015	**IT**	✓	✓	✓
UNDERHILL, ALICE	3-5776	ner	✓	✓	✓
WALEND, TRUDI	5 3012	hhs	✓	✓	✓
WALKER, TRACY	3-5935	ner	✓	✓	✓
WARNER, ALEX	3 5853	Ed-	✓	✓	✓
WARREN, EDITH D.	5 3019	ner-v	✓	✓	✓
WARWICK, NURHAM	5 3003	ner	✓	✓	✓
WEATHERLY, JOHN	3-4838	ner	✓	✓	✓
WEST, ROGER	3-5859	ner	✓	✓	✓
WILSON, GENE	3 7727	hhs	✓	✓	✓
WRIGHT, THOMAS	3 5754	**CAP**	✓	✓	✓
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓	✓	✓
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓	✓	✓
Baddour, Philip, Majority Leader	5 0850		✓	✓	✓
Dedmon, Andrew, Majority Whip	3 5732		✓	✓	✓
Cunningham, Pete (At Large)	3 5778		✓	✓	✓

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Aug. 15, 02		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans	✓		
ARNOLD, GENE	3 5802	cap			
BAKER, REX L.	3 5787	ner			
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			8/15		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	LM. ab.		
GRADY, ROBERT	5 9644	cap	[redacted]		
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it	✓		
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed	✓		
HOWARD, JULIA	3-5904	cap	✓		
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5956	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v			
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓		

Dates			8/15		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5606	transp	✓		
SETZER, MITCHELL S.	3 4948	gg	✓		
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner			
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			August 20, 2002	8/20 4:30-6	8/21 930	8/21
CHAIRS:						
EASTERLING, RUTH	3-5900		✓	✓	✓	✓
OLDHAM, WARREN, "PETE"	5-2530		✓	✓	✓	✓
REDWINE, DAVID	3 5829		✓	✓	✓	✓
THOMPSON, GREGG	3-5828			✓	✓	✓
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓	✓	✓	✓
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		✓	✓
ADAMS, ALMA S.	3 5902	gg				
ALLRED, CARY D.	3 5878	cap, trans		✓	✓	✓
ARNOLD, GENE	3 5802	cap	✓	✓	✓	✓
BAKER, REX L.	3 5787	ner	✓	✓	✓	✓
BARBEE, BOBBY H., SR.	3 5908	Transp		✓	✓	✓
BAREFOOT, DANIEL W.	5 3021	gg	✓	✓	✓	✓
BARNHART, JEFF	3-5661	ed		✓	✓	✓
BELL, LARRY	3-5863	ed	✓	✓	✓	✓
BLUE, DANIEL T., JR.	5 2528	transp				
BONNER, DONALD A.	3 5803	ed	✓	✓	✓	✓
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		✓	✓
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓	✓	✓	
BRUBAKER, HAROLD J.	5 4946	cap	✓		✓	✓
CRAWFORD, MARK.	3 5605	hhs	✓	✓		
CARPENTER, MARGE	3-5886	ed	✓	✓	✓	✓
CHURCH, WALTER	3-5805	hhs	✓			
CLARY, DEBBIE A.	3 5654	jps		✓	✓	✓
COATES, LORENE	3-5784	transp	✓	✓	✓	✓
COLE, NELSON	3 5779	**TRANSP**,cap	✓	✓	✓	✓
CREECH, BILLY	5-4466	hhs	✓	✓	✓	✓
CULP, ARLIE F.	3 5865	ner	✓	✓	✓	✓
CULPEPPER, BILL	5 3028	**JPS**, cap		✓	✓	✓

Dates			8/20	8/20 4:30	8/21 9:30	8/21
DAUGHTRY, N. LEO	3 5868	cap	✓	✓	✓	✓
DAVIS, DONALD	5 6707	transp	✓	✓	✓	✓
DOCKHAM, JERRY C.	3 5822	transp	✓			✓
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓	✓	✓	✓
ELLIS, J. SAM	3 5755	cap		✓	✓	✓
ESPOSITO, THERESA H.	5 3009	hhs	✓	✓	✓	✓
FOX, STANLEY H.	3 5758	**NER**, cap	✓	✓	✓	✓
GILLESPIE, MITCH	3 5987	cap	✓	✓	✓	✓
GOODWIN, WAYNE	3-5849	jps	✓	✓	✓	✓
GRADY, ROBERT	5 9644	cap	✓		✓	✓
GULLEY, JIM	3 5860	transp	✓	✓	✓	✓
HAIRE, PHIL	5 3005	**JPS**,cap	✓	✓	✓	✓
HALL, JOHN D.	3-5898	transp	✓		✓	✓
HARRINGTON, MICHAEL	3-5823	it	✓	✓	✓	
HENSLEY, BOB	3 5780	it		✓	✓	✓
HIATT, WILLIAM S. (BILL)	3 5862	transp				
HILTON, MARK	3-5609	it	✓	✓	✓	✓
HOLMES, GEORGE M.	3 5771	cap, ed	✓		✓	
HOWARD, JULIA	3-5904	cap		✓	✓	✓
HUNTER, HOWARD M., JR.	3 2962	ner			✓	✓
INSKO, VERLA	3-7208	ed	✓	✓	✓	✓
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓	✓	✓	✓
JUSTUS, LARRY T.	3 5956	cap, jps	✓	✓	✓	✓
KISER, JOE L.	3 5782	Cap, jps	✓	✓	✓	✓
LUCAS, MARVIN	3-5775	gg	✓	✓	✓	✓
MCALLISTER, MARY E.	3 5959	transp		✓		✓
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓	✓	✓	✓
MICHAUX, MICKEY	3 5772	hhs	✓	✓	✓	✓
MILLER, PAUL	3-5872	it	✓	✓	✓	✓
MINER, DAVID	3-5861	cap		✓		
MITCHELL, FRANK	3 5931	ner	✓	✓	✓	✓

Dates			8/20	8/20 4:30	8/21	
MORGAN, RICHARD T.	5 3010	ed	✓	✓	✓	✓
NESBITT, MARTIN L., JR.	5 3001	cap	✓	✓	✓	✓
NYE, EDD	3 5477	**HHS**, cap	✓	✓	✓	✓
PRESTON, JEAN ROUSE	3 5706	ed	✓	✓	–	✓
ROGERS, GENE	5 3023	**ED**, cap	✓	✓	✓	✓
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓	✓	✓	✓
SAUNDERS, DREW P.	3 5606	transp	✓		–	✓
SETZER, MITCHELL S.	3 4948	gg	✓			✓
SEXTON, P. WAYNE	3 5974	jps		✓	✓	✓
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓	✓	✓	✓
SHUBERT, FERN	3-5602	cap	✓	✓	✓	✓
SMITH, RONALD L.	3 5773	ed	✓	✓	✓	✓
SUTTON, RONNIE	5 0875	transp	✓	✓	✓	✓
TEAGUE, W.B., JR.	3 5530	ed	✓	✓	✓	
TOLSON, JOE	5 3024	**IT**, ner	✓	✓	✓	✓
TUCKER, RUSSELL	5-3015	**IT**	✓	✓	✓	✓
UNDERHILL, ALICE	3-5776	ner	✓	✓	✓	✓
WALEND, TRUDI	5 3012	hhs	✓	✓	✓	✓
WALKER, TRACY	3-5935	ner	✓		✓	✓
WARNER, ALEX	3 5853	Ed-		✓	✓	✓
WARREN, EDITH D.	5 3019	ner-v	✓		✓	✓
WARWICK, NURHAM	5 3003	ner				✓
WEATHERLY, JOHN	3-4838	ner	✓		✓	✓
WEST, ROGER	3-5859	ner	✓	✓	✓	✓
WILSON, GENE	3 7727	hhs	✓	✓	✓	✓
WRIGHT, THOMAS	3 5754	**CAP**	✓	–	✓	✓
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓	✓	✓	✓
Ex officio Members:						
Hackney, Joe, Speaker Pro Tem	3 5752			✓		✓
Baddour, Philip, Majority Leader	5 0850		–	✓	✓	✓
Dedmon, Andrew, Majority Whip	3 5732		–	✓		✓
Cunningham, Pete (At Large)	3 5778		–		✓	✓

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			August 27, 2002		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828				
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap	✓		
BAKER, REX L.	3 5787	ner			
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap	✓		
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp			
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs			
CULP, ARLIE F.	3 5865	ner			
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			8/27		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs			
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap			
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed	✓		
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5956	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓		

Dates			9/27		
MORGAN, RICHARD T.	5 3010	ed	✓		
NESBITT, MARTIN L., JR.	5 3001	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner			
SAUNDERS, DREW P.	3 5606	transp	✓		
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG**, cap,			
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**	✓		
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓		
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 **43 D's** 43 R's			Aug. 28, 2002 ~~July 25, 2002~~		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**			
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap			
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap			
BAKER, REX L.	3 5787	ner			
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg	✓		
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed			
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp			
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs			
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			8/28		
DAUGHTRY, N. LEO	3 5868	cap			
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs			
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap			
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap			
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed			
JEFFUS, MARGARET M.	3 5191	**GG**, cap			
JUSTUS, LARRY T.	3 5956	cap, jps			
KISER, JOE L.	3 5782	Cap, jps			
LUCAS, MARVIN	3-5775	gg			
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v			
MICHAUX, MICKEY	3 5772	hhs			
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓		

Dates			8/28		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap			
NYE, EDD	3 5477	**HHS**, cap			
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner			
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v			
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**			
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Sept. 24, 2002	Sept. 25 2002	Sept. 26 2002
CHAIRS:					
EASTERLING, RUTH	3-5900		✓	✓	✓
OLDHAM, WARREN, "PETE"	5-2530		✓	✓	✓
REDWINE, DAVID	3 5829		✓	✓	✓
THOMPSON, GREGG	3-5828		✓	✓	
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	Ex. Ab.	✓	Ex. Ab.
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap			✓
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap			
BAKER, REX L.	3 5787	ner			✓
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg	✓	✓	
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed		✓	✓
BLUE, DANIEL T., JR.	5 2528	transp			✓
BONNER, DONALD A.	3 5803	ed	✓	✓	✓
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs		✓	✓
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs		✓	✓
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓	✓	✓
COLE, NELSON	3 5779	**TRANSP**,cap	✓	✓	✓
CREECH, BILLY	5-4466	hhs			
CULP, ARLIE F.	3 5865	ner	✓	✓	✓
CULPEPPER, BILL	5 3028	**JPS**, cap		✓	Ex. Ab.

Dates			9/24	9/25	9/26
DAUGHTRY, N. LEO	3 5868	cap	✓		✓
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			✓
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓	✓	✓
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs			✓
FOX, STANLEY H.	3 5758	**NER**, cap	✓	✓	✓
GILLESPIE, MITCH	3 5987	cap	✓	✓	✓
GOODWIN, WAYNE	3-5849	jps	✓	ill. ab.	
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓	✓	✓
HAIRE, PHIL	5 3005	**JPS**,cap	✓		✓
HALL, JOHN D.	3-5898	transp	✓		✓
HARRINGTON, MICHAEL	3-5823	it		✓	✓
HENSLEY, BOB	3 5780	it		✓	✓
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			✓
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner			✓
INSKO, VERLA	3-7208	ed	✓	✓	✓
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓	✓	✓
JUSTUS, LARRY T.	3 5956	cap, jps			
KISER, JOE L.	3 5782	Cap, jps	✓	✓	✓
LUCAS, MARVIN	3-5775	gg	✓	✓	
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		✓
MICHAUX, MICKEY	3 5772	hhs	✓	✓	✓
MILLER, PAUL	3-5872	it			✓
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓	✓	✓

Dates			9/24	9/25	9/26
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap	✓	✓	✓
NYE, EDD	3 5477	**HHS**, cap	✓	✓	✓
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓	✓	✓
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓	✓	✓
SAUNDERS, DREW P.	3 5606	transp	✓	✓	✓
SETZER, MITCHELL S.	3 4948	gg	✓		
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓	✓	✓
SHUBERT, FERN	3-5602	cap	✓	✓	
SMITH, RONALD L.	3 5773	ed	✓	✓	✓
SUTTON, RONNIE	5 0875	transp	✓	✓	✓
TEAGUE, W.B., JR.	3 5530	ed	✓	✓	✓
TOLSON, JOE	5 3024	**IT**, ner	✓	✓	✓
TUCKER, RUSSELL	5-3015	**IT**	✓		✓
UNDERHILL, ALICE	3-5776	ner			✓
WALEND, TRUDI	5 3012	hhs		✓	✓
WALKER, TRACY	3-5935	ner	✓	✓	✓
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		✓
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓	✓	✓
WEST, ROGER	3-5859	ner	✓	✓	✓
WILSON, GENE	3 7727	hhs	✓	✓	✓
WRIGHT, THOMAS	3 5754	**CAP**		✓	
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓	✓	
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				✓
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			9/26/02 12:25		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828				
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg	.		
ALLRED, CARY D.	3 5878	cap, trans	✓		
ARNOLD, GENE	3 5802	cap	✓		
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp			
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp	✓		
BONNER, DONALD A.	3 5803	ed	✓		
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs			
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			9/26 12:25		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap			
ESPOSITO, THERESA H.	5 3009	hhs			
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap			
GOODWIN, WAYNE	3-5849	jps			
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap			
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner	✓		
INSKO, VERLA	3-7208	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5956	cap, jps	✓		
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner			

Dates			9/26 12:25		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap			
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp	✓		
TEAGUE, W.B., JR.	3 5530	ed			
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner			
WALEND, TRUDI	5 3012	hhs			
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner	✓		
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner			
WILSON, GENE	3 7727	hhs			
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778		✓		

AM

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Oct. 2, 2002 920AM – 950 recess for session		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828				
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans			
ARNOLD, GENE	3 5802	cap	✓		
BAKER, REX L.	3 5787	ner			
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed			
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed			
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓		
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed			
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap			

Dates			10/2 9:20		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp			
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	Excused Abs.		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp			
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it			
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap	✓		
HUNTER, HOWARD M., JR.	3 2962	ner			
INSKO, VERLA	3-7208	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5956	cap, jps			
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓		

Dates			10/2 9:20		
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap	✓		
NYE, EDD	3 5477	**HHS**, cap	✓		
PRESTON, JEAN ROUSE	3 5706	ed	✓		
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps			
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed			
SUTTON, RONNIE	5 0875	transp			
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**	✓		
UNDERHILL, ALICE	3-5776	ner			
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner			
WARNER, ALEX	3 5853	Ed-			
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner			
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Oct. 2, 02 5:40 pm @ 20 pm		
CHAIRS:					
EASTERLING, RUTH	3-5900		✓		
OLDHAM, WARREN, "PETE"	5-2530		✓		
REDWINE, DAVID	3 5829		✓		
THOMPSON, GREGG	3-5828		✓		
OWENS, BILL, VICE-CHAIR	3 0010	**NER**			
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓		
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans	✓		
ARNOLD, GENE	3 5802	cap	✓		
BAKER, REX L.	3 5787	ner	✓		
BARBEE, BOBBY H., SR.	3 5908	Transp	✓		
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed	✓		
BELL, LARRY	3-5863	ed	✓		
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed			
BOWIE, JOANNE W. (Joni)	3 5877	transp			
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap			
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓		
CARPENTER, MARGE	3-5886	ed	✓		
CHURCH, WALTER	3-5805	hhs	✓		
CLARY, DEBBIE A.	3 5654	jps			
COATES, LORENE	3-5784	transp	✓		
COLE, NELSON	3 5779	**TRANSP**,cap	✓		
CREECH, BILLY	5-4466	hhs	✓		
CULP, ARLIE F.	3 5865	ner	✓		
CULPEPPER, BILL	5 3028	**JPS**, cap	✓		

Dates			10/2 5:40		
DAUGHTRY, N. LEO	3 5868	cap	✓		
DAVIS, DONALD	5 6707	transp	✓		
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap			
ELLIS, J. SAM	3 5755	cap	✓		
ESPOSITO, THERESA H.	5 3009	hhs	✓		
FOX, STANLEY H.	3 5758	**NER**, cap	✓		
GILLESPIE, MITCH	3 5987	cap	✓		
GOODWIN, WAYNE	3-5849	jps	Excused Abs.		
GRADY, ROBERT	5 9644	cap			
GULLEY, JIM	3 5860	transp	✓		
HAIRE, PHIL	5 3005	**JPS**,cap	✓		
HALL, JOHN D.	3-5898	transp	✓		
HARRINGTON, MICHAEL	3-5823	it			
HENSLEY, BOB	3 5780	it	✓		
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed			
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner	✓		
INSKO, VERLA	3-7208	ed	✓		
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓		
JUSTUS, LARRY T.	3 5956	cap, jps			
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓		
MCALLISTER, MARY E.	3 5959	transp	✓		
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓		
MICHAUX, MICKEY	3 5772	hhs	✓		
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓		

Dates			10/2 5:40		
MORGAN, RICHARD T.	5 3010	ed	✓		
NESBITT, MARTIN L., JR.	5 3001	cap	✓		
NYE, EDD	3 5477	**HHS**, cap			
PRESTON, JEAN ROUSE	3 5706	ed			
ROGERS, GENE	5 3023	**ED**, cap	✓		
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓		
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg			
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓		
SHUBERT, FERN	3-5602	cap	✓		
SMITH, RONALD L.	3 5773	ed	✓		
SUTTON, RONNIE	5 0875	transp			
TEAGUE, W.B., JR.	3 5530	ed	✓		
TOLSON, JOE	5 3024	**IT**, ner	✓		
TUCKER, RUSSELL	5-3015	**IT**			
UNDERHILL, ALICE	3-5776	ner	✓		
WALEND, TRUDI	5 3012	hhs	✓		
WALKER, TRACY	3-5935	ner	✓		
WARNER, ALEX	3 5853	Ed-	✓		
WARREN, EDITH D.	5 3019	ner-v	✓		
WARWICK, NURHAM	5 3003	ner			
WEATHERLY, JOHN	3-4838	ner	✓		
WEST, ROGER	3-5859	ner	✓		
WILSON, GENE	3 7727	hhs	✓		
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓		
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752				
Baddour, Philip, Majority Leader	5 0850				
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778				

ATTENDANCE

HOUSE APPROPRIATIONS COMMITTEE

DATES, 2002 43 D's 43 R's			Oct.3, 2002	1pm	
CHAIRS:					
EASTERLING, RUTH	3-5900		✓	✓	
OLDHAM, WARREN, "PETE"	5-2530		✓	✓	
REDWINE, DAVID	3 5829		✓	✓	
THOMPSON, GREGG	3-5828		✓	✓	
OWENS, BILL, VICE-CHAIR	3 0010	**NER**	✓		
CRAWFORD, JIM, VICE-CHAIR	3-5824	**TRANS**,cap	✓	✓	
ADAMS, ALMA S.	3 5902	gg			
ALLRED, CARY D.	3 5878	cap, trans	✓	✓	
ARNOLD, GENE	3 5802	cap	✓	✓	
BAKER, REX L.	3 5787	ner	✓	✓	
BARBEE, BOBBY H., SR.	3 5908	Transp	✓	✓	
BAREFOOT, DANIEL W.	5 3021	gg			
BARNHART, JEFF	3-5661	ed		✓	
BELL, LARRY	3-5863	ed	✓	✓	
BLUE, DANIEL T., JR.	5 2528	transp			
BONNER, DONALD A.	3 5803	ed		✓	
BOWIE, JOANNE W. (Joni)	3 5877	transp	✓	✓	
BOYD-MCINTYRE, FLOSSIE	3 5905	**ED**, cap	✓	✓	
BRUBAKER, HAROLD J.	5 4946	cap			
CRAWFORD, MARK.	3 5605	hhs	✓	✓	
CARPENTER, MARGE	3-5886	ed	✓	✓	
CHURCH, WALTER	3-5805	hhs	✓	✓	
CLARY, DEBBIE A.	3 5654	jps		✓	
COATES, LORENE	3-5784	transp	✓	✓	
COLE, NELSON	3 5779	**TRANSP**,cap	✓	✓	
CREECH, BILLY	5-4466	hhs	✓	✓	
CULP, ARLIE F.	3 5865	ner	✓	✓	
CULPEPPER, BILL	5 3028	**JPS**, cap	✓	✓	

Dates			10/3	1pm	
DAUGHTRY, N. LEO	3 5868	cap	✓	✓	
DAVIS, DONALD	5 6707	transp		✓	
DOCKHAM, JERRY C.	3 5822	transp			
EARLE, BEVERLY M.	3 5747	**HHS**, cap	✓		
ELLIS, J. SAM	3 5755	cap	✓	✓	
ESPOSITO, THERESA H.	5 3009	hhs	✓	✓	
FOX, STANLEY H.	3 5758	**NER**, cap	✓	✓	
GILLESPIE, MITCH	3 5987	cap	[illegible]	✓	
GOODWIN, WAYNE	3-5849	jps	Excused Abs.	Excused Abs.	
GRADY, ROBERT	5 9644	cap	[illegible]		
GULLEY, JIM	3 5860	transp	✓	✓	
HAIRE, PHIL	5 3005	**JPS**,cap	✓	✓	
HALL, JOHN D.	3-5898	transp	✓	✓	
HARRINGTON, MICHAEL	3-5823	it	✓	✓	
HENSLEY, BOB	3 5780	it	✓	✓	
HIATT, WILLIAM S. (BILL)	3 5862	transp			
HILTON, MARK	3-5609	it			
HOLMES, GEORGE M.	3 5771	cap, ed	✓	✓	
HOWARD, JULIA	3-5904	cap			
HUNTER, HOWARD M., JR.	3 2962	ner	✓		
INSKO, VERLA	3-7208	ed	✓	✓	
JEFFUS, MARGARET M.	3 5191	**GG**, cap	✓	✓	
JUSTUS, LARRY T.	3 5956	cap, jps	✓	✓	
KISER, JOE L.	3 5782	Cap, jps	✓		
LUCAS, MARVIN	3-5775	gg	✓	✓	
MCALLISTER, MARY E.	3 5959	transp			
MCLAWHORN, MARIAN N.	5 3017	gg-v	✓	✓	
MICHAUX, MICKEY	3 5772	hhs	✓	✓	
MILLER, PAUL	3-5872	it			
MINER, DAVID	3-5861	cap			
MITCHELL, FRANK	3 5931	ner	✓	✓	

Dates			10/3	1pm	
MORGAN, RICHARD T.	5 3010	ed			
NESBITT, MARTIN L., JR.	5 3001	cap	✓	✓	
NYE, EDD	3 5477	**HHS**, cap	✓	✓	
PRESTON, JEAN ROUSE	3 5706	ed		✓	
ROGERS, GENE	5 3023	**ED**, cap	✓	✓	
RUSSELL, CAROLYN B.	5 0873	cap, ner	✓	✓	
SAUNDERS, DREW P.	3 5606	transp			
SETZER, MITCHELL S.	3 4948	gg	✓	✓	
SEXTON, P. WAYNE	3 5974	jps	✓		
SHERRILL, WILMA M.	5 3026	**GG**, cap,	✓	✓	
SHUBERT, FERN	3-5602	cap	✓	✓	
SMITH, RONALD L.	3 5773	ed	✓	✓	
SUTTON, RONNIE	5 0875	transp	✓	✓	
TEAGUE, W.B., JR.	3 5530	ed	✓	✓	
TOLSON, JOE	5 3024	**IT**, ner	✓	✓	
TUCKER, RUSSELL	5-3015	**IT**	✓	✓	
UNDERHILL, ALICE	3-5776	ner	✓	✓	
WALEND, TRUDI	5 3012	hhs	✓	✓	
WALKER, TRACY	3-5935	ner	✓	✓	
WARNER, ALEX	3 5853	Ed-		✓	
WARREN, EDITH D.	5 3019	ner-v		✓	
WARWICK, NURHAM	5 3003	ner		✓	
WEATHERLY, JOHN	3-4838	ner	✓	✓	
WEST, ROGER	3-5859	ner	✓	✓	
WILSON, GENE	3 7727	hhs	✓	✓	
WRIGHT, THOMAS	3 5754	**CAP**			
YONGUE, DOUGLAS Y.	3 5821	**ED**	✓	✓	
Ex officio Members:					
Hackney, Joe, Speaker Pro Tem	3 5752		✓	✓	
Baddour, Philip, Majority Leader	5 0850		✓	✓	
Dedmon, Andrew, Majority Whip	3 5732				
Cunningham, Pete (At Large)	3 5778		✓		

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
H0004	Hensley	LAW OFFICERS' 25-YEAR RETIREMENT.	HF	Postponed Indefinitely	04-04-01	10-03-02
$ H0022	**Edwards**	**JOHN WILKINSON BUILDING FUNDS.**	**HF**	**Postponed Indefinitely**	**01-31-01**	**06-11-01**
$ H0022	**Edwards**	**JOHN WILKINSON BUILDING FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0023=	**Mitchell**	**NORTH CAROLINA FARMLAND PRESERVATION FUNDS.**	**HF**	**Postponed Indefinitely**	**01-31-01**	**06-11-01**
$ H0023=	**Mitchell**	**NORTH CAROLINA FARMLAND PRESERVATION FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0024=	**Mitchell**	**CONSERVATION TRUST FOR NC FUNDS.**	**HF**	**Postponed Indefinitely**	**01-31-01**	**06-11-01**
$ H0024=	**Mitchell**	**CONSERVATION TRUST FOR NC FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0027	Dedmon	INCREASE FIREMEN AND RESCUE SQUAD PENSIONS.	*HF	Postponed Indefinitely	04-19-01	10-03-02
$ H0040=	**Edwards**	**BLACKBEARD MUSEUM FUNDS.**	**HF**	**Postponed Indefinitely**	**02-01-01**	**06-11-01**
$ H0040=	**Edwards**	**BLACKBEARD MUSEUM FUNDS.**	**HF**	**Postponed Indefinitely**	**06-13-01**	**06-13-01**
$ H0040=	**Edwards**	**BLACKBEARD MUSEUM FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0043	Cansler	NONBETTERMENT RELOCATION COSTS.	HF	Postponed Indefinitely	03-07-01	06-11-01
H0043	Cansler	NONBETTERMENT RELOCATION COSTS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0046	**Owens**	**CAMDEN COURTHOUSE FUNDS**	**HF**	**Postponed Indefinitely**	**02-05-01**	**06-11-01**
$ H0046	**Owens**	**CAMDEN COURTHOUSE FUNDS**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0052=	**Insko**	**LONG-TERM CARE INFO OUTREACH.**	**HF**	**Postponed Indefinitely**	**02-07-01**	**06-11-01**
$ H0052=	**Insko**	**LONG-TERM CARE INFO OUTREACH.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0054=	**Yongue**	**LOW-WEALTH SCHOOL SUPPLEMENTAL FUNDING**	**HF**	**Postponed Indefinitely**	**02-07-01**	**06-11-01**
$ H0054=	**Yongue**	**LOW-WEALTH SCHOOL SUPPLEMENTAL FUNDING**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0065	**Hunter**	**MEDICAID COUNTY SHARE/ FUNDS.**	**HF**	**Postponed Indefinitely**	**02-07-01**	**06-11-01**
$ H0065	**Hunter**	**MEDICAID COUNTY SHARE/ FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0069=	**Bowie**	**REPEAL HIGHWAY USE TAX TRANSFER-3 YRS.**	***HF**	**Postponed Indefinitely**	**03-28-01**	**06-11-01**
$ H0069=	**Bowie**	**REPEAL HIGHWAY USE TAX TRANSFER-3 YRS.**	***HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0070	**Hall**	**SCOTLAND NECK LIBRARY FUNDS.**	**HF**	**Postponed Indefinitely**	**02-07-01**	**06-11-01**
$ H0070	**Hall**	**SCOTLAND NECK LIBRARY FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0080	Tucker	INCREASE LOCAL RETIREMENT BENEFITS.	HF	Postponed Indefinitely	04-16-01	10-03-02
H0081	Tucker	INCREASE DEATH BENEFIT/LOCAL	HF	Postponed Indefinitely	04-04-01	10-03-02

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		RETIREMENT.				
$ H0082=	Tucker	MILITARY MUSEUM STUDY FUNDS.	HF	Postponed Indefinitely	02-08-01	06-11-01
[redacted]0082=	Tucker	MILITARY MUSEUM STUDY FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0087	Church	TEEN COURT FUNDS.	HF	Postponed Indefinitely	02-12-01	06-11-01
$ H0087	Church	TEEN COURT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0088	Morris	FUNDS TO PREVENT BIRTH DEFECTS.	HF	Postponed Indefinitely	02-12-01	06-11-01
$ H0088	Morris	FUNDS TO PREVENT BIRTH DEFECTS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0091=	Jeffus	CULTURAL RESOURCES IT EXPANSION FUNDS.	HF	Postponed Indefinitely	02-12-01	06-11-01
$ H0091=	Jeffus	CULTURAL RESOURCES IT EXPANSION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0093	Goodwin	EXPAND CHILD ABUSE DEFINITION.	*H	Ref To Com On Judiciary II	04-05-01	04-18-01
H0094	Owens	QUALITY ASSURANCE PROGRAM.	*HF	Postponed Indefinitely	03-19-01	06-11-01
H0094	Owens	QUALITY ASSURANCE PROGRAM.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0120	Russell	HOME/COMM. CARE BLOCK GRANT FUNDS.	HF	Postponed Indefinitely	02-15-01	06-11-01
$ H0120	Russell	HOME/COMM. CARE BLOCK GRANT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0121	Russell	SENIOR CENTERS FUNDS.	HF	Postponed Indefinitely	02-15-01	06-11-01
$ H0121	Russell	SENIOR CENTERS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
[redacted]122	Russell	PRESC. DRUG ASSISTANCE FUNDS.	HF	Postponed Indefinitely	02-15-01	06-11-01
$ H0122	Russell	PRESC. DRUG ASSISTANCE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0135=	Baddour	TRAUMATIC BRAIN INJURY FUNDS.	HF	Postponed Indefinitely	02-15-01	06-11-01
$ H0135=	Baddour	TRAUMATIC BRAIN INJURY FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0136=	Baddour	CHILDREN'S PSYCHIATRIC UNIT FUNDS.	HF	Postponed Indefinitely	02-15-01	06-11-01
$ H0136=	Baddour	CHILDREN'S PSYCHIATRIC UNIT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0140=	Sutton	RACIAL JUSTICE ACT.	*HF	Postponed Indefinitely	04-25-01	10-03-02
H0147=	Wainwright	RAISE CAP ON FUNDS TO ADMINISTER FRGP.	*HF	Postponed Indefinitely	03-14-01	10-03-02
$ H0160	Gulley	MATTHEWS COMMUNITY CTR FUNDS.	HF	Postponed Indefinitely	02-19-01	06-11-01
$ H0160	Gulley	MATTHEWS COMMUNITY CTR FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0165=	Sherrill	KIDS VOTING NC FUNDS.	HF	Postponed Indefinitely	02-19-01	06-11-01
$ H0165=	Sherrill	KIDS VOTING NC FUNDS.	HF	Postponed	09-30-02	10-03-02

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
				Indefinitely		
$ H0176	McAllister	WORK ORDER DAY PROGRAM FUNDS.	HF	Postponed Indefinitely	02-20-01	06-11-01
H0176	McAllister	WORK ORDER DAY PROGRAM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0192=	Hurley	LEAS AND GROUP HOMES. (STUDY COMMISSION)	HF	Postponed Indefinitely	02-21-01	06-11-01
$ H0192=	Hurley	LEAS AND GROUP HOMES. (STUDY COMMISSION)	HF	Postponed Indefinitely	09-30-02	10-03-02
H0197	Morgan	SALE OF TIMBER AT SAMARCAND.	HF	Postponed Indefinitely	02-21-01	06-11-01
H0197	Morgan	SALE OF TIMBER AT SAMARCAND.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0199	Eddins	NO STATE FUNDS FOR JURY CONSULTANTS.	HF	Postponed Indefinitely	04-17-01	06-11-01
H0199	Eddins	NO STATE FUNDS FOR JURY CONSULTANTS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0204=	Nesbitt	NC HEALTH CHOICE/NO WAITING PERIOD.	*HF	Postponed Indefinitely	03-20-01	06-11-01
H0204=	Nesbitt	NC HEALTH CHOICE/NO WAITING PERIOD.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0206=	Smith	NORTH CAROLINA AQUARIUMS FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0206=	Smith	NORTH CAROLINA AQUARIUMS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0207=	Smith	QUEEN ANNE'S REVENGE FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0207=	Smith	QUEEN ANNE'S REVENGE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0213=	Redwine	DOMESTIC VIOLENCE FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
H0213=	Redwine	DOMESTIC VIOLENCE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0214	Warren	ADULT DAY CARE FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0214	Warren	ADULT DAY CARE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0215=	Warren	INCREASE IN CAP INCOME LIMITS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0215=	Warren	INCREASE IN CAP INCOME LIMITS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0219=	Hill	FUNDS/ENVIRON. ASSISTANCE FOR FARMERS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0219=	Hill	FUNDS/ENVIRON. ASSISTANCE FOR FARMERS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0223=	Preston	NORTH CAROLINA AQUARIUMS FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0223=	Preston	NORTH CAROLINA AQUARIUMS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0224=	Preston	QUEEN ANNE'S REVENGE FUNDS.	HF	Postponed Indefinitely	02-22-01	06-11-01
$ H0224=	Preston	QUEEN ANNE'S REVENGE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0239	McLawhorn	NORTH CAROLINA	HF	Postponed	02-26-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		GEOGRAPHIC ALLIANCE FUNDS-2.		Indefinitely		
$ H0239	McLawhorn	NORTH CAROLINA GEOGRAPHIC ALLIANCE FUNDS-2.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0240=	Weiss	CONTEMPORARY ART MUSEUM FUNDS.	HF	Postponed Indefinitely	02-26-01	06-11-01
$ H0240=	Weiss	CONTEMPORARY ART MUSEUM FUNDS.	HF	Postponed Indefinitely	06-13-01	06-13-01
$ H0240=	Weiss	CONTEMPORARY ART MUSEUM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0241=	Warner	FAMILY DRUG TREATMENT COURT PROGRAM.	*HF	Postponed Indefinitely	05-22-01	06-11-01
$ H0241=	Warner	FAMILY DRUG TREATMENT COURT PROGRAM.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0244=	Earle	LONG-TERM CARE/ ENHANCEMENT FUNDS.	HF	Postponed Indefinitely	02-26-01	06-11-01
$ H0244=	Earle	LONG-TERM CARE/ ENHANCEMENT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0245=	Earle	ADULT CARE HOME ASSESSMENT.	H	Re-ref Com On Health	03-13-01	03-28-01
$ H0285	Culp	YADKIN/PEE DEE LAKES PROJECT FUNDS.	*HF	Postponed Indefinitely	05-07-01	06-11-01
$ H0285	Culp	YADKIN/PEE DEE LAKES PROJECT FUNDS.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0288=	Baker	EMERGENCY FUNDS FOR INVENTORY REIMBURSEMENT.	HF	Postponed Indefinitely	02-28-01	10-03-02
$ H0291	Hill	DACS INFO. TECH. FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
[illegible]0291	Hill	DACS INFO. TECH. FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0292=	Hill	MOTOR FUELS LABORATORY/FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0292=	Hill	MOTOR FUELS LABORATORY/FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0293=	Hill	ENDANGERED PLANT PROTECTION FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0293=	Hill	ENDANGERED PLANT PROTECTION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0294=	Hill	FIRE ANT CONTROL FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0294=	Hill	FIRE ANT CONTROL FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0295=	Hill	PLANT INDUSTRY DIVISION COMPLEX FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0295=	Hill	PLANT INDUSTRY DIVISION COMPLEX FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0296=	Hill	STATE FAIRGROUNDS BUILDING FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0296=	Hill	STATE FAIRGROUNDS BUILDING FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0297=	Hill	AGRONOMIC SERVICES LABORATORY/FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0297=	Hill	AGRONOMIC SERVICES LABORATORY/FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0298=	Hill	GRAHAM BUILDING IMPROVEMENT FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0298=	Hill	GRAHAM BUILDING IMPROVEMENT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0299=	Hill	AGRICULTURE BUILDING RENOVATION FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0299=	Hill	AGRICULTURE BUILDING RENOVATION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0300=	Hill	LIVESTOCK HEALTH PROGRAM FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0300=	Hill	LIVESTOCK HEALTH PROGRAM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0301=	Hill	FOOD AND DRUG PROTECTION FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0301=	Hill	FOOD AND DRUG PROTECTION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0313	Preston	ECKERD WILDERNESS CAMPS FUNDS.	HF	Postponed Indefinitely	02-28-01	06-11-01
$ H0313	Preston	ECKERD WILDERNESS CAMPS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0316	Wainwright	EXPAND FLOYD RELIEF TO INCLUDE FISH DEALERS.	HF	Postponed Indefinitely	04-11-01	10-03-02
$ H0317=	Hunter	MEDICAID COUNTY SHARE/ FUNDS-2.	HF	Postponed Indefinitely	04-24-01	10-03-02
H0333	Grady	DEATH BENEFITS TO LEGAL REPRESENTATIVE.	*HF	Postponed Indefinitely	04-16-01	10-03-02
$ H0341	Tolson	COMM. COLL. FOCUSED INDUSTRIAL TRAINING PROG.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0341	Tolson	COMM. COLL. FOCUSED INDUSTRIAL TRAINING PROG.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0345	Redwine	AUTHORIZE REED ACT FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0345	Redwine	AUTHORIZE REED ACT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0361	Sutton	LUMBEE ELECTION FUNDS.	*HF	Postponed Indefinitely	04-03-01	10-03-02
$ H0365	Sutton	RENNERT FIRE DEPARTMENT FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0365	Sutton	RENNERT FIRE DEPARTMENT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0373	Yongue	CHILD NUTRITION PERSONNEL BONUS FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0373	Yongue	CHILD NUTRITION PERSONNEL BONUS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0378=	Culpepper	JUVENILE CRIME PREVENTION COUNCIL FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0378=	Culpepper	JUVENILE CRIME PREVENTION COUNCIL FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0380=	Insko	FUNDS FOR COALITION.	HF	Postponed	03-01-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0380=	Insko	FUNDS FOR COALITION.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0381=	Insko	MENTAL HEALTH SYSTEM REFORM.	*HR	Ch. SL 2001-437	07-11-01	07-11-01
$ H0388	Bonner	ROBESON AFRICAN AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0388	Bonner	ROBESON AFRICAN AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	06-13-01	06-13-01
$ H0388	Bonner	ROBESON AFRICAN AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0391=	Easterling	HEALTHY CAROLINIANS FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0391=	Easterling	HEALTHY CAROLINIANS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0392	Easterling	HEALTHY START FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0392	Easterling	HEALTHY START FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0393	Easterling	EVIDENCED-BASED CLINICAL GUIDELINES FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0393	Easterling	EVIDENCED-BASED CLINICAL GUIDELINES FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0394	Easterling	PRENATAL CARE FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0394	Easterling	PRENATAL CARE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0395	Easterling	PERINATAL CARE FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0395	Easterling	PERINATAL CARE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0396=	Easterling	CHILD MEDICAL EVALUATIONS FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0396=	Easterling	CHILD MEDICAL EVALUATIONS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0397	Easterling	2001 CURRENT OPERATIONS-1.	HF	Postponed Indefinitely	03-01-01	10-03-02
$ H0398	Easterling	2001 CURRENT OPERATIONS-2.	HF	Postponed Indefinitely	03-01-01	10-03-02
$ H0399	Easterling	2001 CURRENT OPERATIONS-3.	HF	Postponed Indefinitely	03-01-01	10-03-02
H0401	Rogers	COMMUNITY COLLEGE SYSTEM OFFICE FLEXIBILITY.	*HF	Postponed Indefinitely	04-10-01	06-11-01
H0401	Rogers	COMMUNITY COLLEGE SYSTEM OFFICE FLEXIBILITY.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0412=	Hill	NORTH CAROLINA STATE UNIVERSITY FIRE ANT FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0412=	Hill	NORTH CAROLINA STATE	HF	Postponed	09-30-02	10-03-02

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		UNIVERSITY FIRE ANT FUNDS.		Indefinitely		
$ H0413=	Hill	FIRE ANT FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0413=	Hill	FIRE ANT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0414	Hill	STANDARDS DIVISION TECHNOLOGY IMPROVEMENT FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0414	Hill	STANDARDS DIVISION TECHNOLOGY IMPROVEMENT FUNDS.	HF	Postponed Indefinitely	10-01-02	10-03-02
$ H0415	Hill	FUNDS FOR MORE LP GAS INSPECTIONS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0415	Hill	FUNDS FOR MORE LP GAS INSPECTIONS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0417	Boyd-McIntyre	SCHOOL TECHNOLOGY FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0417	Boyd-McIntyre	SCHOOL TECHNOLOGY FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0420	Howard	EXPAND THE SCHOOL BREAKFAST PROGRAM.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0420	Howard	EXPAND THE SCHOOL BREAKFAST PROGRAM.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0422	Preston	COMM. COLL. STUDENTS WITH DISABILITIES/ FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0422	Preston	COMM. COLL. STUDENTS WITH DISABILITIES/ FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0428	Jeffus	AID TO PUBLIC LIBRARIES FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0428	Jeffus	AID TO PUBLIC LIBRARIES FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0441=	Gibson	STATE EMPLOYEES INCENTIVE BONUS PROGRAM.	*HF	Postponed Indefinitely	04-23-01	10-03-02
$ H0443	Gibson	COMM. COLL. INSTRUCTIONAL TRUST FUND.	*HF	Postponed Indefinitely	04-18-01	06-11-01
$ H0443	Gibson	COMM. COLL. INSTRUCTIONAL TRUST FUND.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0444	Gibson	NC HOUSING TRUST FUND.	*HF	Postponed Indefinitely	05-07-01	06-11-01
$ H0444	Gibson	NC HOUSING TRUST FUND.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0445	Gibson	CODE OFFICIALS PROFESSIONALISM.	HF	Postponed Indefinitely	03-29-01	10-03-02
$ H0454=	Boyd-McIntyre	OSTEOPOROSIS EDUCATION FUNDS.	HF	Postponed Indefinitely	03-01-01	06-11-01
$ H0454=	Boyd-McIntyre	OSTEOPOROSIS EDUCATION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0459=	Allen	FUND DEPARTMENT OF REVENUE AUDIT RECOMMENDATIONS	HF	Postponed Indefinitely	03-05-01	06-11-01

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$ H0459=	Allen	FUND DEPARTMENT OF REVENUE AUDIT RECOMMENDATIONS	HF	Postponed Indefinitely	09-30-02	10-03-02
[illegible]0464	Wright	AIDS PREVENTION FUNDS.	HF	Postponed Indefinitely	03-05-01	06-11-01
$ H0464	Wright	AIDS PREVENTION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0479	Gulley	ZERO-BASED BUDGET.	HF	Postponed Indefinitely	03-05-01	10-03-02
$ H0490	Hensley	FAMILY COURT PROGRAM/ DISTRICT 10.	HF	Postponed Indefinitely	03-06-01	06-11-01
$ H0490	Hensley	FAMILY COURT PROGRAM/ DISTRICT 10.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0491	Hensley	DISTRICT COURT JUDGE COMPUTER TRAINING/ FUNDS.	HF	Postponed Indefinitely	03-06-01	06-11-01
$ H0491	Hensley	DISTRICT COURT JUDGE COMPUTER TRAINING/ FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0492	Hensley	ADDITIONAL DISTRICT COURT JUDGES/DISTRICT 10.	HF	Postponed Indefinitely	03-06-01	06-11-01
$ H0492	Hensley	ADDITIONAL DISTRICT COURT JUDGES/DISTRICT 10.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0493	Hensley	INCREASE PENALTY FOR INDECENT EXPOSURE.	HF	Postponed Indefinitely	03-13-01	06-11-01
H0493	Hensley	INCREASE PENALTY FOR INDECENT EXPOSURE.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0496	Davis	W. HARNETT SR. CTR. FUNDS.	HF	Postponed Indefinitely	03-06-01	06-11-01
[illegible]496	Davis	W. HARNETT SR. CTR. FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0506=	Nye	FUNDS FOR AUTISM GROUP HOMES.	HF	Postponed Indefinitely	03-07-01	06-11-01
$ H0506=	Nye	FUNDS FOR AUTISM GROUP HOMES.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0507=	Nye	TEACCH FUNDS.	HF	Postponed Indefinitely	03-07-01	06-11-01
$ H0507=	Nye	TEACCH FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0508=	Nye	FUNDS FOR AUTISM SOCIETY ADMIN.	HF	Postponed Indefinitely	03-07-01	06-11-01
$ H0508=	Nye	FUNDS FOR AUTISM SOCIETY ADMIN.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0512	Buchanan	POPLAR COMMUNITY BLDG. FUNDS.	HF	Postponed Indefinitely	03-07-01	06-11-01
$ H0512	Buchanan	POPLAR COMMUNITY BLDG. FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0515=	Earle	FOOD BANKS FUNDS.	HF	Postponed Indefinitely	03-07-01	06-11-01
$ H0515=	Earle	FOOD BANKS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0525	Russell	SPECIAL NEEDS STUDENTS/REMOVE FUNDING CAP.	HF	Postponed Indefinitely	03-08-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0525	Russell	SPECIAL NEEDS STUDENTS/REMOVE FUNDING CAP.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0530	Thompson	ADD'L. SUPERIOR COURT JUDGE/DISTRICT 24/ FUNDS.	HF	Postponed Indefinitely	03-08-01	06-11-01
$ H0530	Thompson	ADD'L. SUPERIOR COURT JUDGE/DISTRICT 24/ FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0537	Culp	NATURAL RESOURCES LEADERSHIP FUNDS.	HF	Postponed Indefinitely	03-08-01	06-11-01
$ H0537	Culp	NATURAL RESOURCES LEADERSHIP FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0541	Easterling	GRASSROOTS SCIENCE MUSEUM FUNDS.	HF	Postponed Indefinitely	03-08-01	06-11-01
$ H0541	Easterling	GRASSROOTS SCIENCE MUSEUM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0544	Wainwright	CRAVEN COUNCIL ON WOMEN FUNDS.	HF	Postponed Indefinitely	03-12-01	06-11-01
$ H0544	Wainwright	CRAVEN COUNCIL ON WOMEN FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0546	Insko	CLUB NOVA FUNDS.	HF	Postponed Indefinitely	03-12-01	06-11-01
$ H0546	Insko	CLUB NOVA FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0563	Baddour	NC HEALTH CHOICE ENROLLMENT FUNDS.	HF	Postponed Indefinitely	03-12-01	06-11-01
$ H0563	Baddour	NC HEALTH CHOICE ENROLLMENT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0566	Alexander	MEDICAID/BREAST AND CERVICAL CANCER COVERAGE.	HF	Postponed Indefinitely	03-12-01	06-11-01
$ H0566	Alexander	MEDICAID/BREAST AND CERVICAL CANCER COVERAGE.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0574=	Hill	FFA CAPITAL IMPROVEMENT FUNDS	HF	Postponed Indefinitely	03-13-01	06-11-01
$ H0574=	Hill	FFA CAPITAL IMPROVEMENT FUNDS	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0580	Tolson	WILSON INFRASTRUCTURE EXTENSION FUNDS.	*HF	Postponed Indefinitely	05-30-01	06-11-01
$ H0580	Tolson	WILSON INFRASTRUCTURE EXTENSION FUNDS.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0592	Alexander	DEV. DISABILITIES FUNDS.	HF	Postponed Indefinitely	03-14-01	06-11-01
$ H0592	Alexander	DEV. DISABILITIES FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0594=	Alexander	COMM.-BASED PHARM. ASSISTANCE PGMS FUNDS.	HF	Postponed Indefinitely	03-14-01	06-11-01
$ H0594=	Alexander	COMM.-BASED PHARM. ASSISTANCE PGMS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0610	Walend	COMPENSATE COUNTIES WITH STATE PARKS.	HF	Postponed Indefinitely	03-14-01	06-11-01
H0610	Walend	COMPENSATE COUNTIES WITH STATE PARKS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0619	Warner	TEACHER ASSISTANT	HF	Postponed	03-15-01	10-03-02

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		SALARY SCHEDULE.		Indefinitely		
$ H0627	Baddour	**INTENSIVE HOME VISITING FUNDS.**	**HF**	**Postponed Indefinitely**	**03-15-01**	**06-11-01**
[redacted]0627	Baddour	**INTENSIVE HOME VISITING FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0632	Bonner	**MAXTON REVITALIZATION FUNDS.**	**HF**	**Postponed Indefinitely**	**03-15-01**	**06-11-01**
$ H0632	Bonner	**MAXTON REVITALIZATION FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0635	Mitchell	REGULATE BODY PIERCING.	*H	Re-ref Com On Finance	05-22-01	06-12-01
H0635	Mitchell	REGULATE BODY PIERCING.	*H	Re-ref Com On Finance	07-11-01	09-13-01
H0644=	Crawford, J.	TOLL ROAD AND BRIDGE AUTHORITY CREATED.	*HR	Ch. SL 2002-133	08-16-01	09-27-01
$ H0653=	Hill	**TOBACCO FARM LIFE MUSEUM FUNDS.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0653=	Hill	**TOBACCO FARM LIFE MUSEUM FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0654=	Hill	**CENTER FOR ENVIRONMENTAL FARMING FUNDS.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0654=	Hill	**CENTER FOR ENVIRONMENTAL FARMING FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0655=	Hill	**AGRONOMIC LABORATORY FUNDS.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0655=	Hill	**AGRONOMIC LABORATORY FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0659	Arnold	**STATE PAYS FOR SCHOOL UTILITIES.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**10-03-02**
[redacted]677	Mitchell	**IREDELL LIVESTOCK EXPOSITION CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0677	Mitchell	**IREDELL LIVESTOCK EXPOSITION CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0679	Morris	**CUMBERLAND JUVENILE ASSESSMENT CENTER.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0679	Morris	**CUMBERLAND JUVENILE ASSESSMENT CENTER.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0688=	Warwick	TAX REVENUE FOR TURFGRASS RESEARCH.	*HR	Ch. SL 2001-514	10-08-01	11-15-01
$ H0690	Cox	**VETERANS MEMORIAL FUNDS.**	**HF**	**Postponed Indefinitely**	**03-19-01**	**06-11-01**
$ H0690	Cox	**VETERANS MEMORIAL FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0691	Wright	**NEW HANOVER LIBRARY FUNDS.**	**HF**	**Postponed Indefinitely**	**03-20-01**	**06-11-01**
$ H0691	Wright	**NEW HANOVER LIBRARY FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0692	Wright	**ASTHMA EDUCATION FUNDS.**	**HF**	**Postponed Indefinitely**	**03-20-01**	**06-11-01**
$ H0692	Wright	**ASTHMA EDUCATION FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0693	Wright	**NEW HANOVER COMM.**	**HF**	**Postponed**	**03-20-01**	**06-11-01**

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ACTION FUNDS.		Indefinitely		
$ H0693	Wright	NEW HANOVER COMM. ACTION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
[redacted]0714	Nye	POE CENTER FUNDS.	HF	Postponed Indefinitely	03-21-01	06-11-01
$ H0714	Nye	POE CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0717	Judiciary II	INFANT HOMICIDE PREVENTION APPROPRIATION.	HF	Postponed Indefinitely	03-21-01	06-11-01
$ H0717	Judiciary II	INFANT HOMICIDE PREVENTION APPROPRIATION.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0721	Warner	CAPE FEAR RIVER FRESHWATER AQUARIUM.	HF	Postponed Indefinitely	03-22-01	06-11-01
$ H0721	Warner	CAPE FEAR RIVER FRESHWATER AQUARIUM.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0724=	Insko	LEP STUDENTS.	HF	Postponed Indefinitely	03-22-01	06-11-01
$ H0724=	Insko	LEP STUDENTS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0734	Wright	HEPATITIS C EDUCATION/ AWARENESS FUNDS.	HF	Postponed Indefinitely	03-22-01	06-11-01
$ H0734	Wright	HEPATITIS C EDUCATION/ AWARENESS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0735	Wright	DIABETES CONTROL FUNDS.	HF	Postponed Indefinitely	03-22-01	06-11-01
$ H0735	Wright	DIABETES CONTROL FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0753	Jeffus	SEXUAL ASSAULT FUNDS.	HF	Postponed Indefinitely	03-26-01	06-11-01
[redacted]753	Jeffus	SEXUAL ASSAULT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0763	Cole	CHINQUA-PENN PLANTATION TRANSFER/ FUNDS.	*HF	Postponed Indefinitely	05-09-01	06-11-01
$ H0763	Cole	CHINQUA-PENN PLANTATION TRANSFER/ FUNDS.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0769=	Hill	AGRICULTURAL FAIRS ADVISORY COUNCIL/ GRANT FUNDS.	*HF	Postponed Indefinitely	04-19-01	06-11-01
$ H0769=	Hill	AGRICULTURAL FAIRS ADVISORY COUNCIL/ GRANT FUNDS.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0770=	Hill	CERRO GORDO TOWN HALL FUNDS.	HF	Postponed Indefinitely	03-26-01	06-11-01
$ H0770=	Hill	CERRO GORDO TOWN HALL FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0776	Morris	CAPE FEAR AQUARIUM PLANNING FUNDS.	HF	Postponed Indefinitely	03-26-01	06-11-01
$ H0776	Morris	CAPE FEAR AQUARIUM PLANNING FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0787=	Wainwright	TRYON PALACE FUNDS.	HF	Postponed Indefinitely	03-26-01	06-11-01
$ H0787=	Wainwright	TRYON PALACE FUNDS.	HF	Postponed	09-30-02	10-03-02

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$ H0788=	Wainwright	PRENATAL CARE FUNDS.	HF	Indefinitely Postponed Indefinitely	03-26-01	06-11-01
$ H0788=	Wainwright	PRENATAL CARE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0797	Nye	FUNDS FOR MH/DD/SA BOARD TRAINING.	HF	Postponed Indefinitely	03-26-01	06-11-01
$ H0797	Nye	FUNDS FOR MH/DD/SA BOARD TRAINING.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0805	Insko	UNC INDIGENT PSYCHIATRY FUNDS.	HF	Postponed Indefinitely	03-26-01	06-11-01
$ H0805	Insko	UNC INDIGENT PSYCHIATRY FUNDS.	HF	Postponed Indefinitely	06-14-01	10-03-02
H0825	Cox	CORRECTIONAL OFFICERS/ 28-YEAR RETIREMENT.	HF	Postponed Indefinitely	05-10-01	10-03-02
$ H0835	Russell	DPI CONSTRUCTION ASSISTANCE FUNDS.	HF	Postponed Indefinitely	03-28-01	06-11-01
$ H0835	Russell	DPI CONSTRUCTION ASSISTANCE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0843	Cansler	MEDICAID DENTAL REIMBURSEMENT FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0843	Cansler	MEDICAID DENTAL REIMBURSEMENT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0847	Davis	HARNETT INDUSTRIAL SITE FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0847	Davis	HARNETT INDUSTRIAL SITE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0858=	Davis	APPROPRIATION FOR GET SMART PROGRAM.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0858=	Davis	APPROPRIATION FOR GET SMART PROGRAM.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0863	Shubert	SOUTH PIEDMONT C.C. FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0863	Shubert	SOUTH PIEDMONT C.C. FUNDS.	HF	Postponed Indefinitely	06-14-01	10-03-02
$ H0901	Baddour	ADDITIONAL FAMILY COURT PILOTS/FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0901	Baddour	ADDITIONAL FAMILY COURT PILOTS/FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0915	Shubert	LMT BUDGET EXPENSES/ PRIOR FISCAL YEAR REVENUE.	HF	Postponed Indefinitely	04-17-01	10-03-02
$ H0921=	Alexander	POST-ADOPTION ASSISTANCE FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0921=	Alexander	POST-ADOPTION ASSISTANCE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0937	Wright	DIABETES CONTROL AND EDUCATION FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0937	Wright	DIABETES CONTROL AND EDUCATION FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0939=	Nesbitt	COMMUNITY MEDIATION CENTER FUNDS.	HF	Postponed Indefinitely	03-29-01	06-11-01
$ H0939=	Nesbitt	COMMUNITY MEDIATION CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0944	Barnhart	STATE FISCAL RESPONSIBILITY ACT.	HF	Postponed Indefinitely	04-11-01	10-03-02

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$ H0949	Alexander	CUED SPEECH FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0949	Alexander	CUED SPEECH FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0950	Wright	RAISE AIDS DRUG ASSISTANCE PROGRAM INCOME LIMIT.	HF	Postponed Indefinitely	04-05-01	06-11-01
$ H0950	Wright	RAISE AIDS DRUG ASSISTANCE PROGRAM INCOME LIMIT.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0951=	Culpepper	EASTERN HERITAGE TOURISM INITIATIVE FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0951=	Culpepper	EASTERN HERITAGE TOURISM INITIATIVE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0952=	Culpepper	WANCHESE MARINE INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0952=	Culpepper	WANCHESE MARINE INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0954	Alexander	UNC-CHARLOTTE TEACHER TRAINING PROGRAM FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0954	Alexander	UNC-CHARLOTTE TEACHER TRAINING PROGRAM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0960=	Davis	AVERASBORO BATTLEFIELD FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0960=	Davis	AVERASBORO BATTLEFIELD FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0961=	Davis	INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0961=	Davis	INDUSTRIAL PARK FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0962	Davis	ERWIN TEXTILE MUSEUM FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0962	Davis	ERWIN TEXTILE MUSEUM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0963=	Davis	WILLIAM C. LEE MUSEUM FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0963=	Davis	WILLIAM C. LEE MUSEUM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0964	Rogers	ECU FRESHWATER MARINE RESEARCH FUNDS.	HF	Postponed Indefinitely	04-03-01	06-11-01
$ H0964	Rogers	ECU FRESHWATER MARINE RESEARCH FUNDS.	HF	Postponed Indefinitely	10-01-02	10-03-02
$ H0966	Baddour	ADDITIONAL ADA/ DISTRICT 8.	HF	Postponed Indefinitely	04-04-01	06-11-01
$ H0966	Baddour	ADDITIONAL ADA/ DISTRICT 8.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0969=	Hackney	AIR QUALITY/MOTOR VEHICLE INSPECTION FEES.	*HR	Ch. SL 2001-504	05-17-01	05-30-01
$ H0973	Alexander	FUNDS FOR INTERPRETERS IN LOCAL HEALTH DEPTS.	HF	Postponed Indefinitely	04-04-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H0973	**Alexander**	**FUNDS FOR INTERPRETERS IN LOCAL HEALTH DEPTS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0976	**Nesbitt**	**WOMEN AT RISK FUNDS.**	**HF**	**Postponed Indefinitely**	**04-05-01**	**06-11-01**
$ H0976	**Nesbitt**	**WOMEN AT RISK FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0978	**Nesbitt**	**EARLY VOTING FUNDS/ GRANTS.**	**HF**	**Postponed Indefinitely**	**04-05-01**	**06-11-01**
$ H0978	**Nesbitt**	**EARLY VOTING FUNDS/ GRANTS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0981	**Jeffus**	**N C HUMANITIES COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**04-05-01**	**06-11-01**
$ H0981	**Jeffus**	**N C HUMANITIES COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H0987=	**Michaux**	**MUSEUM OF LIFE AND SCIENCE FUNDS.**	**HF**	**Postponed Indefinitely**	**04-05-01**	**10-03-02**
H0988=	Michaux	PROVIDE FUNDING BEFORE NEW SCHOOL STANDARDS.	HF	Postponed Indefinitely	04-17-01	06-11-01
H0988=	Michaux	PROVIDE FUNDING BEFORE NEW SCHOOL STANDARDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H0990=	Michaux	STATE BOARD OF EDUCATION CONFIRMATION.	*HR	Ch. Res 2001-17	04-17-01	04-23-01
H0994	Earle	TRAUMATIC BRAIN INJURY MEDICAID WAIVER.	HF	Postponed Indefinitely	04-24-01	06-11-01
H0994	Earle	TRAUMATIC BRAIN INJURY MEDICAID WAIVER.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H0995	**Earle**	**FUNDS FOR CHICKEN POX VACCINE.**	**HF**	**Postponed Indefinitely**	**04-05-01**	**06-11-01**
$ H0995	**Earle**	**FUNDS FOR CHICKEN POX VACCINE.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H0999	Cox	AMEND MEMBERSHIP REQUIREMENTS.	*HF	Postponed Indefinitely	06-25-01	10-03-02
$ H1000	**Cox**	**STEVENS FOUNDATION FUNDS.**	**HF**	**Postponed Indefinitely**	**04-09-01**	**06-11-01**
$ H1000	**Cox**	**STEVENS FOUNDATION FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1004	Gibson	ANSON/PAMLICO MODEL TEACHER ED. CONSORTIUM.	*HF	Postponed Indefinitely	04-25-01	06-11-01
H1004	Gibson	ANSON/PAMLICO MODEL TEACHER ED. CONSORTIUM.	*HF	Postponed Indefinitely	09-30-02	10-03-02
H1007=	Warwick	ENVIRONMENTAL TECHNICAL CORRECTIONS.	*HR	Ch. SL 2002-165	04-09-01	04-10-01
H1017=	Barefoot	RAISE FIRE AND RESCUE PENSION AMOUNT.	*HF	Postponed Indefinitely	04-19-01	10-03-02
$ H1018=	**Yongue**	**HIGH PRIORITY SCHOOL ASSISTANCE & ACCOUNT ACT.**	**HF**	**Postponed Indefinitely**	**04-09-01**	**06-11-01**
$ H1018=	**Yongue**	**HIGH PRIORITY SCHOOL**	**HF**	**Postponed**	**09-30-02**	**10-03-02**

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		ASSISTANCE & ACCOUNT ACT.		Indefinitely		
H1031	Adams	LIVABLE STATE MINIMUM WAGE.	HF	Postponed Indefinitely	04-09-01	10-03-02
H1033=	**Nye**	**CHILD CARING INSTITUTIONS FUNDS.**	**HF**	**Postponed Indefinitely**	**04-09-01**	**06-11-01**
$ H1033=	**Nye**	**CHILD CARING INSTITUTIONS FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1039=	**Easterling**	**UNC-TV FUNDS.**	**HF**	**Postponed Indefinitely**	**04-10-01**	**06-11-01**
$ H1039=	**Easterling**	**UNC-TV FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1040=	Easterling	TEMPORARY EXTENDED UNEMPLOYMENT BENEFITS.	*HR	Ch. SL 2002-143	04-10-01	08-19-02
$ H1044	**Tolson**	**ECU SCHOOL OF ENGINEERING.**	**HF**	**Postponed Indefinitely**	**04-10-01**	**06-11-01**
$ H1044	**Tolson**	**ECU SCHOOL OF ENGINEERING.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1054=	**Baddour**	**NC MILITARY AFFAIRS COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**04-10-01**	**06-11-01**
$ H1054=	**Baddour**	**NC MILITARY AFFAIRS COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1056=	**Allen**	**UNC NONAPPROPRIATED CAPITAL PROJECTS.**	**HF**	**Postponed Indefinitely**	**04-10-01**	**10-03-02**
$ H1080	**Arnold**	**ROCKY MOUNT FLOOD AID FUNDS.**	**HF**	**Postponed Indefinitely**	**04-11-01**	**10-03-02**
$ H1081	**Arnold**	**VOTING EQUIPMENT FUNDS.**	**HF**	**Postponed Indefinitely**	**04-11-01**	**06-11-01**
$ H1081	**Arnold**	**VOTING EQUIPMENT FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1082	**Arnold**	**STATE PAYS 100% NONFEDERAL MEDICAID SHARE.**	**HF**	**Postponed Indefinitely**	**04-11-01**	**06-11-01**
$ H1082	**Arnold**	**STATE PAYS 100% NONFEDERAL MEDICAID SHARE.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1103	**Alexander**	**CUED SPEECH FUNDS-2.**	**HF**	**Postponed Indefinitely**	**04-11-01**	**06-11-01**
$ H1103	**Alexander**	**CUED SPEECH FUNDS-2.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1107	Pope	REMOVE CAP ON SICK LEAVE	HF	Postponed Indefinitely	04-19-01	10-03-02
$ H1112=	**Baddour**	**NORTH CAROLINA ARTS COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**04-11-01**	**06-11-01**
$ H1112=	**Baddour**	**NORTH CAROLINA ARTS COUNCIL FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1131	Davis	FEDERAL FUNDS.	HF	Postponed Indefinitely	04-12-01	10-03-02
H1132	Davis	INCREASE JURORS' FEES.	HF	Postponed Indefinitely	04-12-01	06-11-01
H1132	Davis	INCREASE JURORS' FEES.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1133	**Davis**	**DELAY INITIATIVES DUE TO BUDGET CRISIS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**10-03-02**
$ H1142	**Sexton**	**NATIONAL GUARD TUITION ASSISTANCE**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		FUNDS.				
$ H1142	**Sexton**	**NATIONAL GUARD TUITION ASSISTANCE FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1145	**Yongue**	**INCREASE PAY/TEACHERS OF EXCEPTIONAL CHILDREN.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**10-03-02**
$ H1148	**Insko**	**STATE COUNTY SPEC. ASSISTANCE/ALT. LIVING.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1148	**Insko**	**STATE COUNTY SPEC. ASSISTANCE/ALT. LIVING.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1150=	**Michaux**	**ENDURE FAIRNESS IN SCHOOL TESTING PROGRAM.**	**HF**	**Postponed Indefinitely**	**04-17-01**	**06-11-01**
$ H1150=	**Michaux**	**ENDURE FAIRNESS IN SCHOOL TESTING PROGRAM.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1158=	Hackney	BAN CERTAIN WASTE FROM LANDFILLS.	*HF	Postponed Indefinitely	04-26-01	06-11-01
H1158=	Hackney	BAN CERTAIN WASTE FROM LANDFILLS.	*HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1180=	**Hill**	**AMERICAN LEGION POST 139 FUNDS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1180=	**Hill**	**AMERICAN LEGION POST 139 FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1182=	Bell	NONLICENSED LOCAL SCHOOL EMPLOYEES UNDER SPA.	HF	Postponed Indefinitely	04-24-01	10-03-02
H1211	Shubert	UNC SYSTEM-NO REMEDIAL EDUCATION PROGRAMS.	HF	Postponed Indefinitely	04-24-01	06-11-01
H1211	Shubert	UNC SYSTEM-NO REMEDIAL EDUCATION PROGRAMS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H1213	Tolson	REBATE AND GRANT PROGRAM FOR AFVS.	*HF	Postponed Indefinitely	08-15-01	10-03-02
$ H1221=	**Nesbitt**	**CLARIFY PURPOSE/ ASHEVILLE-BUNCOMBE TECH. FUNDS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1221=	**Nesbitt**	**CLARIFY PURPOSE/ ASHEVILLE-BUNCOMBE TECH. FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1223=	**Nesbitt**	**TEACHER ASSISTANTS SALARY INCREASE.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**10-03-02**
H1229	Shubert	HIGHWAY MAINTENANCE FUNDS-SOURCES/ DISTRIBUTION.	HF	Postponed Indefinitely	04-25-01	06-11-01
H1229	Shubert	HIGHWAY MAINTENANCE FUNDS-SOURCES/ DISTRIBUTION.	HF	Postponed Indefinitely	09-30-02	10-03-02
H1238	Luebke	MEDICAID WAIVER/ PRESCRIPTION DRUGS.	HF	Postponed Indefinitely	04-19-01	06-11-01
H1238	Luebke	MEDICAID WAIVER/ PRESCRIPTION DRUGS.	HF	Postponed Indefinitely	09-30-02	10-03-02

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
H1241	Redwine	SICK LEAVE/JUDICIAL RETIREMENT SYSTEM.	HF	Postponed Indefinitely	05-16-01	10-03-02
H1245	Baddour	NCDL/SELECTIVE SERVICE REGISTRATION.	*HR	Ch. SL 2002-162	04-24-01	06-11-01
H1245	Baddour	NCDL/SELECTIVE SERVICE REGISTRATION.	*HR	Ch. SL 2002-162	09-27-01	09-27-01
H1255	Cox	INCREASE RETIREMENT BENEFITS.	*HF	Postponed Indefinitely	05-22-01	10-03-02
$ H1265	**Wright**	**QUALITY SUPPORT/ SKILLED NURSING FACILITIES.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1265	**Wright**	**QUALITY SUPPORT/ SKILLED NURSING FACILITIES.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1273=	Justus	NCDL-ADDRESS REQUIREMENT ON APPLICATION.	HF	Postponed Indefinitely	04-17-01	06-11-01
H1273=	Justus	NCDL-ADDRESS REQUIREMENT ON APPLICATION.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1288=	**Fox**	**NORTH CAROLINA BIOTECHNOLOGY CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1288=	**Fox**	**NORTH CAROLINA BIOTECHNOLOGY CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1295	Luebke	STATE EMPLOYEE PAY PERIODS.	HF	Postponed Indefinitely	04-19-01	10-03-02
$ H1299	**Gibson**	**UNDERGROUND STORAGE TANK PROGRAM FUNDS.**	***HR**	**Ch. SL 2001-454**	**04-12-01**	**06-11-01**
$ H1299	**Gibson**	**UNDERGROUND STORAGE TANK PROGRAM FUNDS.**	***HR**	**Ch. SL 2001-454**	**09-27-01**	**09-27-01**
H1331	Oldham	RETIRED SCHOOL EMPLOYEES RETURN TO SCHOOLS.	*HF	Postponed Indefinitely	06-25-01	10-03-02
H1337	Boyd-McIntyre	ADDITIONAL SUPPORT FOR BEGINNING TEACHERS.	HF	Postponed Indefinitely	04-24-01	06-11-01
H1337	Boyd-McIntyre	ADDITIONAL SUPPORT FOR BEGINNING TEACHERS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1345	**Hunter**	**COMMUNITY DEVELOPMENT INITIATIVE FUNDS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1345	**Hunter**	**COMMUNITY DEVELOPMENT INITIATIVE FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1346=	**Hunter**	**NC MINORITY SUPPORT CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**04-12-01**	**06-11-01**
$ H1346=	**Hunter**	**NC MINORITY SUPPORT CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1353	**Tolson**	**EASTERN N.C. LIVESTOCK FACILITY FUNDS.**	**HF**	**Postponed Indefinitely**	**04-16-01**	**06-11-01**
$ H1353	**Tolson**	**EASTERN N.C. LIVESTOCK FACILITY FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1354	**Tolson**	**ITS DATA AND VIDEO**	**HF**	**Postponed**	**04-16-01**	**06-11-01**

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		SERVICES FUNDS.		Indefinitely		
$ H1354	Tolson	ITS DATA AND VIDEO SERVICES FUNDS.	HF	Postponed Indefinitely	10-01-02	10-03-02
[redacted]1355	Buchanan	AFRICAN-AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	04-16-01	06-11-01
$ H1355	Buchanan	AFRICAN-AMERICAN CULTURAL CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1356	Gray	CHILDREN'S MUSEUM OF WINSTON-SALEM FUNDS.	HF	Postponed Indefinitely	04-16-01	06-11-01
$ H1356	Gray	CHILDREN'S MUSEUM OF WINSTON-SALEM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1357	Hunter	NC TECHNOLOGICAL DEV. AUTH. FUNDS.	HF	Postponed Indefinitely	04-18-01	06-11-01
$ H1357	Hunter	NC TECHNOLOGICAL DEV. AUTH. FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1358	Alexander	EARLY INTERVENTION/ PUBLIC HEALTH FUNDS.	HF	Postponed Indefinitely	04-19-01	06-11-01
$ H1358	Alexander	EARLY INTERVENTION/ PUBLIC HEALTH FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1359	Alexander	COURTHOUSE CHILD CARE CENTER FUNDS.	HF	Postponed Indefinitely	04-19-01	06-11-01
$ H1359	Alexander	COURTHOUSE CHILD CARE CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1360	Warner	CAPE FEAR RIVER BASIN RESEARCH FUNDS.	HF	Postponed Indefinitely	04-19-01	06-11-01
$ H1360	Warner	CAPE FEAR RIVER BASIN RESEARCH FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1361	Smith	ABC COMPLEX DESIGNATION/FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1361	Smith	ABC COMPLEX DESIGNATION/FUNDS.	HF	Postponed Indefinitely	06-12-01	06-13-01
[redacted]361	Smith	ABC COMPLEX DESIGNATION/FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1364	Nesbitt	WESTERN N.C. FARMERS' MARKET FUNDS.	HF	Postponed Indefinitely	04-23-01	06-11-01
$ H1364	Nesbitt	WESTERN N.C. FARMERS' MARKET FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1366=	Jeffus	ANIMAL DISCOVERY FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1366=	Jeffus	ANIMAL DISCOVERY FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1367	Blue	NC PHOTONICS CONSORTIUM FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1367	Blue	NC PHOTONICS CONSORTIUM FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1368	Blue	MLK RESOURCE CENTER FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1368	Blue	MLK RESOURCE CENTER FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1369	Insko	STATE ABORTION FUND ELIGIBILITY CRITERIA.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1369	Insko	STATE ABORTION FUND ELIGIBILITY CRITERIA.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1370	Nye	CAP-C SLOTS FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
$ H1370	Nye	CAP-C SLOTS FUNDS.	HF	Postponed	09-30-02	10-03-02

Bill	Introducer	Short Title		Latest Action	In Date	Out Date
				Indefinitely		
$ H1371	Mitchell	ORGANIC CERTIFICATION COST-SHARE FUNDS.	HF	Postponed Indefinitely	04-24-01	06-11-01
[redacted]1371	Mitchell	ORGANIC CERTIFICATION COST-SHARE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1374	Michaux	CLOSE THE ACHIEVEMENT GAP/FUNDS.	HF	Postponed Indefinitely	04-25-01	06-11-01
$ H1374	Michaux	CLOSE THE ACHIEVEMENT GAP/FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1375	Michaux	FUNDS FOR DUKE MEDICAL CENTER GENETICS.	HF	Postponed Indefinitely	04-25-01	06-11-01
$ H1375	Michaux	FUNDS FOR DUKE MEDICAL CENTER GENETICS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1377	Wright	WILMINGTON FIREBOAT FUNDS.	HF	Postponed Indefinitely	04-25-01	06-11-01
$ H1377	Wright	WILMINGTON FIREBOAT FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1378	Culpepper	CHOWAN MAGISTRATE FUNDS.	HF	Postponed Indefinitely	04-25-01	06-11-01
$ H1378	Culpepper	CHOWAN MAGISTRATE FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1380	Nye	MEDICAL CHILD CARE CENTERS FUNDS.	HF	Postponed Indefinitely	04-26-01	06-11-01
$ H1380	Nye	MEDICAL CHILD CARE CENTERS FUNDS.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1382	Baddour	ADVISORY COMMISSION ON MILITARY AFFAIRS-2.	*HF	Postponed Indefinitely	05-30-01	06-11-01
$ H1382	Baddour	ADVISORY COMMISSION ON MILITARY AFFAIRS-2.	*HF	Postponed Indefinitely	09-30-02	10-03-02
[redacted]1386	Warner	COMMUNITY COLLEGE FACULTY SALARY FUNDS.	HF	Postponed Indefinitely	06-13-01	10-03-02
H1388	Hurley	EXTEND SUNSET ON STATE PORTS TAX CREDIT.	*HR	Ch. SL 2001-517	08-16-01	08-23-01
H1390	Nesbitt	RETIREMENT WITHDRAWAL SERVICE.	*HF	Postponed Indefinitely	06-20-01	10-03-02
H1391	Miller	NO DECREASE IN FTE FUNDS/UNC SYSTEM	HF	Postponed Indefinitely	04-26-01	06-11-01
H1391	Miller	NO DECREASE IN FTE FUNDS/UNC SYSTEM	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1392	Miller	AMEND UNC FINANCIAL NEED-BASED AID.	HF	Postponed Indefinitely	04-26-01	06-11-01
$ H1392	Miller	AMEND UNC FINANCIAL NEED-BASED AID.	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1393	Miller	TRAFFIC SIMULATION SOFTWARE FUNDS.	HF	Postponed Indefinitely	04-26-01	06-11-01
$ H1393	Miller	TRAFFIC SIMULATION SOFTWARE FUNDS.	HF	Postponed Indefinitely	06-14-01	10-03-02
$ H1394	Miller	IT EMPLOYEE RESERVE FUNDS.	HF	Postponed Indefinitely	04-26-01	06-11-01
$ H1394	Miller	IT EMPLOYEE RESERVE FUNDS.	HF	Postponed Indefinitely	10-01-02	10-03-02
$ H1395	Fox	HOLOCAUST EDUCATION FUNDS.	HF	Postponed Indefinitely	04-26-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
$ H1395	**Fox**	**HOLOCAUST EDUCATION FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1398	**McComas**	**LOWER CAPE FEAR RIVER PROGRAM FUNDS.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1398	**McComas**	**LOWER CAPE FEAR RIVER PROGRAM FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1399	**McComas**	**WORLD TRADE CENTER NORTH CAROLINA FUNDS.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1399	**McComas**	**WORLD TRADE CENTER NORTH CAROLINA FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1400	**Rayfield**	**ESTABLISH MOUNTAIN ISLAND STATE FOREST.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1400	**Rayfield**	**ESTABLISH MOUNTAIN ISLAND STATE FOREST.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1401	**Adams**	**FUNDS TO EXPAND INDIVIDUAL DEVELOPMENT ACCOUNTS.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1401	**Adams**	**FUNDS TO EXPAND INDIVIDUAL DEVELOPMENT ACCOUNTS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1402	Jeffus	ADDRESS CONFIDENTIALITY PROGRAM.	*H	Pres. To Gov. 10/ 3/2002	08-19-02	08-22-02
$ H1404=	**Wright**	**BROWNFIELDS POSITION.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1404=	**Wright**	**BROWNFIELDS POSITION.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1405	**Wright**	**HIV/AIDS PUBLIC HEALTH CRISIS.**	**HF**	**Postponed Indefinitely**	**06-19-01**	**10-03-02**
$ H1406	**Wright**	**PUBLIC HEALTH DEMONSTRATION PROJECT.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1406	**Wright**	**PUBLIC HEALTH DEMONSTRATION PROJECT.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
$ H1407	**Earle**	**FUNDS/PRESCRIPTION DRUG ACCESS PROGRAM.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1407	**Earle**	**FUNDS/PRESCRIPTION DRUG ACCESS PROGRAM.**	**HF**	**Postponed Indefinitely**	**10-01-02**	**10-03-02**
$ H1408	**Goodwin**	**VETERANS AFFAIRS OFFICES FUNDS**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1408	**Goodwin**	**VETERANS AFFAIRS OFFICES FUNDS**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1412	Luebke	AID TO PRIVATE COLLEGES/UPPER INCOME STUDENTS.	HF	Postponed Indefinitely	04-26-01	06-11-01
H1412	Luebke	AID TO PRIVATE COLLEGES/UPPER INCOME STUDENTS.	HF	Postponed Indefinitely	09-30-02	10-03-02
H1413	Luebke	NC SCIENCE & MATH SCHOOL; SCHOOL OF ARTS/TUITION	HF	Postponed Indefinitely	04-26-01	06-11-01
H1413	Luebke	NC SCIENCE & MATH SCHOOL; SCHOOL OF ARTS/TUITION	HF	Postponed Indefinitely	09-30-02	10-03-02
$ H1414	**Goodwin**	**IMPERIAL FOODS DEMOLITION FUNDS.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1414	**Goodwin**	**IMPERIAL FOODS**	**HF**	**Postponed**	**09-30-02**	**10-03-02**

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
		DEMOLITION FUNDS.		Indefinitely		
$ H1415=	**Boyd-McIntyre**	**SCHOOL COUNSELOR PAY SCALE INCREASE.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**10-03-02**
H1418	**Blue**	**CENTRAL CHILDREN'S HOME FUNDS.**	**HF**	**Postponed Indefinitely**	**04-26-01**	**06-11-01**
$ H1418	**Blue**	**CENTRAL CHILDREN'S HOME FUNDS.**	**HF**	**Postponed Indefinitely**	**09-30-02**	**10-03-02**
H1424	Allred	RESTORE FISCAL RESP. TO STATE BUDGET.	HF	Postponed Indefinitely	04-26-01	10-03-02
H1430		STATE CAPITAL FACILITIES FINANCING ACT.	*HF	Postponed Indefinitely	09-30-02	10-03-02
H1454		WITHHOLDING OF LOCAL GOVERNMENT REIMBURSEMENTS.	HF	Postponed Indefinitely	05-21-01	10-03-02
$ H1471		**BIOTERRORISM DEFENSE FUNDS.**	***HR**	**Ch. SL 2001-457**	**10-30-01**	**10-31-01**
$ H1481=		**FORSYTH TECH STOKES COUNTY CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**05-29-02**	**10-03-02**
H1529=		WITHDRAWN RETIREMENT SERVICE.	*HF	Postponed Indefinitely	07-08-02	10-03-02
$ H1582		**GASTON COLLEGE PUBLIC RADIO FUNDS.**	**HF**	**Postponed Indefinitely**	**06-06-02**	**10-03-02**
H1588=		INCREASE FIRE AND RESCUE PENSION.	HF	Postponed Indefinitely	07-10-02	10-03-02
H1602=		INCREASE RETIREMENT BENEFITS.	HF	Postponed Indefinitely	07-10-02	10-03-02
$ H1610=		**TRANSYLVANIA LEARNING & TECHNOLOGY CTR FUNDS.**	**HF**	**Postponed Indefinitely**	**06-11-02**	**10-03-02**
H1626=		CATAWBA COMM. COLL/ HOSIERY TECH. CENTER.	HF	Postponed Indefinitely	06-25-02	10-03-02
H1628		**SCOTLAND NECK CULTURAL ARTS CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**06-12-02**	**10-03-02**
$ H1660		**REALLOCATE FLOYD MONEY TO LOCAL GOV'TS.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1671=		**CAP/DA FUNDS.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1677		**FUNDS FOR AUTISM SERVICES.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1681=		**CC TEACHER PREPARATION FUNDS.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1692=		**HIGH-PRIORITY SCH. PROG. WAIVER/FUND SAVINGS.**	***HF**	**Postponed Indefinitely**	**07-11-02**	**10-03-02**
H1696		LAW ENFORCEMENT ESCORT FEE.	*HF	Postponed Indefinitely	08-21-02	10-03-02
$ H1699		**HIGHWAY 601 WIDENING/ SPEED LIMIT.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1700=		**WORLD TRADE CENTER FUNDS.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1701		**FUNDS TO RECRUIT FILM PRODUCTIONS.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1711=		**FUNDS FOR FOLIC ACID CAMPAIGN.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
H1716		UNC MANAGEMENT EFFICIENCY.	HF	Postponed Indefinitely	06-13-02	10-03-02
$ H1726=		**UNC NONAPPROPRIATED CAPITAL.**	***H**	**Pres. To Gov. 10/ 3/2002**	**06-13-02**	**07-09-02**
1726=		**UNC NONAPPROPRIATED CAPITAL.**	***H**	**Pres. To Gov. 10/ 3/2002**	**07-17-02**	**08-27-02**
H1728=		BUNCOMBE YOUTH DETENTION CENTER OPERATIONS.	HF	Postponed Indefinitely	06-13-02	10-03-02
$ H1731		**CLARIFY CERTAIN BUILDING CODE REQUIREMENT.**	**HF**	**Postponed Indefinitely**	**06-13-02**	**10-03-02**
$ H1734=		**NC ECONOMIC STIMULUS AND JOB CREATION ACT.**	***H**	**Pres. To Gov. 10/ 4/2002**	**08-05-02**	**08-22-02**
$ H1743		**TOBACCO SETTLEMENT FUNDS TO COMM. COLLEGES.**	**HF**	**Postponed Indefinitely**	**06-17-02**	**10-03-02**
$ H1748		**2002 APPROPRIATIONS ACT-1.**	**HF**	**Postponed Indefinitely**	**06-17-02**	**10-03-02**
$ H1749		**2002 APPROPRIATIONS ACT-2.**	**HF**	**Postponed Indefinitely**	**06-17-02**	**10-03-02**
H1750		PROSPECTIVE TEACHERS/ TUITION.	HF	Postponed Indefinitely	06-17-02	10-03-02
H1751=		NC TOURISM DEVELOPMENT ACT.	*HF	Postponed Indefinitely	09-17-02	10-03-02
$ H1752		**REDUCE COSTS, IMPROVE ACC./SR. PRESC. DRUGS.**	**HF**	**Postponed Indefinitely**	**06-17-02**	**10-03-02**
H1766=		ESTABLISH MOUNTED HORSE/CAISSON PATROL UNIT.	*H	Ref To Com On Rules and Operations of the Senate	06-17-02	08-19-02
770		**REDUCE COOP. EXT. BUDGET.**	**HF**	**Postponed Indefinitely**	**06-17-02**	**10-03-02**
$ H1771		**GUIDELINES FOR SCHOOL COUNSELORS.**	**HF**	**Postponed Indefinitely**	**06-25-02**	**10-03-02**
S0247	John H. Kerr III	REALLOCATE CLEAN WATER BONDS/DEFER BOND ISSUE.	*HR	Ch. SL 2001-416	08-02-01	08-23-01
S0346	Tony Rand	AMEND STALKING/ DOMESTIC VIOLENCE LAWS.	*HR	Ch. SL 2001-518	05-16-01	06-11-01
S0346	Tony Rand	AMEND STALKING/ DOMESTIC VIOLENCE LAWS.	*HR	Ch. SL 2001-518	12-06-01	12-06-01
S0353	John H. Kerr III	DOR DEBT COLLECTION CHANGES.	*HR	Ch. SL 2001-380	05-22-01	06-11-01
S0394	Brad Miller	STUDY ADVISORY SBE MEMBERS/HEART TASK FORCE.	*HF	Postponed Indefinitely	07-19-01	08-23-01
S0400=	David W. Hoyle	NO SALES TAX ON CERTAIN PUBLICATIONS.	*HR	Ch. SL 2001-509	09-10-01	09-13-01
S0465	Dan Robinson	SHOOT INTO PROPERTY/ FELONY.	*H	Assigned To Appropriations Subcommittee on Justice and Public Safety	05-08-01	06-11-01

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Bill	Introducer	Short Title		Latest Action	In Date	Out Date
S0600	Wib Gulley	MV TECHNICAL CHANGES.	*H	Re-ref Com On Appropriations	10-02-01	
S0744	Kay R. Hagan	TEACH PERSONAL FINANCIAL LITERACY IN SCHOOLS.	H	Assigned To Appropriations Subcommittee on Education	06-05-01	06-11-01
S0822	Tony Rand	STATE SELF-FUNDED HEALTH CARE PLAN.	*H	Re-ref Com On Appropriations	12-06-01	
$ S0841	**Luther H. Jordan**	**APPROPRIATIONS/ MODIFICATIONS & OTHER CHANGES.**	***H**	**Ref To Com On Appropriations/ Base Budget**	**06-26-01**	**11-15-01**
S0879	Jeanne H. Lucas	NC SCHOOL OF SCIENCE & MATH/BUDGET FLEXIBILITY.	*HR	Ch. SL 2001-449	06-13-01	09-27-01
$ S0901	**Wib Gulley**	**NC HEALTH CHOICE PROGRAM ENROLL MANAGEMENT.**	***HR**	**Ch. SL 2002-100**	**06-26-01**	**08-28-02**
S0907	Howard N. Lee	ORGAN, EYE, AND TISSUE DONOR REGISTRY	*HR	Ch. SL 2001-481	10-25-01	11-15-01
S0914	Walter H. Dalton	PUBLIC CONSTRUCTION LAW CHANGES.	*HR	Ch. SL 2001-496	11-29-01	12-03-01
$ S0968=	**John H. Kerr III**	**UNC NONAPPROPRIATED CAPITAL PROJECTS.**	***HR**	**Ch. SL 2001-463**	**10-09-01**	**10-18-01**
$ S1005=	**Aaron W. Plyler**	**THE APPROPRIATIONS ACT.**	***HR**	**Ch. SL 2001-424**	**05-31-01**	**06-26-01**
$ S1111		**CERTAIN 2001 APPROPRIATIONS ACT MODIFICATIONS.**	***HR**	**Ch. SL 2002-12**	**06-25-02**	**06-26-02**
$ S1115		**MODIFY APPROPRIATIONS ACT OF 2001-1.**	***HR**	**Ch. SL 2002-126**	**06-24-02**	**08-08-02**
S1217=		2002 TECHNICAL CORRECTIONS.	*HR	Ch. SL 2002-159	10-02-02	10-03-02
232=		FIRE AND RESCUE AMENDMENT.	*HR	Ch. SL 2002-113	07-17-02	08-19-02
S1238=		WITHDRAWN RETIREMENT SERVICE.	*HR	Ch. SL 2002-153	07-17-02	08-19-02
S1329		DOT PAYS COUNTY GAS LINE RELOCATION COST.	*H	Assigned To Appropriations Subcommittee on Transportation	08-27-02	08-28-02
$ S1455		**STRENGTHEN SECURITIES FRAUD ENFORCEMENT LAWS.**	***H**	**Pres. To Gov. 10/ 4/2002**	**10-02-02**	**10-03-02**

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HOUSE MEETINGS OF THE APPROPRIATIONS COMMITTEE

2002 SESSION

June 26, 2002 – Senate Bill 1111

July 23, 2002 – Senate Bill 1115

July 25, 2002 – Senate Bill 1112

August 5, 2002 – House Bill 1734

August 6,7,8, 2002 – Senate Bill 1115

August 15, 2002 – Senate Bill 1232, House Bill 1040, House Bill 1766, Senate Bill 1238

August 20, 2002 – House Bill 1734

August 21, 2002 – House Bill 1734

August 27, 2002 – House Bill 1726

August 28, 2002 – Senate Bill 901

September 24, 2002 – House Bill 1751

September 25, 2002 – House Bill 1751

September 26, 2002, 8:45 am – House Bill 1751

September 26, 2002, 12:25 pm – House Appropriations/ Finance House Bill 1753 (Information Meeting Only)

October 2, 2002, 9:20 am – Senate Bill 822

October 2, 2002, 5:40 pm – Senate Bill 1455

October 3, 2002 – Senate Bill 1217

Minutes
House Appropriations Committee Meeting
Wednesday, June 26, 2002
8:30 AM
643 LOB

House Appropriations Co-Chair Representative Greg Thompson called the Appropriations Committee meeting to order at 8:30 am for the purposes of considering **S 1111, CERTAIN 2001 APPROPRIATIONS ACT MODIFICATIONS**. He recognized the House Pages in attendance. Co-Chair Representative Ruth Easterling made opening remarks.

The Co-Chair recognized Representative David Redwine to explain the bill as listed in the Bill Analysis (attached). Chairman Redwine stated that Senate Bill 1111 continues the directives and imitations enacted last session in the 2001 Appropriations Act and certain other legislation affecting the state budget. The bill authorizes the use of the Savings Reserve Account to balance the budget. The bill provides tat no automatic step increases shall be paid to State employees and public school employees. The bill sets the contribution rate for the State Teachers' and State Employees Retirement System. Further, the bill addresses the health and human services block grants, the natural and economic resources block grants, appropriations for Worker Training Trust Fund programs, and maintains participation levels in the AIDS Drug Assistance Program.

After debate on the bill the following amendments were offered:

An amendment by Rep. Carolyn Russell, to delete language using the Savings Reserve Account to balance the budget, was defeated on a roll call vote of 40/38.

An amendment by Rep. Marge Carpenter, to open the title to allow floor amendments, was defeated on a roll call vote of 43/35.

An amendment by Rep. Mitchell was withdrawn.

Co-Chair Representative Ruth Easterling moved to favorably report the Senate Committee Substitute Bill. By a voice vote the motion passed and the meeting was adjourned at 9:45 am.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, June 26, 2002
8:30 AM

S 1111, CERTAIN 2001 APPROPRIATIONS ACT MODIFICATIONS

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine, Thompson** for the Committee on **APPROPRIATIONS.**

☒ Committee Substitute for

S.B. 1111 A BILL TO BE ENTITLED AN ACT TO CONTINUE CURRENT DIRECTIONS AND LIMITATIONS ON THE EXPENDITURES OF STATE FUNDS, TO AUTHORIZE THE USE OF THE SAVINGS RESERVE ACCOUNT TO BALANCE THE BUDGET, TO PROVIDE THAT THERE BE NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES, TO SET THE CONTRIBUTION RATE TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO APPROPRIATE FUNDS FOR HEALTH AND HUMAN SERVICES BLOCK GRANTS, NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS, AND FOR WORKER TRAINING TRUST FUND PROGRAMS, AND TO MAINTAIN 2001-2002 PARTICIPATION LEVELS IN THE AIDS DRUG ASSISTANCE PROGRAM.

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 12.7.01

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, June 25, 2002
8:30 AM

S 1111, CERTAIN 2001 APPROPRIATIONS ACT MODIFICATIONS

SENATE BILL 1111:
Certain 2001 Appropriations Act Modifications.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Sen. Odom
Date:	June 26, 2002	**Summary by:**	Legal Counsel & Budget Development Staff
Version:	Second Edition		

SUMMARY: ***Senate Bill 1nues the directives and limitations enacted last session in the 2001 Appropriations Act and certain other legislation affecting the State budget. The bill authorizes the use of the Savings Reserve Account to balance the budget. The bill provides that no automatic step increases shall be paid to State employees and public school employees. The bill sets the contribution rate for the State Teachers' and State Employees Retirement System. Further, the bill addresses the health and human services block grants, the natural and economic resources block grants, appropriations for Worker Training Trust Fund programs, and maintaining participation levels in the AIDS Drug Assistance Program.***

BILL ANALYSIS:

Section 1: Directions and Limitations on Expenditures of State Funds

Boilerplate language to provide for the continuation of directions and limitations set out in the 2001 Appropriations Act, the 2001 Appropriations Modifications bill (i.e. the budget technical corrections bill) and other budget related legislation enacted in the 2001 session. Acknowledges that a subsequent final budget bill may be enacted that changes items and directs the Governor to adjust budget allocations when the final budget bill is enacted to give effect to the final budget bill.

Section 2: Use of Savings Reserve Account to Balance Budget

Authorizes the use of and appropriates funds from the Savings Reserve Account (i.e. the Rainy Day Fund), if necessary, to balance the 2001-02 fiscal year budget.

Section 3: No Automatic Step Increases for State Employees

Continues specific salaries currently in effect for the 2001-02 fiscal year for state and public school employees. Prohibits employees subject to statutory pay plans and the teachers/school-based administrators salary schedules from moving up on the schedules and/or receiving an automatic or step increase.

Section 4: Retirement Contribution Rate

Sets out the State's employer contribution rates for retirement and related benefits for the period covered by the bill.

- Reduces the contribution rate for the teachers' and state employees' retirement system to zero. Reduces the contribution rate for the legislative retirement system to zero. Reduces the contribution rate for the judicial retirement system to the extent allowed by actuarial gains.

Section 5: DHHS Block Grants

Appropriates the various federal block grants within DHHS.

- Federal block grants are appropriated each Session, and funds must be appropriated for the 2002-03 fiscal year in order for services to continue after June 30,2002.
- Block grants to be funded at same level provided for the current 2001-02 fiscal year: Community Services Block Grant, Low-Income Energy Block Grant, Substance Abuse
- Prevention and Treatment Block Grant, and the Mental Health Services Block Grant.
- Only ***core services*** are funded in the Temporary Assistance for Needy Families Block Grant, Social Services Block Grant, Child Care and Development Block Grant, Maternal and Child Health Block Grant, and the Preventative Health Services Block Grant.
- Language is also included to clarify that the final budget bill may change the funding of these block grants.

Section 6: Maintain Aids Drug Assistance Program (ADAP)

Continues eligibility requirements for the Aids Drug Assistance Program at level in effect for the 2001-02 fiscal year.

- The ADAP program serves individuals at or below 125% of the federal poverty level (FPL).
- Current law, sets this eligibility as part of an incremental increase plan which allows eligibility to increase to 150% FPL then increase to 175% FPL during FY 2001-02; then requires the Department to increase eligibility to serve individuals at or below the 200% level beginning July 1, 2002.
- There is not enough money available to serve individuals at the level required on July 1, 2002. The program has been closed to new enrollees since December due to increased program utilization during FY02.
- This provision changes the effective date for the 200% increase from July 1, 2002 to August 1, 2002.

Section 7: NER Block Grants

Authorizes the allocation of the federal Community Development Block Grant (CDBG) at the same level provided for the current 2001-02 fiscal year.

Section 8: Worker Training Trust Fund Appropriations

Appropriates funds from the Worker Training Trust Fund at the same level provided for the current 2001-02 fiscal year. Also provides for reduced funding across all programs if funds available for the 2002-03 fiscal year are less than currently available for the 2001-02 fiscal year.

Section 9: Effective Date

Specifies an effective date of July 1, 2002 and an expiration date of July 31, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 2

SENATE BILL 1111

Appropriations/Base Budget Committee Substitute Adopted 6/25/02

Short Title: Certain 2001 Appropriations Act Modifications (Public)

Sponsors:

Referred to:

May 29, 2002

A BILL TO BE ENTITLED

AN ACT TO CONTINUE CURRENT DIRECTIONS AND LIMITATIONS ON THE EXPENDITURES OF STATE FUNDS, TO AUTHORIZE THE USE OF THE SAVINGS RESERVE ACCOUNT TO BALANCE THE BUDGET, TO PROVIDE THAT THERE BE NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES, TO SET THE CONTRIBUTION RATE TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO APPROPRIATE FUNDS FOR HEALTH AND HUMAN SERVICES BLOCK GRANTS, NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS, AND FOR WORKER TRAINING TRUST FUND PROGRAMS, AND TO MAINTAIN 2001-2002 PARTICIPATION LEVELS IN THE AIDS DRUG ASSISTANCE PROGRAM.

The General Assembly of North Carolina enacts:

DIRECTIONS AND LIMITATIONS ON EXPENDITURES OF STATE FUNDS

SECTION 1.(a) The appropriations and the authorizations to allocate and spend funds, which are set out in this act, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

Except as otherwise provided by this act, the limitations and directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 remain in effect. Session laws that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this act.

SECTION 1.(b) If the provisions of either Senate Bill 1115, 3rd Edition or Senate Bill 1115, as it passes the House of Representatives; or both, direct that funds

shall not revert, the funds shall not revert on June 30, 2002. Unless these funds are encumbered on or before June 30, 2002, these funds shall not be expended after June 30, 2002, except as provided by a statute that becomes effective after June 30, 2002.

SECTION 1.(c) Subsection (b) of this section becomes effective June 30, 2002.

USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET

SECTION 2. G.S. 143-15.3(b) prohibits the Director of the Budget from using funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. The General Assembly hereby authorizes the Director of the Budget to use funds that were credited to the Savings Reserve Account on or before June 30, 2002, to the extent necessary to balance the State budget for the 2001-2002 fiscal year, and funds are hereby appropriated from the Savings Reserve Account for this purpose.

NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES

SECTION 3. State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

RETIREMENT CONTRIBUTION RATE

SECTION 4. Section 32.21(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 32.21.(b)** The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the ~~2001-2002 fiscal year and the~~ 2002-2003 fiscal year are (i) ~~five percent (5.00%)~~ three and three hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent (10.00%)~~ eight and three hundredths percent (8.03%) – State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty hundredths percent (16.40%)~~ thirteen and sixty-seven hundredths percent (13.67%) – Consolidated Judicial Retirement System; and (vi) ~~twenty-five and fifty-five hundredths percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include

sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

DHHS BLOCK GRANTS

SECTION 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT		
01.	Community Action Agencies	$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 15,639,392
SOCIAL SERVICES BLOCK GRANT		
01.	County departments of social services	$ 22,895,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Adult day care services	2,155,301
04.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 27,355,275
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934

04.	Weatherization Program	2,684,116
05.	Department of Administration – N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	$ 5,192,826
02.	Provision of community-based services to children	2,378,540
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		$ 9,855,277
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 14,501,711
02.	Continuation of services for pregnant women and women with dependent children	6,007,303
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04.	Provision of services to children and adolescents	6,839,190

05.	Juvenile Services – Family Focus	774,414
06.	Comprehensive Treatment Services Program	700,000
07.	Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	$148,343,839
02.	Quality and availability initiatives	17,259,661
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$165,603,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$114,181,958
02.	Work First County Block Grants	92,018,855
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$206,200,813
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647

TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	$ 16,928,823
PREVENTIVE HEALTH SERVICES BLOCK GRANT	
01. Statewide Health Promotion Programs	$3,061,182
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	$3,061,182

SECTION 5.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.(c) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.(d) The appropriations and the authorizations to allocate and spend funds, which are set out in this section, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

MAINTAIN AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 6. Notwithstanding Section 21.90 of S.L. 2001-424, eligibility for participation in the Aids Drug Assistance Program between July 1, 2002, and August 1, 2002, shall continue at the levels established for the 2001-2002 fiscal year in S.L. 2001-424.

NER BLOCK GRANT PROVISIONS

SECTION 7. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Section 5.2 of S.L. 2001-424 and as otherwise provided by law, and appropriations from federal block grants are hereby made.

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 8. The Director of the Budget shall appropriate funds from the Worker Training Trust Fund at the levels provided in Section 20.6 of S.L. 2001-424 and as otherwise provided by law. If the funds available for appropriation from the Worker Training Trust Fund in the 2002-2003 fiscal year are less than those appropriated from the Fund in the 2001-2002 fiscal year, then every program receiving an appropriation from the Fund in the 2001-2002 fiscal year shall receive an appropriation in the 2002-2003 fiscal year that is reduced by the same percentage as the reduction availability in the Fund.

EFFECTIVE DATE

SECTION 9. Except as otherwise provided in this act, this act becomes effective July 1, 2002, and expires July 31, 2002.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1111

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

S1111-ALR-41 [v.3]

Date _____,2002

Comm. Sub. [YES]
Amends Title [YES]
Second Edition

Representative Russell

moves to amend the bill on page 1, lines 3-4, by rewriting the lines to read:
"EXPENDITURE OF STATE FUNDS, TO PROVIDE"";

and further moves to amend the bill on page 2, lines 7-14, by deleting those lines.

SIGNED Russell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

Rainy D 237 on Balance

Failed 40 N 38 Y

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 6.26, 2001 **Amendment No.** 1 Russell

Total: Yes 38 **No** 40 **Bill Number:** S. 1111

TO TAKE out lang giving Gov Rainy Day Fund

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
✓		Thompson, Chair	✓		Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair			Creech
			✓		Culp
	✓	Adams		✓	Culpepper
		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee 6		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
✓		Bowie	✓		Grady
	✓	Boyd-McIntyre	✓		Gulley
		Brubaker		✓	Haire
✓		Carpenter			Hall

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
		Howard	✓		Sherrill
		Hunter	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus		✓	Sutton
✓		Justus	✓		Teague
✓		Kiser		✓	Tolson
		Lucas		✓	Tucker
		McAllister		✓	Underhill
		McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller		✓	Warner
		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

U can only
count 3

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1111

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S1111-ALR-44 [v.2]

Date 6.26 ,2002

Comm. Sub. [YES]
Amends Title [YES]
Second Edition

Representative Carpenter

moves to amend the bill on page 1, lines 2-12, by rewriting the lines to read:
"AN ACT TO MAKE CERTAIN MODIFICATIONS OF THE CURRENT APPROPRIATIONS ACT OF 2001."

SIGNED Marg Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

Failed D

ROLL CALL VOTE

2001 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 6.26.02, 2002 **Amendment No.** 2 Carpenter

Total: Yes 35 **No** 43 **Bill Number:** S. 1111

cmdt open title up for floor amdts

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
✓		Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair			Creech
			✓		Culp
	✓	Adams		✓	Culpepper
		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
✓		Bowie			Grady
	✓	Boyd-McIntyre	✓		Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

43 NO

35 4

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
		Howard		✓	Sherrill
	✓	Hunter	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus		✓	Sutton
✓		Justus	✓		Teague
✓		Kiser		✓	Tolson
		Lucas		✓	Tucker
		McAllister		✓	Underhill
		McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller		✓	Warner
		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
____	✓	Hackney, Spkr Pro Tem	____	✓	Dedmon, Maj. Leader
____	✓	Baddour, Maj. Leader	____	____	Cunningham, Mem. At Large

ROLLCALL
Revised 5/01

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1111

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

S1111-ALR-42 [v.2]

Date _____,2002

Comm. Sub. [YES]
Amends Title [YES]
Second Edition

Representative Mitchell

moves to amend the bill on page 1, lines 6-7, by rewriting the lines to read:
"PUBLIC SCHOOL EMPLOYEES,";

and further moves to amend the bill on page 2, line 25, through page 3, line 3, by deleting those lines.

SIGNED W. F. Mitchell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED ✓

VISITOR REGISTRATION SHEET

APPROPRIATIONS — 6-26-02
Name of Committee — Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Robert Pierce	DSC
DAN GERLACH	CENCORP
Frank Lewis	OSBM
Carl Goodwin	OSP
Whitney Obrig	OSBM
Mary Greene	OSBM
Judy Hunter	OSBM
John Dunn	NACLP
Hal Miller	NCACCT
Susan Campbell	DOC
Shirley A Bell	SEANC
STEVE Lack	AOC
Katie Mills	Rep. Culpepper
Omid Nasib	Hunton & Williams
Chad Essick	Edmisten & Webb
DAVE BOLIEK	EXPLORENET
NICOLE HARE	EXPLORENET
Hope Mozingo	NCDMV
Ruth Sapphire	NCDOT
Stella McKenney	NC DOI
Patrick Arnold	House Intern
Brian Francis	Mecklenburg Cnty
KEVIN LEONARD	NCDOL
Todd Barlow	Rep. Baddour
DAVID BARNES	Poyner + Spruill
Jim Blackburn	Assoc County Commrs
Kim Hibbard	NCLM
John Melby	GOV OFFICE

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Patricia Roeder	NCACE
Katherine Joyce	Electric Cooperatives
Jori Albers	BEGINNINGS
Angie Wilson	NC AAV
Lacy Rubert	CJPC
[illegible]	Mattox Co.
Courtney Conlow	Intern for Rep Yongue
Christine Craig	Kids Voting
Susan Markham	Professional Educators of NC
Jerry Cooper	NCALA
Stacy Flannery	NCHCFA
Kristen Wilson	"
[illegible] Hamm	NCMS

Minutes
House Appropriations Committee Meeting
Tuesday, July 23, 2002
8:50 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the meeting to order at 8:50 am to consider **S 1115, Modify Appropriations Act of 2001**. Rep Redwine explained that the committee would proceed to explain the budget situation.

He recognized Dr. Lynn Muchmore, Fiscal Division to explain the handout entitled **House Availability Analysis – 2002 session.**

The presiding Chair then recognized members for discussion. Rep. Bowie requested a list of Cash from Trust and Special Funds on line 10 of the document, which Dr. Muchmore stated is listed in the senate budget.

Rep Redwine announced the Appropriations subcommittees would begin meeting at 1:30 pm today to brief the Appropriations Subcommittee membership.

In this budget there is no money/raises for state employees but included is a one time $500. bonus at a cost of 78 million. Severance applies to all state employees who would be riffed and is not discretionary.

Rep. Justus asked the Appropriations Chair to explain line 7 of the handout and was told that the 152 million figure equals 32m from the Tobacco Trust, 40 million was taken from the Health and Wellness Trust Fund and 80 million from Golden Leaf. 8 million was left because the Governor took money earlier this year.

Rep. Daughtry requested and was told the nonrecurring figure the senate had in the budget was approximately 800 million and the house budget uses approximately 500-600 in non-recurring dollars.

The Chair stated that this meeting was for informational purposes only and upon no other request for information the meeting was adjourned at 10:20 am.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE

You are hereby notified that the Committee on **APPROPRIATIONS** will meet as follows:

DAY & DATE: **July 23, 2002**

TIME: **8:30 AM**

LOCATION: **643 LOB**

The following bills will be considered (Bill # & Short Title):

S 1115 **MODIFY APPROPRIATIONS ACT OF 2001**

Respectfully,

Representatives Easterling, Oldham, Redwine & Thompson
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at **8:40 PM** on Monday, July 22, 2002.

___Principal Clerk
___Reading Clerk - House Chamber

Rita Harris, Committee Assistant

-STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, July 23, 2002
8:30 AM

S 1115 Modify Appropriations Act of 2001

DRAFT/FRD Handout

HOUSE - Availability Analysis - 2002 Session

	AVAILABILITY	Column 1 Authorized FY 2002-03	Column 2 Senate Final FY 2002-03	Column 3 House Options FY 2002-03	
1	**Total General Fund Availability**	**15,440,404,157**	**13,405,000,000**	**13,455,000,000**	
2					
3	**APPROPRIATIONS COMMITTEE ADJUSTMENTS TO AVAILABILITY: 2002 Session**				
4	Project Tax Collect		61,937,267	15,000,000	
5	Highway Trust Fund – recurring inflationary adjustment -- sunset in two years		80,000,000	80,000,000	
6	Highway Trust Fund Transfer -- one time transfer, with intent to payback over 5 years		125,000,000	125,000,000	NR
7	Tobacco Settlement Trust Funds -- divert MSA receipts for one year ($40 m/fund)		120,000,000	152,000,000	NR
8	Hurricane Floyd Disaster Reserve		100,000,000	0	
9	Credit to Savings Reserve Account		(14,896,335)	0	
10	Transfer of Cash from Trust and Special Funds		8,534,164	8,534,164	NR
11	Adjustment to Transfer from Insurance Regulatory Fund		(851,366)	(851,366)	
12	Increase Collection Rates for Offender Fees		1,160,000	1,160,000	
13	Reimbursement for Unauthorized Substance Tax Division (SB 1292)		886,683	886,683	
14	Reimbursement for Audits of Local Smart Start Partnerships, State Auditor		360,606		
15					
16	**FINANCE COMMITTEE ADJUSTMENTS: 2002 Session**				
17	IRC Conformity – Pension, Education Changes, Estate Tax Credit, Accelerated Deprec		15,800,000	15,800,000	
18	Delay 2001 Tax Breaks – Implementation of Standard Deduction/Child Tax Credit		51,700,000	51,700,000	
19	Additional Revenue Enhancements *(SB 1292 PCS as passed by House Finance Com)*			99,500,000	
20	Suspend Local Reimbursements to Local Gov'ts with Hold Harmless Provision		270,000,000	0	
21	Fee Increases *(HB 1670 PCS as passed by House Finance Committee)*		25,434,311	33,700,000	
22	**Subtotal Finance Adjustments to Availability: 2002 Session**	0	362,934,311	200,700,000	
23					
24	**Subtotal Adjustments to Availability: 2002 Session**	0	845,065,330	582,429,481	
25					
26	**Revised General Fund Availability**	**15,440,404,157**	**14,250,065,330**	**14,037,429,481**	
27					
28	**EXPENDITURES**				
29					
	Subcommittees				
	Education *(Cols 2 & 3 include Public School ADM growth & Avg Salary Adj = $7.3 m)*	8,363,704,835	8,302,392,780	8,302,392,780	
32	General Government	340,514,078	308,296,161	309,962,161	
33	Health and Human Services	3,644,080,118	3,491,698,058	3,591,698,058	
34	Natural and Economic Resources *(House Excludes CWMTF & Senate Includes $70m)*	365,250,237	343,028,239	273,028,239	
35	Justice and Public Safety	1,550,130,929	1,457,526,728	1,457,526,728	
36	Corrections Lapse Salary Reserve (Inmate Medical & Shift Pay)			30,000,000	
37	Transportation Reserve	13,393,341	10,902,500	10,902,500	
38	**Subtotal Subcommittees**	14,277,073,538	13,913,844,466	13,975,510,466	
39					
51	**Other Expenditures (Salaries, Benefits and Reserves)**	505,497,088	505,497,088	505,497,088	
52					
53	**Adjustments to Expenditures: 2002 Session**				
54	Retirement Contribution (Teachers' & State Employees)		(142,000,000)	(142,300,000)	
55	Combine Judicial, Legislative and Teachers' & State Employees' Retirement Systems		(7,575,940)	0	
56	Adjustment to Statewide Reserve for Health Plan Increases (Gov. Recom.)		(12,621,872)	(12,621,872)	
57	Adjustment to Statewide Reserve for Compensation Increases (Gov. Recom.)		(4,247,868)	(4,247,868)	
58	Fund Payroll at 98% *(Includes Universities)*		(36,500,000)	(70,000,000)	
59	Adjustment for Reduced Debt Service Requirements		(37,105,542)	(37,105,542)	
60	One-time savings for debt refinancing		(61,000,000)	(61,000,000)	
61	Governor's Efficiency Recommendations		(25,000,000)	(25,000,000)	
62	ITS Rate Reduction		(3,414,318)	(2,414,318)	
63	Water Resources Development Projects		31,248,000	31,248,000	
64	Clean Water Management Trust Fund *(Senate includes $70m on line #34)*			40,000,000	
65	Additional Funds for C&E		5,000,000	0	
66					
67	**EXPANSION ITEMS: 2002 Session**				
68	Step Increase for Teachers and Principals		51,937,267	51,937,267	
69	Governor's Education Expansion		0	54,000,000	
70	Severance Package Reserve		20,000,000	20,000,000	
71	MH/DD/SAS Trust Fund		50,000,000	0	
72	Reserve for HIPAA compliance		2,000,000	2,000,000	
73					
74	**Subtotal Adjustments to Expenditures: 2002 Session**	0	(169,280,273)	(155,504,333)	
	Revised General Fund Expenditures	**14,782,570,626**	**14,250,061,281**	**14,325,503,221**	
77					
78	Revenues vs. Expenditures: Surplus/(Budget Shortfall)	657,833,531	4,049	(288,073,740)	

VISITOR REGISTRATION SHEET

APPropriations — Name of Committee

7.23.02 — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Henry Hutaff	N.C.S.D.A.
Kevin Leonard	N.C. D.O.L
Kennon Briggs	NCCCS
Allie Garland	EC
Beckie Street	PPNPS
Justin P Cole	NCACOC
Denise G. Seasoms	NC Dept of Commerce
David Meredith	NC State Grange
Laura Harper	SEANC
Steve Shaber	Poyner Spruill
David Barnes	PHSpa
Chad W. Essick	Edmisten + Webb
C.L. Cochran	UCPNC - Cross
Rane Richard	ARC-NC-Cross
Katherine Miller	NCASA
Kay Olney	NC School Counselor Assoc
Joni Alberg	BEGINNINGS For Parents of D/HH
Cindy DeFoor	NCCIH
John Meads	NCCSPC
Fred Waddle	NCCSPC
Sharon Matthews	DOT
Carl Goodwin	OSP
Tony G Waldrop	UNC-Chapel Hill
Steve Lassiter	AOC
Greg Hall	AOC
Peg Dorsey	Conference of D.A.s
John Smith	AOC
George Millsaps	DOA

VISITOR REGISTRATION SHEET

Approp
Name of Committee

7-23-02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Carlton Mynick	DOA
Anthony Powell	NC Rural Economic Development Ctr.
Hal Miller	NCACCT
Greg Piner	OSBM
Biff Harris	OSBM
Ruth Sappie	NCDOT
Tai Mai Shu	FRD
Frank Lewis	OSBM
Thomas Cheek	S
Susan Coward	NCDOT
Jane L. Smith	DENR
Johnny Gray	OSBM
Elizabeth Provenzano	OSBM
Sam Lee	OSBM
Steve Wall	CCNC
Sharrese Ransome	NC DHHS
(Carmen) Hooker Odom	NC DHHS
Abi Ill Sm Harkett	NCCDT
Robert Wilson	S.O.S.
Audrey J. Gallaway	NCAE
Anne White	NCCADV
Chris Fitzsimon	Common Sense Foundation
Meg Maynard	Wrapt w/ NC's children
Roz Sawicki	NC Child Care Coalition
Carla Day	NCDA & CS
Marsha Evans	NCDAHCS
Jan Scott	NCASA
Linda Suggs	SBE
William Kemp	NCDAHCS

VISITOR REGISTRATION SHEET

Appropriations — 7.23.09

Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[illegible]	Public School Town of NC
[illegible]	VC
[illegible]	
[illegible]	NCFPC
[illegible]	Bove Assoc.
[illegible]	NCICU
JACK COZART	PPAB
[illegible]	BPMHC
[illegible]	Attorney Board
[illegible]	Intern
LAD RUBART	CYPC
Dolley Deck	Orlando
[illegible]	Orlando
[illegible]	NCMS
[illegible]	Martin Marietta
BRUCE THOMPSON	PARKER POE ADAMS & BERNSTEIN
[illegible]	MFGS
KAREN GILLESPIE	BRISTOL MYERS SQUIBB
[illegible]	DOR
ANN LORE	DUHS
VL McBride	NCTA
[illegible]	UNC-CH
[illegible]	DCCC
[illegible]	Food Bank
George Irvin	Johnson & Johnson
[illegible]	CHA
Marion Smith	MSA
[illegible]	Abbott Laboratories, Inc.

VISITOR REGISTRATION SHEET

Approp.
Name of Committee

7-23-02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Holly Loflan	
John Bowdish	Allen Associates
[illegible]	[illegible]
John Allen	Allen Associates LLC.

Minutes
House Appropriations Committee Meeting
Thursday, July 25, 2002
8:00 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:00 am for the purposes of considering **S 1112, CERTAIN 2001 APPROPRIATIONS ACT MODIFICATIONS**. He recognized the House Pages in attendance.

Co-Chair Rep. Redwine recognized Dr. Muchmore to explain the bill as listed in the Bill Analysis (attached). Chairman Redwine stated that Senate Bill 1111 continues the directives and initiatives enacted last session in the 2001 Appropriations Act and certain other legislation affecting the state budget. The bill authorizes the use of the Savings Reserve Account to balance the budget. The bill provides that no automatic step increases shall be paid to state employees and public school employees. The bill sets the contribution rate for the State Teachers' and State Employees Retirement System. Further, the bill addresses the health and human services block grants, the natural and economic resources block grants, appropriations for Worker Training Trust Fund programs, and maintains participation levels in the AIDS Drug Assistance Program.

After debate on the bill the following amendments were offered:

An amendment by Rep. Carolyn Russell, to delete language using the Savings Reserve Account to balance the budget, was defeated on a roll call vote of 40/38.

An amendment by Rep. Marge Carpenter, to open the title of the bill to allow amendments when the bill is considered on the floor, was defeated on a roll call vote of 43/35.

An amendment by Rep. Mitchell was withdrawn.

Co-Chair Representative Ruth Easterling moved to favorably report the Senate Committee Substitute Bill. By a voice vote the motion passed and the meeting was adjourned at 8:20 am.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

-STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Thursday, July 25, 2002
8:00 AM

S 1112 Certain 2001 Appropriations Act Modifications

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE & THOMPSON** for the Committee on **APPROPRIATIONS**.

☒ Committee Substitute for
H.B. 1112 A BILL TO BE ENTITLED AN ACT TO CONTINUE THE LAW MAKING CERTAIN MODIFICATIONS TO THE APPROPRIATIONS ACT OF 2001.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 7.25.02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

SENATE BILL 1112:
Certain 2001 Appropriations Act Modifications.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Sen. Odom
Date:	**July 25, 2002**	**Summary by:**	Legal Counsel & Budget Development Staff

SUMMARY: *Re-enacting the provisions of Senate Bill 1111 -- Senate Bill 1112 continues the directives and limitations passed last session in the 2001 Appropriations Act and certain other legislation affecting the State budget. The bill authorizes the use of the Savings Reserve Account to balance the budget. The bill provides that no automatic step increases shall be paid to State employees and public school employees. The bill sets the contribution rate for the State Teachers' and State Employees Retirement System. Further, the bill addresses the health and human services block grants, the natural and economic resources block grants, appropriations for Worker Training Trust Fund programs, and maintaining participation levels in the AIDS Drug Assistance Program. The act remains effective until August 31, 2002.*

BILL ANALYSIS:

Section 1: Directions and Limitations on Expenditures of State Funds

Boilerplate language to provide for the continuation of directions and limitations set out in the 2001 Appropriations Act, the 2001 Appropriations Modifications bill (i.e. the budget technical corrections bill) and other budget related legislation enacted in the 2001 session. Acknowledges that a subsequent final budget bill may be enacted that changes items and directs the Governor to adjust budget allocations when the final budget bill is enacted to give effect to the final budget bill.

Section 2: Use of Savings Reserve Account to Balance Budget

Authorizes the use of and appropriates funds from the Savings Reserve Account (i.e. the Rainy Day Fund), if necessary, to balance the 2001-02 fiscal year budget.

Section 3: No Automatic Step Increases for State Employees

Continues specific salaries currently in effect for the 2001-02 fiscal year for state and public school employees. Prohibits employees subject to statutory pay plans and the teachers/school-based administrators salary schedules from moving up on the schedules and/or receiving an automatic or step increase.

Section 4: Retirement Contribution Rate

Sets out the State's employer contribution rates for retirement and related benefits for the period covered by the bill.

- Reduces the contribution rate for the teachers' and state employees' retirement system to zero. Reduces the contribution rate for the legislative retirement system to zero. Reduces the contribution rate for the judicial retirement system to the extent allowed by actuarial gains.

Section 5: DHHS Block Grants

Appropriates the various federal block grants within DHHS.

- Federal block grants are appropriated each Session, and funds must be appropriated for the 2002-03 fiscal year in order for services to continue after June 30,2002.
- Block grants to be funded at same level provided for the current 2001-02 fiscal year: Community Services Block Grant, Low-Income Energy Block Grant, Substance Abuse
- Prevention and Treatment Block Grant, and the Mental Health Services Block Grant.
- Only ***core services*** are funded in the Temporary Assistance for Needy Families Block Grant, Social Services Block Grant, Child Care and Development Block Grant, Maternal and Child Health Block Grant, and the Preventative Health Services Block Grant.
- Language is also included to clarify that the final budget bill may change the funding of these block grants.

Section 6: Maintain Aids Drug Assistance Program (ADAP)

Continues eligibility requirements for the Aids Drug Assistance Program at level in effect for the 2001-02 fiscal year.

- The ADAP program serves individuals at or below 125% of the federal poverty level (FPL).
- Current law, sets this eligibility as part of an incremental increase plan which allows eligibility to increase to 150% FPL then increase to 175% FPL during FY 2001-02; then requires the Department to increase eligibility to serve individuals at or below the 200% level beginning July 1, 2002.
- There is not enough money available to serve individuals at the level required on July 1, 2002. The program has been closed to new enrollees since December due to increased program utilization during FY02.
- This provision changes the effective date for the 200% increase from July 1, 2002 to August 1, 2002.

Section 7: NER Block Grants

Authorizes the allocation of the federal Community Development Block Grant (CDBG) at the same level provided for the current 2001-02 fiscal year.

Section 8: Worker Training Trust Fund Appropriations

Appropriates funds from the Worker Training Trust Fund at the same level provided for the current 2001-02 fiscal year. Also provides for reduced funding across all programs if funds available for the 2002-03 fiscal year are less than currently available for the 2001-02 fiscal year.

Section 9: Effective Date

Specifies an effective date of July 1, 2002 and an expiration date of August 31, 2002

SENATE
COMMITTEE SUBSTITUTE

JUL 24 2002

ADOPTED

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S **D**

SENATE BILL 1112
PROPOSED COMMITTEE SUBSTITUTE S1112-PCS4737-LT-61

Short Title: Continue Appropriations Act Modification. (Public)

Sponsors:

Referred to:

May 29, 2002

A BILL TO BE ENTITLED

AN ACT TO CONTINUE THE LAW MAKING CERTAIN MODIFICATIONS TO THE APPROPRIATIONS ACT OF 2001.

The General Assembly of North Carolina enacts:

SECTION 1. Section 9 of S.L. 2002-12 reads as rewritten:

"**SECTION 9.** Except as otherwise provided in this act, this act becomes effective July 1, 2002, and expires ~~July 31, 2002.~~August 31, 2002."

SECTION 2. This act becomes effective July 31, 2002.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

SESSION LAW 2002-12
SENATE BILL 1111

AN ACT TO CONTINUE CURRENT DIRECTIONS AND LIMITATIONS ON THE EXPENDITURES OF STATE FUNDS, TO AUTHORIZE THE USE OF THE SAVINGS RESERVE ACCOUNT TO BALANCE THE BUDGET, TO PROVIDE THAT THERE BE NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES, TO SET THE CONTRIBUTION RATE TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO APPROPRIATE FUNDS FOR HEALTH AND HUMAN SERVICES BLOCK GRANTS, NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS, AND FOR WORKER TRAINING TRUST FUND PROGRAMS, AND TO MAINTAIN 2001-2002 PARTICIPATION LEVELS IN THE AIDS DRUG ASSISTANCE PROGRAM.

The General Assembly of North Carolina enacts:

DIRECTIONS AND LIMITATIONS ON EXPENDITURES OF STATE FUNDS

SECTION 1.(a) The appropriations and the authorizations to allocate and spend funds, which are set out in this act, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

Except as otherwise provided by this act, the limitations and directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 remain in effect. Session laws that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this act.

SECTION 1.(b) If the provisions of either Senate Bill 1115, 3rd Edition or Senate Bill 1115, as it passes the House of Representatives; or both, direct that funds shall not revert, the funds shall not revert on June 30, 2002. Unless these funds are encumbered on or before June 30, 2002, these funds shall not be expended after June 30, 2002, except as provided by a statute that becomes effective after June 30, 2002.

SECTION 1.(c) Subsection (b) of this section becomes effective June 30, 2002.

USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET

SECTION 2. G.S. 143-15.3(b) prohibits the Director of the Budget from using funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. The General Assembly hereby authorizes the Director of the Budget to use funds that were credited to the Savings Reserve Account on or before June 30, 2002, to the extent necessary to balance the State budget for the 2001-2002 fiscal year, and funds are hereby appropriated from the Savings Reserve Account for this purpose.

NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES

SECTION 3. State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

RETIREMENT CONTRIBUTION RATE

SECTION 4. Section 32.21(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 32.21.(b)** The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the ~~2001-2002 fiscal year and the~~ 2002-2003 fiscal year are (i) ~~five percent (5.00%)~~ three and three hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent (10.00%)~~ eight and three hundredths percent (8.03%) – State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty hundredths percent (16.40%)~~ thirteen and sixty-seven hundredths percent (13.67%) – Consolidated Judicial Retirement System; and (vi) ~~twenty-five and fifty-five hundredths percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

DHHS BLOCK GRANTS

SECTION 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 15,639,392

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services	$ 22,895,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113

03.	Adult day care services	2,155,301
04.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 27,355,275
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934
04.	Weatherization Program	2,684,116
05.	Department of Administration – N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	$ 5,192,826
02.	Provision of community-based services to children	2,378,540
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		$ 9,855,277
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 14,501,711
02.	Continuation of services for pregnant women and women with dependent children	6,007,303

03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04.	Provision of services to children and adolescents	6,839,190
05.	Juvenile Services – Family Focus	774,414
06.	Comprehensive Treatment Services Program	700,000
07.	Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	$148,343,839
02.	Quality and availability initiatives	17,259,661
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$165,603,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$114,181,958
02.	Work First County Block Grants	92,018,855
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$206,200,813
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		$ 16,928,823
PREVENTIVE HEALTH SERVICES BLOCK GRANT		

01.	Statewide Health Promotion Programs	$3,061,182
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$3,061,182

SECTION 5.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.(c) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.(d) The appropriations and the authorizations to allocate and spend funds, which are set out in this section, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

MAINTAIN AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 6. Notwithstanding Section 21.90 of S.L. 2001-424, eligibility for participation in the Aids Drug Assistance Program between July 1, 2002, and August 1, 2002, shall continue at the levels established for the 2001-2002 fiscal year in S.L. 2001-424.

NER BLOCK GRANT PROVISIONS

SECTION 7. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Section 5.2 of S.L. 2001-424 and as otherwise provided by law, and appropriations from federal block grants are hereby made.

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 8. The Director of the Budget shall appropriate funds from the Worker Training Trust Fund at the levels provided in Section 20.6 of S.L. 2001-424 and

as otherwise provided by law. If the funds available for appropriation from the Worker Training Trust Fund in the 2002-2003 fiscal year are less than those appropriated from the Fund in the 2001-2002 fiscal year, then every program receiving an appropriation from the Fund in the 2001-2002 fiscal year shall receive an appropriation in the 2002-2003 fiscal year that is reduced by the same percentage as the reduction availability in the Fund.

EFFECTIVE DATE

SECTION 9. Except as otherwise provided in this act, this act becomes effective July 1, 2002, and expires July 31, 2002.

In the General Assembly read three times and ratified this the 27th day of June, 2002.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 1:33 p.m. this 27th day of June, 2002

VISITOR REGISTRATION SHEET

Approp
Name of Committee

7/25-02
Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Lobb	DUHS
Ken McHon	Alley Associates, Inc.
Jerry Hardesty	Food Bank/ NCPC
Molly Freeman	NCAE
Lanier Cansler	DHHS
Barbara Cansler	MF&S
Stacy Flannery	NCHCFA
Steve Hoffman	NCSBA
Susan Harrison	WCPSS
Mary Doty	UFT

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

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Laura Leffler	Sign Lang. Interpreter Interpreter's Inc.
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Becky Brown	NC DOL
Kevin Leonard	↓
Deborah Rame	NCAAHD NCPNA
Linda Lynn	NCIMED
Janice Freeman	NC Healthy Start Foundation
Debbie Benny	NCDAACS
Clara Day	NCDA&CS
David Smith	NCDA&CS
Ebonie Alexander	NC Community Development Initiative
Stan Wall	CCNC
Kelly Anderson	CWMTF
John McKay	GOV OFFICE
Mark Lanier	UNCW
Ruth Sappie	NCDOT
Sharon Matthews	DOT-DMV
Elizabeth Bakenstein	OSBM
Milton Alford	OSBM
Sam Lee	OSBM
A. Rashood	NCDOT
Mary Jaquin	Governor's Office
Paul Meyer	City of Hickory / Inform
Bonnie V. Bennett	NCCFTE
Roz Smith	NC Child Care Coalition

Minutes
House Appropriations Committee Meeting
Monday, August 5, 2002
4:40 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 4:40 pm for the purposes of considering **H 1734, NC Economic Stimulus and Job Creation Act**. He recognized the House Pages in attendance.

The Co-Chair recognized Representative Bill Owens to explain the bill as listed in the Bill Analysis (attached). The bill makes changes to the Bill Lee Act and establishes a new development grant program. A reprint from an article in the News and Observer was distributed at the request of Rep. Owens.

Chairman Redwine stated that this meeting would be for discussion and debate purposes only and that the committee would come back later to take up amendments to the bill.

The meeting was adjourned at 6:45 pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA
Monday, August 5, 2002
4:30 PM

H 1734 **NC Economic Stimulus and Job Creation Act**

House Bill 1734:
NC Economic Stimulus and Job Creation Act

BILL ANALYSIS

Committee:	House Finance	**Sponsor:**	Reps. Owens and Allen
Date:	August 5, 2002	**Analysis by:**	Y. Canaan Huie
Version:	Finance PCS as amended		Staff Attorney

SUMMARY: ***There are two main components to this bill: changes to the Bill Lee Act and the establishment of a new economic development grant program. There are different effective dates for the various parts of the bill.***

BACKGROUND: The William S. Lee Quality Jobs and Business Expansion Act (hereinafter Bill Lee Act) was enacted in 1996, effective beginning with the 1996 tax year with a 2002 sunset. The Act is a package of State tax incentives and has been modified in each subsequent year. The incentives are primarily in the form of tax credits for investment in machinery and equipment and real property, for job creation, for worker training, and for research and development. Counties are divided into five economic distress tiers based on the unemployment rate, per capita income, and population growth of the county. For many of the credits, the lower the tier of a county, the more favorable the incentive. The Act requires the Department of Commerce and the Department of Revenue to report periodically on the credits allowed by the Act.

Before 1996, North Carolina had made little use of tax incentives to lure businesses to the State. Even without incentives, North Carolina was consistently one of the top states in attracting industry. The array of credits authorized by the Bill Lee Act was viewed as an experiment, to be evaluated in five years to determine whether the incentives were cost effective and actually affected behavior, or merely provided tax reductions to businesses that would have located or expanded in any case. In 1999, the General Assembly extended the 2002 sunset to 2006.

ANALYSIS: Bill Lee Act Changes. Sections 1 through 3 of this bill make significant changes to the Bill Lee Act. These changes affect the credit for investing in machinery and equipment, the eligibility of a taxpayer who has received a notice of final assessment, the wage standard, and the definition of a development zone.

Machinery and Equipment. Under current law, a taxpayer is allowed a credit for the cost of machinery and equipment placed into service during a taxable year that exceeds the applicable threshold based on the location where the machinery and equipment is placed into service. The amount of the credit is equal to 7% of the cost of the machinery and equipment in excess of the applicable threshold. Section 1 of this act makes two changes to this credit. First, the amount of the credit is reduced in enterprise tiers three, four, and five. In those areas, the amount of the credit is reduced to 6%, 5%, and 4%, respectively, of the cost of the machinery and equipment in excess of the applicable threshold. Second, the amount of the threshold is increased in enterprise tiers four and five. In enterprise tier four, the threshold is increased from $500,000 to $1,000,000. In enterprise tier five, the threshold is increased from $1,000,000 to $2,000,000.

Notice of Final Assessment. Under current law, if the Secretary of Revenue discovers that any tax is due from a taxpayer, the Secretary must notify the taxpayer in writing of the Secretary's intent to assess the

taxpayer for the tax. The notice must describe the basis for the assessment, the amount of tax to be assessed and any interest and penalties due. If the taxpayer disagrees with the assessment, the taxpayer has thirty days to request a hearing before the Secretary. The Secretary must then schedule a hearing to occur within 90 days of the request. Within 90 days after the hearing, the Secretary must issue a decision on the hearing. If the taxpayer does not request a hearing within the 30 days allowed, or if the Secretary finds that the tax is due after the hearing, the proposed assessment becomes a final assessment. Payment of a final assessment is not an admission of liability and does not affect the right of the taxpayer to pursue further administrative or judicial review. Section 1.1 of this act would make a taxpayer who has received notice of a final assessment and who has not satisfied that assessment ineligible for the credits under the Bill Lee Act.

Wage standard. Under current law, a taxpayer is eligible for a credit under the Bill Lee Act only if the jobs provided by the taxpayer meet a wage standard. The wage standard is 110% (100% in an enterprise tier one area) of the applicable average weekly wage. The jobs that are included in calculating the wage standard vary depending on the particular credit.

Section 2 of this bill makes three substantive changes to the wage standard. First, this section eliminates the wage standard in enterprise tier one and two areas.

Second, this act eliminates the wage standard for the credit for worker training. In order to be eligible for the credit for worker training, the employee who is being retrained must either (i) occupy a job for which the taxpayer is eligible to claim a credit for creating jobs, or (ii) be trained to operate machinery and equipment for which a taxpayer is eligible to claim a credit for investing in machinery and equipment. Thus, the jobs for which the credit for worker training may be claimed have already been included in a larger group of jobs that has met the wage standard. Often the specific jobs for which worker training is required are lower-paying jobs that could not themselves meet the wage standard. This change allows the credit for worker training to be taken by more taxpayers.

Third, this act makes an allowance for a taxpayer that has a taxable year other than a calendar year. To perform the wage standard test, the taxpayer compares the average weekly wage of certain jobs to the wage standard determined on an annual basis. The test is performed for the calendar year that jobs are created or for which worker training is provided. However, performing a wage standard test based on a calendar year is not feasible because many companies have taxable years that do not coincide with the calendar year. Consequently, the taxpayer can engage in activity that qualifies for a credit during a taxable year that spans two calendar years. If the taxpayer creates jobs in different calendar years, it must compute the combined average weekly wage of the jobs created during its taxable year and compare this average to the county wage standard to determine if it qualifies for a tax credit. It cannot however, compute this average "for the calendar year the jobs are created" as required by the current statute because the jobs are created over the course of two calendar years. Under this bill, the wage standard test would be based on the taxpayer's taxable year and not the calendar year. When a taxable year spans two calendar years, the applicable wage standard is that of the earlier calendar year. In addition to correcting a practical problem, this change generally will be favorable for taxpayers because county wage standards generally trend upward.

Development zones. In 1998, the General Assembly amended the Bill Lee Act to provide additional incentives for businesses that locate or expand in development zones, which are economically distressed areas located within cities. The statutory conditions for qualifying as a development zone were designed to target only these relatively small, economically distressed areas. The statutory conditions contained

loopholes, however, that allowed large areas outside of cities to qualify, even if they were not economically distressed throughout. In 1999, the General Assembly moved to close those loopholes.

Current law defines a development zone as an area that meets all of the following conditions: (1) consists of one or more contiguous census tracts, block groups, or both, (2) has a population of 1,000 or more, at least 20% of whom are below the poverty level, (3) is located at least partly in a city with a population over 5,000, (4) every census tract and census block group in the zone must be located in whole or in part within the primary corporate limits of the city, (5) every census tract and census block group in the zone must have more than 10% of its population below the poverty level, or must be immediately adjacent to a tract or group that has more than 20% of its population below the poverty level, and (6) none of the census tracts or census block groups may be located in another development zone.

This act amends the definition of development zone to include all of a parcel of land that is located partially within the zone if all of the following conditions are met:

- At least 50% of the parcel is located within the zone.
- The parcel was in existence and under common ownership prior to the previous decennial federal census.
- The parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary.

The following enhanced incentives apply in development zones: If a business locates in a development zone, the wage standard it has to meet is the same as for tier one counties -- slightly lower than the standard for other counties under current law and eliminated entirely under Section 2 of this act. In addition, if a business locates in a development zone, its maximum worker training credit is $1,000 rather than $500, it receives an additional $4,000 per job on its jobs tax credit, and the credit for investing in machinery and equipment is calculated as if the zone were in a tier one county.

Jobs Development Investment Grant Program. Section 5 of this act creates a new economic development tool for new and expanding businesses in North Carolina. This tool would be used to attract businesses to the State by allowing a three-member committee to award grants to businesses. The amount of the grants would be based on income tax withholdings from new jobs created by the businesses.

Which projects are eligible for a grant? In order to be eligible for a grant under this Part, the business must create a minimum number of new jobs. The number of new jobs that must be created varies based on the enterprise tier designation of the location where the jobs will be located. For projects located in enterprise tiers one through three, the project must create at least 10 new full-time positions. For projects located in enterprise tiers four and five, the project must create at least 20 new full-time positions. If a project is located in more than one location, the enterprise tier designation of the location in the highest enterprise tier area determines the number of new jobs that must be created.

As with the Bill Lee Act, a business must provide health insurance for all full-time jobs associated with the project in order to be eligible for this new program. The test is the same as under the Bill Lee Act – the business must, for all full-time employees of the project, pay at least 50% of the premiums for health insurance that meets at least the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee. In addition, the average wage of all jobs at the location with respect to which a grant is sought must meet the Bill Lee wage standard, as amended by this bill. Finally, as with the Bill Lee Act, as amended by this bill, in order to be eligible for a grant the business and its related members must not have any outstanding final tax assessments against it.

Unlike under the Bill Lee Act, there are few restrictions based on the industry in which the business is engaged. All facilities other than retail facilities are eligible for a grant under this Part.

More generally, the project must satisfy the following conditions in order to be eligible for a grant:

- The project will result in net new employment in the State by the business.
- The project will benefit the people of the State by increasing employment opportunities and strengthening the State's economy.
- The project is consistent with economic development goals for the State.
- A grant is needed in order to secure the project for the State
- The total benefits of the project to the State outweigh the costs associated with the project.

How a grant is obtained? In order to obtain a grant under this Part, the business must apply to the Economic Investment Committee for consideration. The Economic Investment Committee is a three-member committee consisting of the Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management. The Committee may only act upon unanimous consent. The Committee is subject to the open meetings law and the public records law. Members of the Committee are forbidden to work for a business that receives a grant under this program for at least two years after the member is no longer on the Committee.

The application for a grant must be under oath, be on a form prescribed by the Committee, and contain any information required by the Committee. At a minimum, the application must contain the following information:

- The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site.
- The names and addresses of the principals or management of the business, and the nature of the business, and the form of business organization under which the business is operated.
- The most recent audited financial statements of the business.
- The number of new jobs proposed to be created by the project.
- An estimate of the withholdings of personal income tax of employees of the project.
- Information concerning other possible locations of the project, and the benefits, including tax benefits or grants, associated with locating the project at that other location.
- Information concerning other State grants for which the business is applying or that it expects to receive.
- Certification that the project will not be undertaken in the State without the grant.

A group of related business involved in a project may submit a joint application for a grant under this Part.

Any application for a grant must be accompanied by a fee in the amount of $5,000. This fee will be allocated among the agencies responsible for evaluating the application (Department of Commerce, Department of Revenue, and the Office of State Budget and Management) in the discretion of the Committee.

The Committee will evaluate applications to determine which businesses shall receive grants under this Part. The awarding of a grant is solely in the discretion of the Committee. The Committee shall develop criteria for evaluating applications. These criteria shall take into consideration the economic impact of the project, the strategic importance of the project to the State, region, or locality, the quality of the jobs to be

created, the quality of the industry and the project, and the environmental impact of the projects. The Committee is exempt from the rulemaking process in developing these criteria.

The Committee is required to be somewhat selective in which projects with which it chooses to enter into an agreement. The Committee may not enter into more than 25 agreements in any fiscal year. However, there may be significantly more than 25 agreements outstanding at any time because the term of an agreement may be as long as 15 years.

How is the amount of a grant determined? If the Committee approves a business's application, the Committee will then negotiate and enter into a community economic development agreement with the business. The agreement is a binding commitment on the part of the State to provide the grant for a set number of years, subject to the Committee's right to amend or terminate the agreement under certain limited circumstances. Each agreement shall include a description of the project, the term of the agreement, the number of positions expected to be subject to the grant and a method for determining the number of positions that are subject to the grant, and the amount of the grant as a percentage of the withholdings of personal income tax from eligible positions. The Committee has wide discretion in determining the percentage that determines the amount of a grant under an agreement. The Committee shall develop criteria to be used when negotiating the appropriate percentage. The Committee is exempt from the rulemaking process in developing these criteria. However, at a minimum, the following conditions apply:

- The amount of the grant may not be less than ten percent (10%) or more than eighty percent (80%) of the withholdings associated with new jobs at the project.
- The term of the grant shall not exceed 15 years.
- The percentage used to determine the amount of the grant shall be reduced by one-fourth for any eligible position located in an enterprise tier four or five area.
- Unless the Committee makes a specific determination that the grant should be calculated based on eligible positions created in any year during the term of the agreement, the amount of the grant shall be calculated based only on eligible positions created during the base years, the first two years, of the agreement.
- Unless the Committee makes an explicit finding otherwise, the total amount of all grants provided by the State may not exceed 80% of the withholding of eligible positions.

In addition, the Committee must consider at least the following factors when negotiating an percentage to be used in determining the amount of a grant:

- The number of eligible positions to be created.
- The expected duration of those positions.
- The type of contribution the business can make to the long-term growth of the State's economy.
- The amount of other financial assistance the project will receive from the State or local governments.
- The total dollar investment the business is making in the project.
- Whether the project utilizes existing infrastructure.
- Whether the project is located in a development zone.
- The number of eligible positions that will be filled by residents of a development zone.

Use of funds? There are no restrictions on the use of the grant fund by the business. South Carolina has a similar grant program. Under the South Carolina program, grant funds may be used for certain specific

purposes only, such as worker training, worker relocation, purchase or construction of real property, and construction or repairs to certain transportation-related real property.

The withholdings retained by the State shall be used in two different ways. First, the withholdings in excess of the percentage negotiated in the agreement shall flow to the General Fund.[1] Second, the withholdings that are included in the agreement, but that are excluded from the grant because the percentage was reduced by one-fourth because the eligible position is located in an enterprise tier four or five area, will be transferred to the Utility Account of the Industrial Development Fund.[2] Under current law, funds in the Utility Account may be used to assist local governments in tiers one and two in constructing or improving utility lines or equipment (amendments to the law regarding the Industrial Development Fund and the Utility Account are discussed later in this summary).

Follow-up on grantee businesses? This bill provides for monitoring of grantee businesses in several ways and allows the Committee to amend or terminate agreements if the business fails to live up to the terms of the agreement or the requirements of this new Part.

The business must submit annual reports to the Committee. In addition, the Committee may audit at any time a business receiving a grant. At a minimum, the business must submit a copy of its federal and State income tax returns which show business and nonbusiness income, a report that shows withholdings, and a payroll report. This annual submission must also include any additional information the Committee considers necessary to implement the grant program. Finally, this annual submission must include a report on the amount of tonnage of any freight moved in ocean borne commerce that passes through State ports in North Carolina and other United States ports. The report must contain an explanation of why any other U.S. was used rather than the State ports of North Carolina.

This annual submission must be accompanied by a fee of $1,500. The Committee shall allocate the fee among the agencies responsible for evaluating the submission.

The Committee must also obtain information from the Department of Revenue before the disbursement of a grant. The Department of Revenue must certify the amount of withholdings from the eligible business and that the business has no outstanding final assessments against it.

The Committee has a right to amend or terminate the agreement and to recapture all or part of a grant made in previous years under certain circumstances. If the business fails to meet or comply with any term of the agreement or with criteria developed by the Committee, the Committee, in it discretion, may amend the agreement. This amendment may take the form of a lower percentage being used to determine the amount of the grant or of a shorter term for the agreement. If the business fails to meet or comply with any term of the agreement or with criteria developed by the Committee for two consecutive years, the Committee, in its discretion, may terminate the agreement. In addition, in each agreement the Committee must include a provision describing the conditions that will lead to recapture of a grant made in an earlier

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1 Even though the maximum percentage that may be used to determine the amount of a grant is 80%, there may be no additional revenue from these positions that would flow to the General Fund. This is because most taxpayers over-withhold, meaning that more taxes are withheld than are actually due, resulting in a refund to the taxpayer. Because of this, a grant based on the maximum percentage of 80% could result in a net loss to the General Fund.

2 The following example will clarify this. Assume a project that is located in an enterprise tier five area is allowed a grant based on 80% of the withholdings of the eligible positions. Because those positions are located in an enterprise tier five area, that percentage is reduced by one-fourth, so that the business is allowed a grant equal to 60% of the withholdings of eligible positions. (80% multiplied by ¾ equals 60%.) Twenty percent of the withholdings of eligible positions would flow to the General Fund, 60% would be given to the business in the form of a grant, and 20% would be transferred to the Utility Account of the Industrial Development Fund.

year. The statute mandates that all agreements contain a provision allowing recapture if the business does not maintain operations at the project location or another location approved by the Committee for at least 150% of the term of the grant agreement.

Program evaluation. This bill would require the Committee to make annual reports regarding the program and the funding needed to implement the program. By October 31 of each year, the Committee must publish the following information:

- A listing of each agreement entered into during the previous fiscal year, the cost/benefit analysis conducted with respect to each agreement, a description of each project, and the amount of the initial grant.
- An update on the status of projects under agreements entered into in earlier fiscal years.
- The number, enterprise tier levels, and wage levels of eligible positions created by projects with respect to which grants were awarded.
- The amount of new income tax revenue received by the State related to the projects.
- The criteria developed by the Committee to implement the grant program and in changes in those criteria over the previous year.
- The effectiveness of the program in recruiting new and expanding businesses.
- The environmental impact of businesses that have received grants.
- The geographic distribution of grants, by number and amount.

In addition, the Committee shall conduct a study annually to determine the amount of funding needed to successfully implement the grant program. The results of that study must be reported to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1 of each year.

Finally, the authority of the Committee to enter into additional agreements expires as of January 1, 2006. This will allow the General Assembly an opportunity to review the program after it has been in effect for a few years in order to determine if the program is meeting its objectives.

Miscellaneous changes associated with the program. Sections 7 and 8 of this bill provide exceptions to current law needed to implement the provision of the grant program.

Section 7 allows an exemption from the confidentiality requirements of the Department of Revenue. Generally, the Department of Revenue must keep confidential all information it receives in the course of administering the tax laws. There are numerous, specific exceptions to this requirement. This bill would allow the Department of Revenue to share information with the Economic Investment Committee relating to businesses that are applying for a grant or that are subject to an agreement.

Section 8 allows the Committee an exemption from the rulemaking process.

Industrial Development Fund changes. Section 6 of this bill makes two significant changes to the Industrial Development Fund and to the Utility Account, which is part of that Fund. The Industrial Development Fund provides assistance to local governments for improvements to infrastructure to enable the locality to attract new businesses. Usually, this assistance is provided to make general improvements, such as improvements to or development of industrial parks, and is not tied to luring a specific project.

First, the purposes for which funds in both the Fund and the Account may be used are expanded to allow expenditures for telecommunications and high-speed broadband lines and equipment. Currently funds under both the Fund and the Account may be used for construction of and improvements to water, sewer,

gas, and electricity lines and equipment. This change recognizes the growing importance to industry of telecommunications and high-speed broadband.

Second, under current law, funds in the Utility Account may be used to assist local governments located in enterprise tiers one and two only. This bill would expand the focus of the Account to allow funds in the Account to be used to assist local governments in enterprise tier three as well.

Property Tax Technical Correction. Section 9 of this bill would correct a statutory reference in two laws dealing with the purposes for which a local government may levy a property tax.

Revenue Laws Study. Section 9.1 of this bill requires the Revenue Laws Study Committee to study the use, the effectiveness, and the cost versus benefit of the Job Development Investment Grant Program, the Bill Lee Act, and the Industrial Recruitment Competitive Fund. Given that the Job Development Investment Grant Program is just starting up, the time frame for the study is longer than usual. Revenue Laws may report to the 2004 Regular Session of the General Assembly and a final report is due by March 15, 2005, to the 2005 General Assembly.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1734
PROPOSED COMMITTEE SUBSTITUTE H1734-PCS6470-LYxf-48

Short Title: NC Economic Stimulus and Job Creation Act. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO RAISE THE INVESTMENT THRESHOLD FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO ESTABLISH TIERED RATES FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO REQUIRE A TAXPAYER AND ITS RELATED ENTITIES TO SATISFY ANY OUTSTANDING STATE TAX ASSESSMENTS BEFORE RECEIVING A BILL LEE ACT CREDIT; TO MODIFY THE WAGE STANDARD FOR THE CREDIT FOR WORKER TRAINING; TO MODIFY THE WAGE STANDARD FOR ENTERPRISE TIER ONE AND TWO COUNTIES; TO MODIFY THE WAGE STANDARD FOR TAXPAYERS WITH A TAX YEAR OTHER THAN A CALENDAR YEAR; TO TREAT CERTAIN PARCELS OF LAND PARTIALLY LOCATED IN A DEVELOPMENT ZONE AS IF THE ENTIRE PARCEL WERE LOCATED WITHIN THE DEVELOPMENT ZONE; TO ENACT A JOB DEVELOPMENT INVESTMENT GRANT PROGRAM TO PROVIDE ECONOMIC STIMULUS, TO CREATE JOBS, AND TO AID IN THE DEVELOPMENT OF BUSINESS AND INDUSTRIAL PROJECTS AND EXPANSIONS IN NORTH CAROLINA; TO MODIFY THE INDUSTRIAL DEVELOPMENT FUND TO ALLOW FOR EXPENDITURES RELATED TO TELECOMMUNICATIONS AND BROADBAND LINES AND EQUIPMENT AND TO ALLOW FOR EXPENDITURES FROM THE UTILITY ACCOUNT IN ENTERPRISE TIER THREE AREAS; AND TO MAKE A TECHNICAL CORRECTION REGARDING THE AUTHORITY OF A LOCAL GOVERNMENT TO LEVY A PROPERTY TAX FOR ECONOMIC DEVELOPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.9(a) and (c) read as rewritten:

"(a) General Credit. – If a taxpayer that has purchased or leased eligible machinery and equipment places them in service in this State during the taxable year,

the taxpayer is allowed a credit equal to ~~seven percent (7%)~~ the applicable percentage of the excess of the eligible investment amount over the applicable threshold. Machinery and equipment are eligible if they are capitalized by the taxpayer for tax purposes under the Code and not leased to another party. In addition, in the case of a large investment, machinery and equipment that are not capitalized by the taxpayer are eligible if the taxpayer leases them from another party. The credit may not be taken for the taxable year in which the machinery and equipment are placed in service but shall be taken in equal installments over the seven years following the taxable year in which they are placed in service. The applicable percentage is as follows:

Area Enterprise Tier	Applicable Percentage
Tier One	7%
Tier Two	7%
Tier Three	6%
Tier Four	5%
Tier Five	4%

...

(c) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the enterprise tier where the eligible machinery and equipment are placed in service during the taxable year. If the taxpayer places eligible machinery and equipment in service at more than one establishment in an enterprise tier during the taxable year, the threshold applies separately to the eligible machinery and equipment placed in service at each establishment. If the taxpayer places eligible machinery and equipment in service at an establishment over the course of a two-year period, the applicable threshold for the second taxable year is reduced by the eligible investment amount for the previous taxable year.

Area Enterprise Tier	Threshold
Tier One	$ -0-
Tier Two	100,000
Tier Three	200,000
Tier Four	~~500,000~~1,000,000
Tier Five	~~1,000,000~~2,000,000"

SECTION 1.1. G.S. 105-129.4 is amended by adding a new subsection to read:

"(b6) Final Assessments. – A taxpayer is not eligible for a credit allowed under this Article if, at the time the taxpayer claims an installment or carryforward of the credit, the taxpayer or a related entity of the taxpayer has received a notice of final assessment and that assessment has not been satisfied or otherwise resolved."

SECTION 2. G.S. 105-129.4(b) reads as rewritten:

"(b) Wage Standard. – A taxpayer is eligible for the credit for creating jobs ~~or the credit for worker training~~ in an enterprise tier three, four, or five area if, for the calendar year the jobs are ~~created or the worker training is provided,~~created, the average wage of the jobs for which the credit is claimed meets the wage standard and the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. No credit is allowed for jobs not included in the wage calculation. A taxpayer

is eligible for the credit for investing in machinery and equipment, the credit for research and development, or the credit for investing in real property for a central office or aircraft ~~facility, or the credit for substantial investment in other property~~facility in a tier three, four, or five area if, for the calendar year the taxpayer engages in the activity that qualifies for the credit, the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. In making the wage calculation, the taxpayer must include any positions that were filled for at least 1,600 hours during the calendar year the taxpayer engages in the activity that qualifies for the credit even if those positions are not filled at the time the taxpayer claims the credit. For a taxpayer with a taxable year other than a calendar year, the taxpayer must use the wage standard for the calendar year in which the taxable year begins. No wage standard applies to credits for activities in an enterprise tier one or two area.

Jobs meet the wage standard if they pay an average weekly wage that is at least equal to ~~the applicable percentage times~~one hundred ten percent (110%) of the applicable average weekly wage for the county in which the jobs will be located, as computed by the Secretary of Commerce from data compiled by the Employment Security Commission for the most recent period for which data are available. ~~The applicable percentage for jobs located in an enterprise tier one area is one hundred percent (100%). The applicable percentage for all other jobs is one hundred ten percent (110%).~~ The applicable average weekly wage is the lowest of the following: (i) the average wage for all insured private employers in the county, (ii) the average wage for all insured private employers in the State, and (iii) the average wage for all insured private employers in the county multiplied by the county income/wage adjustment factor. The county income/wage adjustment factor is the county income/wage ratio divided by the State income/wage ratio. The county income/wage ratio is average per capita income in the county divided by the annualized average wage for all insured private employers in the county. The State income/wage ratio is the average per capita income in the State divided by the annualized average wage for all insured private employers in the State. The Department of Commerce must annually publish the wage standard for each county."

SECTION 3. G.S. 105-129.3A is amended by adding a new subsection to read:

"(d) Parcel of Property Partially in a Development Zone. – For the purposes of this section, a parcel of property that is located partially within a development zone is considered entirely within the development zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the development zone.

(2) The parcel was in existence and under common ownership prior to the most recent federal decennial census.

(3) The parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary."

SECTION 4. In addition to heightening the incentive effect of the William S. Lee Quality Jobs and Business Expansion Act in lower-tiered counties, the changes in Section 1 of this act are intended to reduce the cost of the Act and make more revenues available to the State of North Carolina in future years. It is the intent of the General Assembly in making these changes to provide a source of funds that could be used in future years to support other, more targeted economic development programs aimed at helping create new jobs in North Carolina.

SECTION 5.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F.

"Job Development Investment Grant Program.

"**§ 143B-437.44. Legislative findings and purpose.**

The General Assembly finds that:

(1) It is the policy of the State of North Carolina to stimulate economic activity and to create new jobs for the citizens of the State by encouraging and promoting the expansion of existing business and industry within the State and by recruiting and attracting new business and industry to the State.

(2) Both short-term and long-term economic trends at the State, national, and international levels have made the successful implementation of the State's economic development policy and programs both more critical and more challenging; and the decline in the State's traditional industries, and the resulting adverse impact upon the State and its citizens, have been exacerbated in recent years by adverse national and State economic trends that contribute to the reduction in the State's industrial base and that inhibit the State's ability to sustain or attract new and expanding businesses.

(3) The economic condition of the State is not static and recent changes in the State's economic condition have created economic distress that requires a reevaluation of certain existing State programs and the enactment of a new program as provided in this Part that are designed to stimulate new economic activity and to create new jobs within the State.

(4) The enactment of this Part is necessary to stimulate the economy, facilitate economic recovery, and create new jobs in North Carolina; and this Part will promote the general welfare and confer, as its primary purpose and effect, benefits on citizens throughout the State through the creation of new jobs, an enlargement of the overall tax base, an expansion and diversification of the State's industrial base, and an increase in revenue to the State and its political subdivisions.

(5) The purpose of this Part is to stimulate economic activity and to create new jobs within the State.

(6) It is not the intent of the General Assembly that grants provided through this Part be used as venture capital funds, business incubator

funds, or business start-up funds or to otherwise fund the initial capitalization needs of new businesses.

(7) Nothing in this Part shall be construed to constitute a guarantee or assumption by the State of any debt of any business or to authorize the taxing power or the full faith and credit of the State to be pledged.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.51.

(2) Base years. – The first two complete calendar years following the effective date of an agreement.

(3) Business. – A corporation, sole proprietorship, cooperative association, partnership, S corporation, limited liability company, nonprofit corporation, or other form of business organization, located either within or outside this State.

(4) Committee. – The Economic Investment Committee established pursuant to G.S. 143B-437.48.

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base years or in subsequent years of a grant.

(6) Full-time employee. – A person who is employed for consideration for at least 35 hours a week, whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes, and who is determined by the Committee to be employed in a permanent position according to criteria it develops. The term does not include any person who works as an independent contractor or on a consulting basis for the business.

(7) New employee. – A full-time employee who represents a net increase in the number of the business's employees statewide and who is first employed on the project that is the subject of an agreement. The term includes an employee rehired or called back from a layoff that occurs during or following the base years to a vacant position previously held by that employee or to a new position established during or following the base years.

(8) Related member. – Defined in G.S. 105-130.7A.

(9) Withholdings. – The amount withheld by a business from the wages of employees in eligible positions under Article 4A of Chapter 105 of the General Statutes.

"**§ 143B-437.46. Job Development Investment Grant Program.**

(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into negotiated agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee shall develop criteria to be used in determining

whether the conditions of this section are satisfied and whether the project described in the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State by the business.

(2) The project will benefit the people of this State by increasing opportunities for employment and by strengthening this State's economy by, for example, providing worker training opportunities, constructing and enhancing critical infrastructure, increasing development in strategically important industries, or increasing the State and local tax base.

(3) The project is consistent with economic development goals for the State and for the area where it will be located.

(4) A grant under this Part is necessary for the completion of the project in this State.

(5) The total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

(b) Cap. – The maximum number of agreements the Committee may enter into each fiscal year is 25.

"**§ 143B-437.47. Eligible projects.**

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one enterprise tier area, the location with the highest enterprise tier area designation determines the minimum number of eligible positions that must be created.

Enterprise Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	10
Tier Three	10
Tier Four	20
Tier Five	20

(b) Nonretail Facilities. – A project that consists solely of retail facilities is not eligible for a grant under this Part. If a project consists of both retail facilities and nonretail facilities, only the portion of the project consisting of nonretail facilities is eligible for a grant, and only the withholdings from employees in eligible positions that are employed exclusively in the portion of the project that represents nonretail facilities may be used to determine the amount of the grant. If a warehouse facility is part of a retail facility and supplies only that retail facility, the warehouse facility is not eligible for a grant. For the purposes of this Part, catalog distribution centers are not retail facilities.

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for

health care coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.52 a certification that the business continues to provide health insurance for all full-time employees of the project with respect to which the grant is made. If the business ceases to provide health insurance to all full-time employees of the project with respect to which a grant is made, the Committee may amend or terminate the agreement as provided in G.S. 143B-437.53.

(d) Wage Standard. – In order for a business to be eligible for a grant under this Part, the average wage of all jobs at the location with respect to which a grant is made must meet the wage standard set out in G.S. 105-129.4(b). If a project is to be located at more than one location, the average wage of all jobs at a location must meet the wage standard set out in G.S. 105-129.4(b) in order for that location to be included in the agreement.

"**§ 143B-437.48. Economic Investment Committee established.**

(a) Membership. – The Economic Investment Committee is established. The Committee consists of the following members:

(1) The Secretary of Commerce.

(2) The Secretary of Revenue.

(3) The Director of the Office of State Budget and Management.

(b) Unanimous Decision Required. – The Committee may act only upon a unanimous decision of its members.

(c) Conflict of Interest. – It is unlawful for a former member of the Committee to, within two years after the end of service on the Committee, provide services for compensation, as an employee, consultant, or otherwise, to any business or a related member of the business that was awarded a grant under this Part while the former member was serving on the Committee. Violation of this subsection is a Class 1 misdemeanor.

(d) Sunshine. – Meetings of the Committee are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. All documents of the Committee, including applications for grants, are public records governed by Chapter 132 of the General Statutes, including applicable provisions of that Chapter protecting confidential information.

"**§ 143B-437.49. Applications; fees; reports; study.**

(a) Application. – A business shall apply, under oath, to the Committee for a grant on a form prescribed by the Committee that includes at least all of the following:

(1) The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site or sites.

(2) The names and addresses of the principals or management of the business, the nature of the business, and the form of business organization under which it is operated.

(3) The most recent audited financial statements of the business and any other financial information the Committee considers necessary.
(4) The number of eligible positions proposed to be created during the base years and thereafter and the salaries for these positions.
(5) An estimate of the total withholdings.
(6) Certification that the business will provide health insurance to all full-time employees of the project.
(7) Information concerning other locations, including locations in other states and countries, being considered for the project and the nature of any benefits that would accrue to the business if the project were to be located in one of those locations.
(8) Information concerning any other State or local government incentives for which the business is applying or that it has an expectation of receiving.
(9) Any other information necessary for the Committee to evaluate the application.
(10) Certification that the project will not be undertaken in North Carolina unless the applicant is awarded a grant.

A business may apply, in one consolidated application in a form and manner determined by the Committee, for a grant on its own behalf as a business and for grants on behalf of the related members of the business who may qualify under this Part.

The Committee will consider an application by a business for grants on behalf of its related members only if the related members for whom the application is submitted have assigned to the business any claim of right the related members may have under this Part to apply for grants individually during the term of the agreement and have agreed to cooperate with the business in providing to the Committee all the information required for the initial application and the agreement, and any other information the Committee may require for the purposes of this Part. The applicant business is responsible for providing to the Committee all the information required under this Part.

If a business applies for a grant on behalf of its related members, the related members included in the application may be permitted to meet the qualifications for a grant collectively by participating in a project that meets the requirements of this Part. The amount of a grant may be calculated under the terms of this Part as if the related members were all collectively one business entity. Any conditions for a grant, other than the number of eligible positions created, apply to each related member who is listed in the application as participating in the project. The grants awarded shall be paid to the applicant business. A grant received under this Part by a business may be apportioned to the related members in a manner determined by the business. In order for an agreement to be executed, each related member included in the application must sign the agreement and agree to abide by its terms.

(b) Application Fee. – When filing an application under this section, the business must pay the Committee a fee of five thousand dollars ($5,000). The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee

imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(c) Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before October 31 of each year. The report shall include the following:

(1) A listing of each community economic development agreement negotiated and entered into during the preceding fiscal year, including the cost/benefit analysis conducted by the Committee during the application process, a description of the project, and the amount of the grant made under the agreement during that year.

(2) An update on the status of projects under agreements entered into before the preceding fiscal year.

(3) The number and enterprise tier area of eligible positions created by projects with respect to which grants were awarded.

(4) The wage levels of eligible positions created by projects with respect to which grants were awarded.

(5) The amount of new income tax revenue received from withholdings related to the projects for which grants were awarded.

(6) The criteria developed by the Committee to implement this Part and any changes in those criteria from the previous fiscal year.

(7) The effectiveness of the program in recruiting new and expanding businesses.

(8) The environmental impact of businesses that have received grants under the program.

(9) The geographic distribution of grants, by number and amount, awarded under the program.

(d) Study. – The Committee shall conduct a study to determine the minimum funding level required to implement the Job Development Investment Grant Program successfully. The Committee shall report the results of this study to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1 of each year.

"**§ 143B-437.50. Calculation of minimum and maximum grants; factors considered.**

(a) Subject to the limitations of subsection (d) of this section, the amount of the grant awarded in each case shall be a percentage of the withholdings of eligible positions. The percentage shall be no less than ten percent (10%) and no more than eighty percent (80%) of the withholdings of the eligible positions for a period of years. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee after considering at least the following:

(1) The number of eligible positions to be created.

(2) The expected duration of those positions.

(3) The type of contribution the business can make to the long-term growth of the State's economy.

(4) The amount of other financial assistance the project will receive from the State or local governments.
(5) The total dollar investment the business is making in the project.
(6) Whether the project utilizes existing infrastructure and resources in the community.
(7) Whether the project is located in a development zone.
(8) The number of eligible positions that would be filled by residents of a development zone.

(b) The term of the grant shall not exceed 15 years starting with the first year a grant is made.

(c) The grant may be based only on eligible positions created during the base years, unless the Committee makes an explicit determination that the grant shall also be based on additional eligible positions created during the remainder of the term of the grant.

(d) The percentage established in the agreement shall be reduced by one-fourth for any eligible position that is located in an enterprise tier four or five area.

(e) A business that is receiving any other grant by operation of State law may not receive an amount as a grant pursuant to this Part that, when combined with any other grants, exceeds eighty percent (80%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

"**§ 143B-437.51. Community economic development agreement.**

Each community economic development agreement shall include at least the following:

(1) A detailed description of the proposed project that will result in job creation and the number of new employees to be hired in the base years and later years.
(2) The term of the grant and the criteria used to determine the first year for which the grant may be claimed.
(3) The number of eligible positions that are subjects of the grant and a description of those positions and the location of those positions.
(4) The amount of the grant based on a percentage of withholdings.
(5) A method for determining the number of new employees hired during a grant year.
(6) A method for the business to report annually to the Committee the number of eligible positions for which the grant is to be made.
(7) A requirement that the business report to the Committee annually the aggregate amount of withholdings during the grant year.
(8) A provision permitting an audit of the payroll records of the business by the Committee from time to time as the Committee considers necessary.
(9) A provision that permits the Committee to amend an agreement pursuant to G.S. 143B-437.53.

(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a provision to permit the Committee to recapture all or part of the grant at its discretion if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the level of the year immediately preceding the base years.

(12) A provision establishing the conditions under which the grant agreement may be terminated, in addition to those under G.S. 143B-437.53, and under which grant funds may be recaptured by the Committee.

(13) A provision stating that unless the agreement is amended or terminated pursuant to G.S. 143B-437.53, the agreement is binding and constitutes a pledge and a continuing appropriation of the amount of the grant.

(14) A provision setting out any allowed variation in the terms of the agreement that will not subject the business to amendment or termination of the agreement under G.S. 143B-437.53.

"**§ 143B-437.52. Grant recipient to submit records.**

(a) No later than February 1 of each year, for the preceding grant year, every business that is awarded a grant under this Part shall submit to the Committee a copy of its State and federal tax returns showing business and nonbusiness income and a report showing withholdings as a condition of its continuation in the grant program. In addition, the business shall submit to the Committee an annual payroll report showing the eligible positions that are created during the base years and the new eligible positions created during each subsequent year of the grant. When making a submission under this section, the business must pay the Committee a fee of one thousand five hundred dollars ($1,500). The fee is due at the time the submission is made. The Committee shall determine the allocation of the fee imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(b) The Committee may require any information that it considers necessary to effectuate the provisions of this Part.

(c) The Committee may require any business receiving a grant to submit to an audit at any time.

(d) Grant recipients are encouraged to use the State ports of North Carolina and must include in the report required by subsection (a) of this section a report on the tonnage of any freight moved in ocean-borne commerce through the State ports and through any other United States port. If freight is moved through a United States port other than the State ports, then the report must disclose the reasons for using that port.

"**§ 143B-437.53. Failure to comply with agreement.**

(a) If the business receiving a grant fails to meet or comply with any condition or requirement set forth in an agreement or with criteria developed by the Committee, the Committee may amend the agreement to reduce the amount of the grant or the term of the agreement. Any reduction of the grant is applicable to the grant year immediately following the grant year in which the Committee amends the agreement.

(b) If a business fails to maintain employment at the levels stipulated in the agreement or otherwise fails to comply with any condition of the agreement for any two consecutive years, the Committee may terminate the agreement.

"**§ 143B-437.54. Disbursement of grant.**

A business may not receive an annual disbursement of a grant if, at the time of disbursement, the business or a related member of the business has received a notice of final assessment of State tax due and that assessment has not been satisfied or otherwise resolved. A business may receive an annual disbursement of a grant only after the Committee has certified to the State Controller that there are no outstanding final assessments of State tax due and that the business has met the terms and conditions of the agreement. No amount shall be disbursed to a business as a grant under this Part in any year until the Secretary of Revenue has certified to the Committee (i) that there are no outstanding final assessments of State tax due against the business or a related member of the business and (ii) the amount of withholdings received in that year by the Department of Revenue from the business. A business that has met the terms of the agreement shall make an annual certification of this to the Committee. The Committee shall verify this information and certify to the State Controller that the terms of the agreement have been met. The Committee shall further certify to the State Controller the amount of a grant for which the business is eligible under the agreement and the amount of a grant for which the business would be eligible under the agreement without regard to G.S. 143B-437.50(d). The State Controller shall remit a check to the business in the amount of the certified grant amount within 90 days of receiving the certification of the Committee.

"**§ 143B-437.55. Transfer to Industrial Development Fund.**

At the time the State Controller remits a check to a business under G.S. 143B-437.54, the State Controller shall transfer to the Utility Account of the Industrial Development Fund an amount equal to the amount certified by the Committee as the difference between the amount of the grant and the amount of the grant for which the business would be eligible without regard to G.S. 143B-437.50(d).

"**§ 143B-437.56. Sunset.**

The authority of the Committee to enter into new agreements expires January 1, 2006."

SECTION 5.(b) In developing criteria under G.S. 143B-437.46 for the awarding of grants under Part 2F of Article 10 of Chapter 143B of the General Statutes and under G.S. 143B-437.50 for determining the percentage upon which the amount of a grant is based, the Economic Investment Committee may consider criteria that address the following:

(1) Factors related to the economic impact of the project, such as the following:

a. Impact on gross regional product and gross State product.
b. Costs and benefits of the project to the State, including the expected return on investment made in the project by the State.
c. Number of direct jobs that will be created by the project, the wages of those jobs, and the total payroll for the project.
d. Number of induced short-term, project-related jobs expected to be generated by the project as well as the number of long-term permanent jobs expected to be generated indirectly in the economy as a result of the project.
e. Dollar value of the investment, including the size of the investment in real versus personal property and expected depreciation rates.
f. Economic circumstances of the county and region, including the extent to which the project will serve to mitigate unemployment.
g. The expected time frame during which the project is expected to pay back in State tax revenues the amount of any grants to be paid out.
h. The economic demands the project is expected to place upon the community or communities in which it will locate.
i. The number of eligible positions that would be filled by residents of development zones.

(2) Factors related to the strategic importance of the project to the State, region, or locality, such as the following:
a. The extent to which the project builds or enhances an industrial cluster.
b. The extent to which the project falls within a classification of business and industry that the Department of Commerce regards as a target for growth and expansion in the State.
c. The ability of the project to attract follow-on investment in the State by suppliers and vendors.
d. The extent to which the project serves to maintain and grow jobs in the State in a business undergoing an internal restructuring or rationalization process.
e. The extent to which the project can be expected to contribute significantly to and support the local community.

(3) Factors related to the quality of jobs, such as the following:
a. The wage level and status of the jobs to be created.
b. The quality and value of benefits offered by the company.
c. The potential for employee advancement.
d. The extent of training programs offered by the company.
e. The sustainability of the jobs in the future.
f. The workplace safety record of the company.

(4) Factors related to the quality of the industry and the project, such as the following:
a. The nature of the project and the projects' relationship to the larger business of the company.
b. The nature of the industrial classification of the project and the nature of the business of the company undertaking it.
c. The long-term prospects for growth at the project site or sites.
d. The long-term prospects for growth of the company and the industry within the United States.
e. The financial stability of the company associated with the project.

(5) Factors related to the environmental impact of the project, such as the following:
a. The nature of the business to be conducted.
b. The ability of the project to satisfy State, federal, and local environmental law and regulations.

(6) Other factors that the Economic Investment Committee considers relevant that are not inconsistent with this section and that the Committee determines will further the purposes of Part 2F of Article 10 of Chapter 143B of the General Statutes.

SECTION 6.(a) G.S. 143B-437.01(a)(1) reads as rewritten:

"(1) The funds shall be used for (i) installation of or purchases of equipment for eligible industries, (ii) structural repairs, improvements, or renovations of existing buildings to be used for expansion of eligible industries, or (iii) construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial buildings to be used for eligible industries. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the specific eligible industrial activity."

SECTION 6.(b) G.S. 143B-437.01(b1) reads as rewritten:

"(b1) Utility Account. – There is created within the Industrial Development Fund a special account to be known as the Utility Account to provide funds to assist the local government units of enterprise tier ~~one and tier two~~one, two, and three areas, as defined in G.S. 105-129.3, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial

buildings to be used for eligible industrial operations. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the specific industrial activity. There shall be no maximum funding amount per new job to be created or per project."

SECTION 7. G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(28) To provide to the Economic Investment Committee established pursuant to G.S. 143B-437.48 information necessary to implement Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 8. G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(10) The Economic Investment Committee in developing guidelines for the Job Development Investment Grant Program under Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 9.(a) G.S. 153A-149(c)(10b) reads as rewritten:

"(c) Each county may levy property taxes for one or more of the purposes listed in this subsection up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars ($100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate limitation are:

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.(b) G.S. 160A-209(c)(10b) reads as rewritten:

"(c) Each city may levy property taxes for one or more of the following purposes subject to the rate limitation set out in subsection (d):

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.1. The Revenue Laws Study Committee created in Article 12L of Chapter 120 of the General Statutes shall study the use, the effectiveness, and the cost versus benefits of the Job Development Investment Grant Program created in this act, the Bill Lee Act credits in Chapter 105 of the General Statutes, and the Industrial Recruitment Competitive Fund. The Study Committee may report the results of its study and any recommendations to the 2004 Regular Session of the 2003 General

Assembly and shall make a final report by March 15, 2005, to the 2005 General Assembly.

SECTION 10. Section 1 of this act is effective for taxable years beginning on or after January 1, 2003, and applies to business activities that occur on or after January 1, 2003, but does not apply to business activities that occur on or after January 1, 2003, that are subject to a letter of commitment signed under G.S. 105-129.9 before January 1, 2003. Sections 2 and 3 of this act are effective for taxable years beginning on or after January 1, 2003. The remainder of this act is effective when it becomes law.

EDITORIAL

Job hunting

The collapse of North Carolina's manufacturing economy forces new consideration for corporate recruiting incentives.

Nobody likes a shakedown, unless it's the shaker. That's what economic development incentives smell like when they change nothing beyond some company's bottom line. Incentives are particularly galling when the competition driving them ever higher is provoked by corporations themselves.

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Now corporate interests and their relocation consultants have convinced Governor Easley and the Department of Commerce that it's going to take cash grants to bring employers here with new jobs. On top of that, North Carolina has watched its film industry head for Canada since the government there started paying U.S. producers 11 percent of their labor costs in cash. "We may not like incentives, but it's a fact of life," state Commerce Secretary Jim Fain told The N&O.

Another fact is that thousands of North Carolinians need jobs to support their families in the wake of 60,000 layoffs last year. Unemployment has changed the economic-development equation enough to justify giving the new incentive proposals a fair hearing.

Two-thirds of last year's layoffs were in manufacturing, mostly textiles because fabrics can be made more cheaply where people work for less money than in the United States. Few expect those jobs to return. In fact, many expect the losses to continue. Not only has rising unemployment devastated individual families, it has proved devastating to the state, too, in lost revenue and added demand for Medicaid and other services. North Carolina has no choice other than to build a new economy atop the ruins of the old one.

The state has long been, and still is, fortunate to have leaders who appreciate the value of a well-trained workforce in recruiting employers and the necessity of spending for higher education. Universities, community colleges and public schools remain the state's ace. Universities also are the prime source of new

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schools remain the state's ace. Universities also are the prime source of new technology, which can be transferred to entrepreneurs and used to build more jobs. Financial incentives are most worthwhile when they are used to amplify the strength of North Carolina's work force.

Under the program envisioned by Fain and Governor Easley, the state would refund to eligible companies up to 80 percent of the personal income taxes paid by new job holders. Meanwhile, amounts that can be spent bringing jobs to urban areas would be reduced from what is allowed under the present law. The number of jobs that must be created would be increased and the jobs themselves must represent economic progress.

The General Assembly bears a heavy responsibility for due diligence on this program. Money for incentives won't be there to help the economy in other ways. And businesses whose profits and losses rest on tax breaks and cash from recruiters are not the right foundation for North Carolina's economic future.

Yet a Honeywell aerospace plant expansion that would bring well-paying technical jobs to Rocky Mount, as well as galvanize a new field of learning called mechatronics at N.C. State University, is an example of the kinds of enterprises that could well be worth courting. With the state's highest unemployment rate, the Rocky Mount area surely is an ideal place to plant a new-economy seed.

Companies that have shown a capacity to help improve their communities and their workers deserve an extra measure of consideration when incentives are on the table. Corporate citizenship should count. But in all cases, legislators must convince themselves that the proposed incentives would bring good jobs to North Carolina that wouldn't be offered any other way, and that there is a net benefit to be derived. Even taxpayers weary of corporate shakedowns can support investments in a healthy economy for the future.

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Easley putting more Floyd money into escrow account

By MARTHA WAGGONER, Associated Press Writer
August 5, 2002 4:16 pm

BURGAW, N.C. -- Gov. Mike Easley appealed to legislators' better natures Monday, saying he has protected almost $300 million in money meant for Hurricane Floyd relief.

Easley said he put $176 million of Hurricane Floyd money into an escrow account that already holds $120 million. That $120 million is part of the $150 million in Floyd relief money that Easley took to meet a $1.6 billion budget shortfall in the 2001-02 fiscal year.

It was unclear whether Easley's action would have any practical effect on lawmakers writing a budget for the current fiscal year. The Legislature can appropriate any money it deems necessary to balance the budget.

"I don't think there will be an effort to take the money once they realize the needs and obligations have not been fulfilled," Easley told The Associated Press on Monday.

Last week, House budget writers plugged the $120 million already in the account into their proposed state spending plan.

Easley said he controls that money, which can either be used to balance to budget or go back to the original agencies from which he took it.

Some legislators outside the eastern part of the state believe the state has recovered from the hurricane, which struck Sept. 16, 1999, Easley said.

"I'm trying to remind people that the problem is not fixed, that the recovery is still in process," Easley said during a visit to flood-stricken communities in Burgaw and Greenville. "We owe it not only to the victims, but also to our reputation as a state to meet our promises and obligations."

Some progress has been made, he said. When he came into office two years ago, 6 percent of the Floyd projects were finished. That figure is now more than 60 percent. The recovery initiative that once involved 38 state agencies is now one, Easley said.

Easley said his move is not an effort to force legislators to approve a lottery to balance the budget. Legislators can balance the budget however they like, he said, "but they're not going to balance the budget in North Carolina on the backs of the most vulnerable citizens."

Count Cynthia Bivens among those who hopes Easley's plan works. Water stood six feet deep in her yard and more than 3 feet deep in her house in Burgaw. Bivens' home still has no kitchen cabinets. A bedroom has boards for floors, no closets and no walls, only insulation. An exposed bathtub sits to the side.

"It's kind of hard for a housewife to cook with no cabinets," she said.

The $6,000 she received from the Federal Emergency Management Agency was not nearly enough to repair her home, she said.

In Greenville, the governor spoke at Pinecrest Mobile Home Park, with the shells of about 250 gutted mobile homes for a backdrop. Greenville officials said the city council is expected to approve a contract next month to demolish the park.

Vanessa Daniels of Greenville told the governor that she's still owned $16,890 from a rental relocation fund. Curtis Battle said he has lived with his aunt since he escaped the floodwaters.

Battle said Easley's visit and move to protect the Floyd money would make a difference. "The money is there now so it should speed up the process," he said.

Rep. Thomas Wright, D-New Hanover, whose district includes Floyd-afflicted areas, said Easley's decision would have "tough sledding" in the Legislature.

"But there's clear evidence that the job hasn't been completed. ... That will certainly influence their decision," he said outside Sand Hill AME Zion Church where Easley spoke to about 150 Pender County residents. "I think he's done the right thing."

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VISITOR REGISTRATION SHEET

DATE 8-5-02

APPRD

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Ed TURLINGTON	Brooks Pierce	
Wade Hargrove	" "	
Russ Sparrow	NCDOR	
Sharon Matthews	DOT - DMV	
John McMillan	MF+S PA	
Julie Mitchel	OSBM	
Wayne Williams	OSBM	
Jim Newell	OSBM	
Tai Mai Shu	ABC	
Coody Piner	CBS	
Frank Lewis	OSBM	
Bonnie Cramer	"	
Sam Lee	OSBM	
Greg Piner	OSBM	
Steve Lusk	AOC	

VISITOR REGISTRATION SHEET

DATE 8.5.07

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
DAVID BARNES	Poyner Spruill	
Mark Fabian	UNCW	
[illegible]	DPPEC	
[illegible]	GK	
Sandra Lane	Martin Marietta	
Beckie Smith	PPAB	
Alice Garland	EC	
Leslie Barbour	NCCBI	
Jon Wilson	NCAFP	
Lu-Ann Cox	NCPA	
Steve Woodson	NC Farm Bureau	
Susie Woodson	NCCBI	
PERRI MORGAN	NFIB	
TONY Adams	NCOAA	
[illegible]	NCICU	

VISITOR REGISTRATION SHEET

DATE 8-5-02

Approv -

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Kevin FitzGerald	UNC	962-4301
Lori Ann Adams	~~A. Adams~~ V Assoc	
Mark Fleming	University System	962-7096
Jerry Hordosky	NC. Food Banks	
George Milliaps	DOA	807-2425
Gwynn Swinson	DoA	807-2425
Mildred Spearman	DOC	716-3724
Tracy Little	DOC	716-3700
DON HOBART	DOC	733-3448
Jane Thornton	Attorney General's Office	716-6610
Christian Cox	Jcox@4	715 0040
Nicole Hare	Explorlet	878-0540
Stan Wall	CCNC	839-0020
Abby Emanuel	NMSS	
Elaine Hayes	NCBTC	

VISITOR REGISTRATION SHEET

DATE 8-5-02

APPRO

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Kim Carlton	NC BTC	
J. E. EAGLES	EDGE. ABC	827-4731
Linda Rogers	EDGECOMBE Co. ABC	252-823-8147
Pat Capps	Wilson Co ABC	252-243-2456
Joan Reseass	Pitt Co. ABC Bd.	252-756-2350
Mamie W. Smith	Pres. N.C. Asso. of ABC Bds.	252-746-3692
NEWS ROSELAND	NC DOJ	
D. Holmes	CUMTF	733-6775
Carlton Maynard	DOA	807-2341
Jim Haas	NCDOC	715-6373
Stewart Dickinson	NCDOC	715-6560
Ralph A. Ellis	Chair Wilson ABC	252-237-0607
Lew Nuckles	NC ABC Officers Assoc.	832-3683
Joel Keith	Wake Co. ABC	832-3683
TED BOGGS	NC DEPT OF COMMERCE	733-7977

VISITOR REGISTRATION SHEET

DATE 8-3-07

APPRD

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Tina Quiller-Morgan	OSBM	
Elizabeth Brownstein	OSBM	
Andy Ellen	NCDWQ	
Paul D. Hughes	Reg C	
Alex Elkan	BPMHL	
Haven Cohen	ESC	
Ed Kizor	UNC Charlotte	
Angie McMillan	TNC	
Patricia Rankin	NCASG	
Ginger Nelles	Helms Mullis & Wicker	
Greg Wallace	Helms Mullis & Wicker	
Donna Williams	Water Affairs	
Wendy Kuhn	DWS	
Chris McClure	NCEITA	
Mark Lewis	NCSA	

VISITOR REGISTRATION SHEET

DATE_____

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
[illegible]	[illegible]	
Gene Gaudy	NCJFSA	
[illegible]	[illegible]	
Cam Cavin	BPMHL	
[illegible]	[illegible]	
JE Hobbs	NCHLA	
Carole Rawls	NCTIC	
CHARLIE VICK JR		
Jan Watts	NCASA	
Kathen Mullen	[illegible] NCASA	
Chad W. Essick	Edmisten + Webb	
Elizabeth Dunn	Dunn & Associates	
[illegible]	BEGINNINGS	
John McNeely	[illegible]	
Ken McNeal	[illegible]	

Natalie English — Charlotte Chambers

Brian Francis — Mecklenburg County

Keith Crisco — Durham County

[illegible]

Bonnie Ahrendt — NCC DE

Thomas Harrington — Fiscal

William Rittick — DOR

Joe Stewart — Dept of State Treasurer

APPROPRIATIONS COMMITTEE MEETING MINUTES

August 6, 2002
643 LOB
9:00 am

Rep. Redwine called the Appropriations meeting to order at 9:35am to consider Senate Bill 1115, The Appropriations Act of 2001. Co-Chairs made opening Remarks.

Procedures for Meeting were explained by Co-Chair Representative Redwine referring the members to the handout of **RULES FOR HOUSE APPROPRIATIONS**

The Chair recognized each committee chair to Review of Subcommittee Reports for Senate Bill 1115, The Appropriations Act of 2001 as follows:

Education
Reps. Rogers, Boyd-McIntyre, Yongue explained the Money report and Special Provisions of DPI, UNC System and the Community Colleges respectively assisted by *Fiscal Staff: Philip Price, Jim Newlin, Charlotte Todd and Kristine Leggett*

Health and Human Services
Reps. Earle, Nye explained the Money report and Special Provisions for HHS Committee. Fiscal Staff assisted the Subcommittee Chairs*: Carol Shaw, Lisa Hollowell, Susan Morgan and Jim Klingler.*

Linda Suggs with the Department of Public Instruction was recognized and deferred question regarding textbook provision to Mr. Hurd. Fiscal Staff Analysis Philip Price was also recognized to give information on funding and reversion

J B Milliken was recognized to explain provision regarding the Horace Williams Airport. He stated the Chancellor of UNC-C was in current negotiations with regards to the closure and Charlotte Todd was recognized to give information
on the cost of keeping the airport open.

Natural and Economic Resources
Reps. Fox, Owens explained the Money report and Special Provisions. Assisted by *Fiscal Staff: Jennifer Hoffmann, Adam Levinson and Kelly Huffstetler*

Justice and Public Safety
Reps. Culpepper, Haire explained the Money report and Special Provisions. Assisted by *Fiscal Staff: Jim Mills, Elisa Wolper, Denise Thomas, and Chloe Gossage*

General Government
Reps. Jeffus, Sherrill explained the Money report and Special Provisions. Assisted by *Fiscal Staff: Michele Nelson, Marilyn Chism*

Transportation
Reps. Crawford, Cole explained the Money report and Special Provisions. Assisted by *Fiscal Staff: Bob Weiss, Evan Rodewald*

Information Technology
Reps. Tolson, Tucker explained the Money report and Special Provisions. Assisted by *Fiscal Staff: Douglas Holbrook*

Reserves, Debt Service, and Adjustments
The Chair recognized *Fiscal Staff: Lynn Muchmore and Karen Hammonds-Blanks to give this report.*

Salaries and Benefits
The Chair recognized *Fiscal Staff: Stanley Moore, Mark Trogdon, Sam Byrd for this report.*

Capital
Rep. Wright was recognized to give the report.
Fiscal Staff: Karen Hammonds-Blanks and Douglas Holbrook

General Provisions
The Chair recognized *Fiscal Staff: Lynn Muchmore and Karen Hammonds-Blanks to give the report on general provisions.*

The following members offered amendments to the bill: (Bold indicates the amdt was adopted)

1. Redwine – adopted, voice vote
2. Redwine – division, then displaced, adopted as amended by amendment 32 Warwick
3. Redwine – adopted, voice vote
4. Thompson – displaced
5a. Haire - perfecting amendment, adopted, voice vote
5. Thompson – adopted as amended, voice vote
6. Tucker – adopted, voice vote
7. Tucker – withdrawn
8. Fox – adopted, roll call, 49-43 10% reduction in GA Member's pay
9. Baddour, Nesbitt – adopted, voice vote
10. Arnold – adopted, roll call, 43-37 deletes deduction flexibility to Assn.
11. Thompson – withdrawn
13. Yongue – adopted, voice vote
14. Yongue – adopted, voice vote
15. Yongue – adopted, voice vote
16. Rogers – displaced
17. Nesbitt – displaced
18. Wright – adopted, voice vote
19. Sherrill - adopted, voice vote
20. Creech - adopted, voice vote
21. Warner - adopted, voice vote
22. Russell - adopted, voice vote
23. Carpenter - adopted, voice vote
24. Howard – Withdrawn
25. Underhill – Withdrawn
26. Howard – Adopted, roll call, 40-33 NCWISEOWL, on line services
27. Nesbitt – displaced
28. Davis – withdrawn
29. Arnold – withdrawn

At 11pm Co-Chair Representative Redwine adjourned the Appropriations meeting to reconvene in the morning at 9:30am.

Co-Chair Representative Redwine reconvened the Appropriations meeting on Wednesday, August 7, 2002 at 9:50am to continue consideration of amendments to Senate Bill 1115 as follows:

30. Rogers – Adopted, voice vote
31. Nesbitt – withdrawn
32. Warwick – Adopted, voice vote –amending amendment 2 (Redwine)
33. Nesbitt - Adopted, voice vote – replaces amendment 31
34. Nesbitt - Adopted, voice vote – replaces amendment 27
35. Owens - Adopted, voice vote
36. Carpenter - Adopted, roll call, 52-30 reduces #20 Voc Ed program support by $500,000 and funds $500,000 to "Center for International Understanding"
37 a. Sutton – perfecting amendment, adopted, voice vote
37. Schubert – Adopted as amended, voice vote
38. Clary/Underhill – failed, voice vote
39. Baker – failed, roll call, 64-18
40. Justus – Adopted, roll call, 64-16, Quran amendment
41. Carpenter – Adopted, voice vote
42. Nesbitt – displaced, ALE-133 v.3
43. Hensley – failed, voice vote
44. Arnold – withdrawn
45. Yongue and Tolson - Adopted, voice vote
46. Carpenter – displaced, withdrawn
47. Nesbitt - Adopted, voice vote
48. Wright - Adopted, voice vote
49. Earle - Adopted, voice vote
50. Nye - Adopted, voice vote
51. Nye - Adopted, voice vote
52. Nye - Adopted, voice vote
53. Earle - Adopted, voice vote
54. Nye - Adopted, voice vote
55. Nye - Adopted, voice vote
56. Nye - Adopted, voice vote
57. Wright - Adopted, voice vote
58. Wright - Adopted, voice vote
59. Hall – Adopted, voice vote
60. Nesbitt – Adopted, division, 43-27
61. Sutton – Adopted, voice vote
62 a. Ellis - perfecting amendment, failed
62. Creech – failed, roll call, 43 – 34 reduces Smart Start by 50%

At 9:30pm Presiding Co-Chair Thompson adjourned the meeting to reconvene 8.08.2002 at 10:30 am.

Thursday, August 08, 2002 10:55am

Co-Chair Representative Redwine reconvened the Appropriations meeting on Thursday, August 8, 2002 at 10:55am to continue consideration of amendments to Senate Bill 1115 as follows:

63 a. Justus and Nye – perfecting amendment, adopted, voice vote
63. Justus – Adopted as amended, voice vote
64. Thompson – Adopted, voice vote
65. Nesbitt – Adopted, voice vote
66. Nesbitt – Adopted, voice vote
67. Esposito – Adopted, roll call, 42-41 Deletes funding for More at Four
68. Sherrill – Adopted, division 40-20
42. Nesbitt – ALE 141 v.2 replaces ALE 133 v. 3) adopted, voice vote
69. Thompson – Adopted, voice vote
70. Gillespie – Adopted, voice vote
71. Owens – Adopted, voice vote
73. Fox – Adopted, voice vote
74. Culpepper and Haire – Adopted, voice vote
72. Underhill – Adopted, voice vote
75a Culpepper - perfecting amendment was adopted, voice vote
75. Kiser –Failed, voice vote
Representative Underhill requested that the vote on the Esposito amendment #67 be reconsidered.
67 a. Esposito perfecting amendment – ruled out of order
67. Esposito amendment – reconsider vote on the amdt. As requested by Rep. Underhill, **Esposito amendment failed, roll call, 42-40**
12. Mitchell – failed, division, 35-29
77. Hensley – perfecting amendment to 76, failed
76. Ellis – failed, division, 37-37
78. Daughtry – failed, voice vote
79. Creech – failed, voice vote
80 a. Hackney – perfecting amendment, adopted, voice vote
80. Mitchell – Adopted, voice vote
81. Baker – failed, voice vote
82. Crawford – Adopted, voice vote
84. Mitchell – Adopted, roll call, 50-29 cuts all per diem in interim
83. Miller – Adopted, voice vote
83a. Miller, perfecting amendment, adopted, voice vote
85. Redwine – Adopted, voice vote

Co-Chair Representative Ruth Easterling offered the motion to favorably report S 1115. Roll Call vote on the motion was requested and the **Easterling motion to favorably report bill, roll call, Passed 40-35 .**

Co-Chair Redwine adjourned meeting adjourned at 6:10pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

RALEIGH, NORTH CAROLINA 27601

APPROPRIATIONS COMMITTEE MEETING AGENDA

August 6, 2002
643 LOB
9:00 am

Opening Remarks

Procedures for Meeting

Review of Subcommittee Reports-SB. 1115, The Appropriations Act of 2001

Education
Reps. Boyd-McIntyre, Rogers, Yongue
Fiscal Staff: Philip Price, Jim Newlin, Kristine Leggett, and Charlotte Todd

Health and Human Services
Reps. Earle, Nye
Fiscal Staff: Carol Shaw, Lisa Hollowell, Susan Morgan and Jim Klingler

Natural and Economic Resources
Reps. Fox, Owens
Fiscal Staff: Jennifer Hoffmann, Adam Levinson and Kelly Huffstetler

Justice and Public Safety
Reps. Culpepper, Haire
Fiscal Staff: Jim Mills, Elisa Wolper, Denise Thomas, and Chloe Gossage

General Government
Reps. Jeffus, Sherrill
Fiscal Staff: Michele Nelson, Marilyn Chism

Transportation
Reps. Crawford, Cole
Fiscal Staff: Bob Weiss, Evan Rodewald

Information Technology
Reps. Tolson, Tucker
Fiscal Staff: Douglas Holbrook

Reserves, Debt Service, and Adjustments
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Lynn Muchmore, Karen Hammonds-Blanks

Salaries and Benefits
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Stanley Moore, Mark Trogdon, Sam Byrd

Capital
Rep. Wright
Fiscal Staff: Karen Hammonds-Blanks and Douglas Holbrook

General Provisions
Reps. Easterling, Oldham, Redwine and Thompson
Fiscal Staff: Lynn Muchmore, Karen Hammonds-Blanks

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine and Thompson,** Chairs, for the Committee on **Appropriations**.

X Committee Substitute for
S.B. 1115 A BILL TO BE ENTITLED AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2001 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to the committee substitute bill (#), ☐ which changes the title, unfavorable as to (the original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

X With a favorable report as to House committee substitute bill , **X** which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/13/02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ the House amendment (s).
_____the House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

Handout
8.6.02

RULES FOR HOUSE APPROPRIATIONS

June 27, 2001

When amendments are offered, the following rules must be met in order for the amendment to be eligible for consideration.

1. Money can only be transferred among items within the same subcommittee.

2. Amendments cannot increase total spending within a subcommittee report beyond what the subcommittee recommended.

3. Amendments cannot increase total spending beyond the total amount shown in the draft committee report.

4. Amendments cannot spend reversions.

5. Nonrecurring reductions cannot be used to fund recurring items.

6. Amendments that cause the budget to be unbalanced are not in order.

7. Amendments that provide expansion funding in the second year of the biennium are not allowed.

8. Amendments proposing to include material not directly related to the budget are not in order.

9. Amendments must be in writing, with 150 copies available for distribution. The Sergeant-at-Arms will distribute copies only at the direction of the chairs.

10. No documents may be distributed to members except by prior arrangement with the chairs.

The Chairs will review amendments to make sure they are eligible for consideration. Eligible amendments will be heard after all of the subcommittee presentations have been made.

HOUSE APPROPRIATIONS COMMITTEE REPORT ON THE CONTINUATION, EXPANSION AND CAPITAL BUDGETS

August 6, 2002

Rep. Ruth Easterling

_____

Rep. Warren Oldham

_____

Rep. David Redwine

_____

Rep. Gregg Thompson

_____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 1115

Appropriations/Base Budget Committee Substitute as amended Adopted 6/18/02
As amended by Pensions & Retirement and Aging Committee 6/18/02
Third Edition Engrossed 6/19/02
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1115-PCS4755-LR-21

Short Title: Modify Appropriations Act of 2001. (Public)

Sponsors:

Referred to:

May 29, 2002

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2001 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be effected where the total amounts appropriated are not required to perform these services and accomplish these purposes and, except as allowed by the Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the end of each fiscal year.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TITLE OF ACT

SECTION 1.2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2002."

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS - GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2002-2003 fiscal year.

Current Operations - General Fund	**2002-2003**
EDUCATION	
Community Colleges System Office	31,351,893
Department of Public Instruction	(36,401,988)
University of North Carolina - Board of Governors	
Appalachian State University	(2,739,189)
East Carolina University	
Academic Affairs	(4,152,403)
Health Affairs	(1,381,862)
Elizabeth City State University	(663,037)
Fayetteville State University	(946,700)
NC Agricultural and Technical University	(1,939,938)
North Carolina Central University	(1,483,534)
North Carolina School of the Arts	(908,639)
North Carolina State University	
Academic Affairs	(10,360,334)
Agricultural Extension	(1,123,032)
Agricultural Research	(1,418,351)
University of North Carolina at Asheville	(842,476)
University of North Carolina at Chapel Hill	
Academic Affairs	(9,263,397)
Health Affairs	(5,762,030)
Area Health Education Centers	(1,382,170)
University of North Carolina at Charlotte	(3,479,570)
University of North Carolina at Greensboro	(3,322,120)
University of North Carolina at Pembroke	(750,292)
University of North Carolina at Wilmington	(2,067,193)
Western Carolina University	(1,855,666)
Winston-Salem State University	(1,111,749)
General Administration	(2,713,801)
University Institutional Programs	34,263,135
Related Educational Programs	(2,798,032)

North Carolina School of Science and Mathematics	(36,334)
UNC Hospitals at Chapel Hill	(1,217,620)
Total	(29,456,334)
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	24,119,495
Division of Aging	(1,500,160)
Division of Blind Services/Deaf/HH	(643,013)
Division of Child Development	(3,428,035)
Division of Education Services	(3,936,077)
Division of Facility Services	(646,705)
Division of Medical Assistance	13,002,696
Division of Mental Health	(6,098,502)
NC Health Choice	(9,518,620)
Division of Public Health	(9,719,274)
Division of Social Services	(16,647,520)
Division of Vocation Rehabilitation	(3,972,522)
Total	(18,988,237)
NATURAL AND ECONOMIC RESOURCES	
Department of Agriculture and Consumer Services	(4,822,458)
Department of Commerce	
Commerce	(10,395,595)
Commerce State-Aid	5,145,100
NC Biotechnology Center	(627,047)
Rural Economic Development Center	(423,851)
Department of Environment and Natural Resources	
Environment and Natural Resources	(10,017,863)
Clean Water Management Trust Fund	(30,000,000)
Office of the Governor - Housing Finance Agency	(540,600)
Department of Labor	(951,725)
JUSTICE AND PUBLIC SAFETY	
Department of Correction	(30,673,769)
Department of Crime Control and Public Safety	(7,596,481)

Judicial Department	(10,682,681)
Judicial Department - Indigent Defense	3,394,903
Department of Justice	(2,422,581)
Department of Juvenile Justice and Delinquency Prevention	(14,893,541)

GENERAL GOVERNMENT

Department of Administration	(5,354,207)
Office of Administrative Hearings	(233,742)
Department of State Auditor	(983,908)
Office of State Controller	(1,101,040)
Department of Cultural Resources	
Cultural Resources	(3,610,213)
Roanoke Island Commission	(401,222)
State Board of Elections	209,622
General Assembly	(3,810,151)
Office of the Governor	
Office of the Governor	(563,763)
Office of State Budget and Management	(383,824)
OSBM – Reserve for Special Appropriations	50,000
Department of Insurance	
Insurance	(1,882,104)
Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
Office of Lieutenant Governor	(72,367)
Department of Revenue	(2,384,400)
Rules Review Commission	(9,981)
Department of Secretary of State	(345,281)
Department of State Treasurer	

State Treasurer	671,618
State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
TRANSPORTATION	
Department of Transportation	(2,490,841)
RESERVES, ADJUSTMENTS AND DEBT SERVICE	
Reserve for Compensation Increases	(4,247,868)
Statewide Reserve for State Health Plan	(12,621,872)
Reserve for Teachers' and State Employees' Retirement Rate Adjustment	(142,300,000)
Retirement Incentive	(31,000,000)
Payroll Adjustment Reserve	(70,000,000)
Reserve for Employee Severance Compensation	20,000,000
Implementation of Recommendations of Governor's Efficiency Commission	(25,000,000)
Reserve for Information Technology Rate Adjustment	(2,414,318)
Reserve to Implement HIPPA	2,000,000
Reserve for Experience Step Increase for Teachers and Principals in Public Schools	51,937,267
Assistant/Deputy Clerks/Magistrates Salary Steps	1,980,700
Debt Service	
General Debt Service	(97,750,000)
TOTAL CURRENT OPERATIONS – GENERAL FUND	(508,863,351)

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND AVAILABILITY STATEMENT

SECTION 2.2.(a) The General Fund availability used in adjusting the 2002-2003 fiscal year budget is shown below:

	2002-2003
Beginning Unreserved Credit Balance	119,800,000
Revenues Based on Existing Tax Structure	12,788,200,000
Nontax Revenues	
Investment Income	115,300,000
Judicial Fees	111,300,000
Disproportionate Share	107,000,000
Insurance	46,600,000
Other Nontax Revenues	98,900,000
Highway Trust Fund Transfer	172,400,000
Highway Fund Transfer	15,300,000
Subtotal Nontax Revenues	**666,800,000**
Total General Fund Availability	**13,574,800,000**
Other Adjustments to Availability: 2002 Session	
Project Tax Collect	15,000,000
Highway Trust Fund – recurring inflationary adjustment	80,000,000
Highway Trust Fund Transfer – one time transfer	125,000,000
Tobacco Settlement Trust Funds – divert MSA receipts for one year	152,000,000
Transfer of Cash from Trust and Special Funds	22,263,259
Adjustment to Transfer from Insurance Regulatory Fund	(851,366)
Nontax Revenue Offsets – Secretary of State	671,618
Increase Collection Rates for Offender Fees	1,160,000
Reimbursement for Unauthorized Substance Tax Division	885,884
Budget Revenue Act of 2002 (SB 1292)	322,300,000
2002 Fee Bill (HB 1670)	22,900,000
Subtotal Adjustments to Availability: 2002 Session	**741,329,395**
REVISED GENERAL FUND AVAILABILITY	**14,316,129,395**
GENERAL FUND APPROPRIATIONS	**(14,304,955,275)**
UNAPPROPRIATED BALANCE	**11,174,120**

SECTION 2.2.(b) Effective July 1, 2002, cash balances remaining in special funds on June 30, 2002, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2002-2003 fiscal year.

Fund	**Amount Transferred**
Administrative Office of the Courts	

Budget Code, 22005, (Worthless Check Fund)	150,000
(Appellate Copying Fees)	275,000
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2104 (ADM – Mooresville RO Vending)	472
Budget Code 24308, Fund Code 2105 (DEE - Env Educ Certification)	10,000
Budget Code 24300, Fund Code 2331 (DAQ Air Permits)	250,000
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	300,000
Budget Code 24300, Fund Code 2754 (DEH GSWW System Account)	10,900
Budget Code 24310, Fund Code 2711 (DFR Forestry Fire Supp)	78,225
Budget Code 24310, Fund Code 2712 (DFR Forestry Restoration)	771,333
Budget Code 24308, Fund Code 2255 (DFR Special Air Operations)	6,759
Budget Code 24300, Fund Code 2610 (DLR Mineral Interest)	20,000
Budget Code 24300, Fund Code 2740 (DLR Dam Safety Account)	100,000
Budget Code 24300, Fund Code 2745 (DLR Mining Fees)	25,000
Budget Code 24300, Fund Code 2392 (DMF Advance License Sale)	1,600,000
Budget Code 24300, Fund Code 2393 (DWM Septage Fees)	100,000
Budget Code 24308, Fund Code 2387 (DWM Hazardous Waste Fees)	68,189
Budget Code 24300, Fund Code 2341 (DWQ Water Permits)	1,000,000
Budget Code 24308, Fund Code 2465 (MSN Mus Nat Sci/Scientific Publicat)	3,177
Budget Code 24308, Fund Code 2515 (SWC Agric Waste Small Farms)	20,000
Budget Code 24308, Fund Code 2520 (SWC Animal Waste Cost Share)	500,000
Budget Code 64302, Fund Code 6710 (Natural Heritage Trust Fund)	3,287,582
Budget Code 24308, Fund Code 2525 (Neuse Animal Waste Cost Share)	366,335
Budget Code 24300, Fund Code 2221 (Bladen Lakes State Forest Fund)	440,000
Department of Agriculture and Consumer Services	
Budget Code 53750, Fund Code 5100 (State Fair)	1,000,000
Department of Commerce	
Budget Code 24600, Fund Code 2683 (Empl & Train Grants Prgm)	750,000

Budget Code 24600, Fund Code 2711 (Industrial Development Fund)	3,000,000
Budget Code 24600, Fund Code 2881 (ABC Commission)	500,000
Budget Code 24600, Fund Code 2882 (ABC Warehouse)	500,000
Department of Health and Human Services	
Budget Code 24470, Fund Code 2101 (Facility Finance Act)	95,000
Information Technology Services	
Budget Code 24668, Fund Code 2800 (E-Grant)	495,040
Department of Agriculture and Consumer Services	
Budget Code 23700, Fund Code 2103 (Livestock Acquisition Fund)	300,000
Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	225,000
Budget Code 53750, Fund Code 5190 (State Fair Reserves and Transfers)	250,000
Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
Budget Code 63700, Fund Code 6105 (Forest Management Reserve)	50,000
Department of Labor	
Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
Department of Correction	
Budget Code 24502, (Inmate Canteen/ Welfare Fund)	500,000
Budget Code 74500, Fund Code 7100 (Enterprise Spec Fund/ Prison Enterprises)	2,000,000
Office of the State Controller	
Budget Code 24172, (State Controller Special Reserve Account)	1,300,000
Office of the State Controller	
Budget Code 24160, Fund Code 2000 (Flexible Benefits Reserve)	1,400,000
Total Amount Transferred	**$22,263,259**

SECTION 2.2.(c) Notwithstanding G.S. 113-36(d), two hundred twenty thousand dollars ($220,000) of the cash balance remaining in the Bladen Lakes State Forest Fund (Budget Code 24300, Fund Code 2221) on July 1, 2002, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers). An additional two hundred twenty thousand dollars ($220,000) shall

be transferred on April 1, 2003. These funds shall be used to support General Fund appropriations for the 2002-2003 fiscal year.

SECTION 2.2.(d) Section 2.2(f) of S.L. 2001-424 reads as rewritten:

"**SECTION 2.2.(f)** The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by one million dollars ($1,000,000), effective July 1, 2001, for the 2001-2002 fiscal year.

The transfer of cash from Department of Correction, Budget Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers) shall be increased by ~~five hundred thousand dollars ($500,000), effective July 1, 2002, for the 2002-2003 fiscal year and for subsequent fiscal years.~~ two million five hundred thousand dollars ($2,500,000), effective July 1, 2002, for the 2002-2003 fiscal year. Of the two million five hundred thousand dollar ($2,500,000) increase for the 2002-2003 fiscal year, five hundred thousand dollars ($500,000) is recurring."

SECTION 2.2.(e) When the Highway Trust Fund was created in 1989, the revenue from the sales tax on motor vehicles was transferred from the General Fund to the Highway Trust Fund. To offset this loss of revenue from the General Fund, the Highway Trust Fund was required to transfer one hundred seventy million dollars ($170,000,000) to the General Fund each year, an amount equal to the revenue in 1989 from the sales tax on motor vehicles. This transfer did not, however, make the General Fund whole after the transfer of the sales tax revenue because no provision has been made to adjust the amount for the increased volume of transactions and increased vehicle prices. The additional eighty million dollars ($80,000,000) transferred from the Highway Trust Fund to the General Fund by this act is an effort to recover a portion of the sales tax revenues that would have gone to the General Fund over the last 13 years.

SECTION 2.2.(f) Notwithstanding G.S. 105-187.9(b)(1), the sum to be transferred under that subdivision for the 2002-2003 fiscal year and for the 2003-2004 fiscal year is two hundred fifty million dollars ($250,000,000).

SECTION 2.2.(g) There is transferred from the Highway Trust Fund to the General Fund the sum of one hundred twenty-five million dollars ($125,000,000) for the 2002-2003 fiscal year. It is the intent of the General Assembly that the Highway Trust Fund shall be held harmless because of this transfer. The General Assembly shall transfer funds from the General Fund back to the Highway Trust Fund during the next five years including interest at the net rate of return generated by the State Treasurer's Short Term Investment Fund.

SECTION 2.2.(h) The General Assembly finds that over the last two fiscal years, the cost of the Medicaid program has increased over a billion dollars. The downturn in the economy has caused an unforeseeable increase in the number of persons eligible for the program. Even with the significant expansion funds appropriated for the increased costs, transfers of funds to meet obligations for the 2001-2002 fiscal year, and significant cost-savings measures imposed by the General Assembly and the Department of Health and Human Services, Medicaid will still need additional State funds next year to cover increased costs.

The General Assembly further finds that due to the downturn in the economy and the loss of jobs in various sectors of the economy, the State must undertake various economic initiatives.

Funds transferred pursuant to this section shall be used only for Medicaid and for economic initiatives.

Notwithstanding G.S. 143-16.4(a2), of the funds credited to the Tobacco Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2002-2003 fiscal year, the sum of thirty-two million dollars ($32,000,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal year.

Notwithstanding G.S. 143-16.4(a1), of the funds credited to the Health Trust Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2 during the 2002-2003 fiscal year, the sum of forty million dollars ($40,000,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal year.

Notwithstanding G.S. 143-86.30(c), the Health and Wellness Trust Fund Commission may transfer up to eighteen million dollars ($18,000,000) from the Fund Reserve created in G.S. 143-86.30 to the Health and Wellness Trust Fund nonreserved funds to be expended in accordance with G.S. 143-86.30(d) during the 2002-2003 fiscal year.

Pursuant to Section 2(b) of S.L. 1999-2, eighty million dollars ($80,000,000) of the fifty percent (50%) of the annual installment payment to the North Carolina State Specific Account otherwise transferred and assigned to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., during the 2002-2003 fiscal year is transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal year. The Attorney General shall take all necessary actions to notify the court in the action entitled State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North Carolina, and the administrators of the State Specific Account established under the Master Settlement Agreement of this action by the General Assembly redirecting this payment.

SECTION 2.2.(i) The funds appropriated in this act from the Insurance Regulatory Fund include an increase of six hundred thousand dollars ($600,000) in recurring funds from the amount appropriated in S.L. 2001-424. These funds shall be used to pay for the costs and expenses incurred by the Department of Justice in the 2002-2003 fiscal year and subsequent fiscal years in representing the Department of Insurance in its regulation of the insurance industry and other related programs and industries in this State that fall under the jurisdiction of the Department of Insurance.

SECTION 2.2.(j) G.S. 7A-11 reads as rewritten:

"**§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.**

The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer of the Courts, subject to the approval of the Supreme Court. The clerk may appoint assistants in the number and at the salaries fixed by the Administrative Officer of the Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall be bonded to the State, for faithful performance of duty, in the same manner as the clerk of the superior court, and in such amount as the Administrative Officer of the Courts shall determine. He shall adopt a seal of office, to be approved by the Supreme Court. A fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court, and all such fees shall be remitted to the State ~~treasury, except that charges to litigants for the reproduction of appellate records and briefs shall be fixed and administered as provided by rule of the Supreme Court.~~ treasury. Charges to litigants for the reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate Courts Printing and Computer Operations Fund established in G.S. 7A-343.3. The operations of the Clerk of the Supreme Court shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. Before entering upon the duties of his office, the clerk shall take the oath of office prescribed by law."

SECTION 2.2.(k) G.S. 7A-20(b) reads as rewritten:

"**§ 7A-20. Clerk; oath; bond; salary; assistants; fees.**

(b) Subject to approval of the Supreme Court, the Court of Appeals shall promulgate from time to time a fee bill for services rendered by the clerk, and such fees shall be remitted to the State ~~Treasurer, except that charges to litigants for the reproduction of appellate records and briefs shall be fixed and administered as provided by rule of the Supreme Court.~~ Treasurer. Charges to litigants for the reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to the Appellate Courts Printing and Computer Operations Fund established in G.S. 7A-343.3.The operations of the Court of Appeals shall be subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

SECTION 2.2.(l) Of the cash balance of any funds not remitted to the State Treasurer pursuant to G.S. 7A-11 and G.S. 7A-20(b) prior to the effective date of this act, only funds necessary for payroll and existing contractual obligations may be expended. The cash balance of these funds shall be transferred to the General Fund on July 1, 2002.

SECTION 2.2.(m) General Fund availability generated by subsections (j) and (k) of this section is shown in special funds transfers made in subsection (b) of this section.

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND APPROPRIATIONS

SECTION 3.1. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2002-2003 fiscal year.

Current Operations - Highway Fund	**2002-2003**
Administration	–
Operations	–
Construction and Maintenance	
a. Construction	
(01) Primary Construction	–
(02) Secondary Construction	(1,887,000)
(03) Urban Construction	–
(04) Access and Public Service Roads	–
(05) Contingency Construction	5,000,000
(06) Spot Safety Construction	–
b. State Funds to Match Federal Highway Aid	–
c. State Maintenance	17,642,295
d. Ferry Operations	–
e. Capital Improvements	–
f. State Aid to Municipalities	(1,887,000)
g. State Aid for Public Transportation and Railroads	17,168,884
h. OSHA – State	–
Governor's Highway Safety Program	–
Division of Motor Vehicles	–
Transfer to Highway Patrol	–
Transfer to Driver Education	236,109
Transfer to G.F. for Sales Tax	–
Other Reserves and Transfers	(6,275,660)
GRAND TOTAL HIGHWAY FUND	$ 29,997,628

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. The Highway Fund appropriations availability used in developing modifications to the 2002-2003 Highway Fund budget contained in this act is shown below:

	2002-2003
Revenue and Availability	
Estimated Revenue	$1,276,600,000
Credit Balance	41,300,000
Transfer to General Fund	–

TOTAL HIGHWAY FUND AVAILABILITY	$1,317,900,000

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 4.1. Appropriations from the Highway Trust Fund of the State for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2002-2003 fiscal year.

Current Operations and Expansion - Highway Trust Fund	**2002-2003**
Intrastate System	(159,218,286)
Secondary Roads	(18,065,569)
Urban Loops	(64,381,244)
Aid to Municipalities	(16,705,712)
Program Administration	(4,073,189)
Transfer to General Fund	205,000,000
Grand Total/Highway Trust Fund	(57,444,000)

PART V. BLOCK GRANTS

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DHHS BLOCK GRANTS

SECTION 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	$ 15,266,973
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	717,313
TOTAL COMMUNITY SERVICES BLOCK GRANT		$ 16,963,303

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF - $4,500,000)	$ 27,095,289
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301
12.	Comprehensive Treatment Services Program	422,003
13.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
14.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
15.	UNC-CH CARES Program for training and consultation services	247,920
16.	Office of the Secretary - Office of Economic	

	Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
17.	Division of Social Services - Child Caring Agencies	1,500,000
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
19.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
20.	Division of Facility Services - Mental Health Licensure	213,128
TOTAL SOCIAL SERVICES BLOCK GRANT		$ 52,852,407
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	$ 11,395,026
02.	Crisis Intervention	6,598,934
03.	Administration	2,459,510
04.	Weatherization Program	3,457,189
05.	Department of Administration - N.C. State Commission of Indian Affairs	45,189
06.	Heating Air Repair and Replacement Program	1,613,355
TOTAL LOW-INCOME ENERGY BLOCK GRANT		$ 25,569,203
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	$ 5,442,798

02.	Provision of community-based services to children	2,513,141
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		$ 10,239,850
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	$ 15,401,711
02.	Continuation of services for pregnant women and women with dependent children	8,069,524
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	4,616,378
04.	Provision of services to children and adolescents	7,740,611
05.	Juvenile Services - Family Focus	851,156
06.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
07.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
08.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
09.	Administration	2,596,307

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		$ 39,907,022
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	$150,180,415
02.	Quality and availability initiatives	16,496,620
03.	Administrative expenses	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	72,812,189
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		$246,039,224
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	$129,396,275
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	72,812,189
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	500,000
05.	Child Care Subsidies for TANF Recipients	26,621,241
06.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
07.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
08.	Support Our Students - Department	

	Juvenile Justice and Delinquency Prevention	1,425,000
09.	Residential Substance Abuse Services for Women With Children	1,975,142
10.	Domestic Violence Services for Work First Families	900,000
11.	After-School Services for At-Risk Children	1,425,000
12.	Division of Social Services - Administration	400,000
13.	Child Welfare workers and services for local departments of social services	7,654,841
14.	Child Welfare Training	1,000,000
15.	DSS Evaluation	250,000
16.	SACWIS Payback	4,643,454
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		$348,249,547
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD		

HEALTH BLOCK GRANT		$ 16,928,823
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	$3,171,651
02.	Rape Crisis/Victims' Services Program - Council for Women	197,112
03.	HIV/AIDS Prevention Activities Coordination	111,159
04.	Transfer from Social Services Block Grant - HIV/AIDS education, counseling, and testing	145,819
05.	Office of Minority Health	159,459
06.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		$3,893,746

SECTION 5.1.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

SECTION 5.1.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

SECTION 5.1.(d) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(e) The Department of Health and Human Services may allow no-cost contract extensions for up to six months for nongovernmental grant recipients under the TANF Block Grant.

SECTION 5.1.(f) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2002-2003 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

The Department of Health and Human Services shall contract for the follow-up testing involved with the Newborn Screening Program. The Department may contract for these services with an entity within or outside of the State; however, the Department may only contract with an out-of-state entity if it can be demonstrated that there is a cost-savings associated with contracting with the out-of-state entity. The contract amount shall not exceed twenty-five thousand dollars ($25,000). The amount of the contract shall be covered by funds in the Maternal and Child Health Block Grant.

SECTION 5.1.(g) The Department of Health and Human Services, Division of Social Services, shall do the following:

(1) Continue the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.

(2) Continue the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.

The Division of Social Services may use up to two hundred fifty thousand dollars ($250,000) in TANF funds to complete the evaluation of Work First.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2002.

SECTION 5.1.(h) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2002-2003 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

SECTION 5.1.(i) The sum of three hundred thousand dollars ($300,000) appropriated in this section to the Department of Health and Human Services in the Child Care and Development Fund Block Grant shall be used to develop and implement a Medical Child Care Pilot open to children throughout the State.

SECTION 5.1.(j) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

SECTION 5.1.(k) The sum of four hundred thousand dollars ($400,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to support administration of TANF-funded programs.

SECTION 5.1.(l) The sum of one million nine hundred seventy-five thousand one hundred forty-two dollars ($1,975,142) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year shall be used to provide regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion

of regionally based substance abuse services for women with children. These services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

(1) The number and location of additional beds created.
(2) The types of facilities established.
(3) The delineation of roles and responsibilities at the State and local levels.
(4) Demographics of the women served, the number of women served, and the cost per client.
(5) Demographics of the children served, the number of children served, and the services provided.
(6) Job placement services provided to women.
(7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
(8) Barriers identified to the successful implementation of the expansion.
(9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
(10) Other information as requested.

SECTION 5.1.(m) The sum of one million four hundred twenty-five thousand dollars ($1,425,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Department of Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide, focusing on low-income communities in unserved areas. These funds shall not be used for administration of the program.

SECTION 5.1.(n) The sum of nine hundred thousand dollars ($900,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to provide domestic violence services to Work First recipients. These funds shall be used to provide domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters or to facilitate lobbying efforts. The Division of Social Services may use up to seventy-five thousand dollars ($75,000) in TANF funds to establish one administrative position within the Division of Social Services to implement this subsection.

Each county department of social services and the local domestic violence shelter program serving the county shall jointly develop a plan for utilizing these funds. The plan shall include the services to be provided and the manner in which the services shall be delivered. The county plan shall be signed by the county social services director or the director's designee and the domestic violence program director or the director's designee and submitted to the Division of Social Services by December 1, 2002. The Division of Social Services, in consultation with the Council for Women, shall review the county plans and shall provide consultation and technical assistance to the departments of social services and local domestic violence shelter programs, if needed.

The Division of Social Services shall allocate these funds to county departments of social services according to the following formula: (i) each county shall receive a base allocation of five thousand dollars ($5,000) and (ii) each county shall receive an allocation of the remaining funds based on the county's proportion of the statewide total of the Work First caseload as of July 1, 2002, and the county's proportion of the statewide total of the individuals receiving domestic violence services from programs funded by the Council for Women as of July 1, 2002. The Division of Social Services may reallocate unspent funds to counties that submit a written request for additional funds.

The Department of Health and Human Services shall report on the uses of these funds no later than March 1, 2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(o) The sum of one million four hundred twenty-five thousand dollars ($1,425,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2003, on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(p) The sum of seven million six hundred fifty-four thousand eight hundred forty-one dollars ($7,654,841) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster

care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

SECTION 5.1.(q) The sum of one million five hundred thousand dollars ($1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum of four hundred twenty-two thousand three dollars ($422,003) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to continue a Comprehensive Treatment Services Program for Children in accordance with Section 21.60 of S.L. 2001-424, as amended.

SECTION 5.1.(r) The sum of one million dollars ($1,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
(3) Provide training for residential child care facilities.
(4) Provide for various other child welfare training initiatives.

SECTION 5.1.(s) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 5.1.(t) The sum of one hundred ten thousand four hundred sixty-nine dollars ($110,469) appropriated in this section in the Preventive Health Service Block Grant to the Department of Health and Human Services for the 2002-2003 fiscal year for HIV/AIDS Prevention Activities shall be used to enhance activities for HIV/AIDS awareness and education within the Division of Public Health. The position shall be responsible for all planning, programming, and budgeting for compliance with this subsection. These prevention activities shall be targeted to the general public and programs identified in this subsection and shall not be used to augment the current grant programs that target high-risk populations through the community-based organizations.

It is the intention of the General Assembly to focus current resources and activities to strengthen and enhance prevention and intervention programs directed at the reduction of HIV/AIDS. The Department shall coordinate efforts to enhance awareness, education, and outreach with the North Carolina AIDS Advisory Council, North Carolina Minority Health Advisory Council, representatives of faith communities, representatives of nonprofit agencies, and other State agencies.

The Department of Health and Human Services shall coordinate and ensure the implementation of developmentally appropriate education, awareness, and outreach campaigns to comply with this subsection in the following programs and services:

(1) Division of Social Services programs and services:
  a. Domestic Violence Prevention and Awareness.
  b. Domestic Violence Services for Work First Families.
  c. After School Services for At-Risk Children.
  d. Work First Boys/Girls Clubs.

(2) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services programs and services:
  a. Substance Abuse Services for Juveniles.
  b. Residential Substance Abuse Services for Women and Children.

(3) Division of Public Health programs and services:
  a. Teen Pregnancy Prevention Activities.
  b. Out-of-Wedlock Births.
  c. School Health Program.
  d. High-Risk Maternity Clinic Services.
  e. Perinatal Education and Training.
  f. Public Information and Education.
  g. Technical Assistance to Local Health Departments.

(4) Other divisions, services, and programs:
  a. Family Support Services.
  b. Family Resource Centers.
  c. Independent Living Services.
  d. Residential schools and facilities.
  e. Other programs, services, or contracts that provide education and awareness services to children and families.

Other State agencies, including the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and the Department of Administration, shall ensure the incorporation of developmentally appropriate HIV/AIDS education, awareness, and outreach information into their programs.

The Department shall report on the implementation of this subsection not later than May 1, 2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.1.(u) The sum of four hundred thirty-eight thousand dollars ($438,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services shall be used to purchase services at maternity homes throughout the State.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NER BLOCK GRANT FUNDS

SECTION 5.2.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		$45,000,000

SECTION 5.2.(b) Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 5.2.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 5.2.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million one hundred thousand dollars ($13,100,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million one hundred thousand dollars ($2,100,000) may be used for Housing

Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

SECTION 5.2.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

PART VI. GENERAL PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine

DEDUCTION FLEXIBILITY

SECTION 6.4.(a) G.S. 143-3.3(g) reads as rewritten:

"(g) Payroll Deduction for Payments to Certain Employees' Associations Allowed. – An employee of the State or any of its institutions, departments, bureaus, agencies or commissions, or any of its local boards of education or community colleges, who is a member of a domiciled employees' association that has at least 2,000 members, the majority of whom are employees of the State or public school employees, may authorize, in writing, the periodic deduction each payroll period from the employee's salary or wages a designated lump sum or sums to be paid ~~to~~ for dues and voluntary contributions for the employees' association.

~~The~~ An authorization under this subsection shall remain in effect until revoked by the employee. A plan of payroll deductions pursuant to this subsection for employees of the State and other association members shall become void if the employees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit. This subsection does not apply to county or municipal governments or any local governmental unit, except for local boards of education."

SECTION 6.4.(b) G.S. 135-18.8 reads as rewritten:

"§ 135-18.8. Deduction for payments to certain employees' or retirees' associations allowed.

Any ~~member~~ beneficiary who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of the State or public school employees, may authorize, in writing, the periodic deduction from the ~~member's~~ beneficiary's retirement benefits a designated lump sum or sums to be paid ~~to~~ for dues and voluntary contributions for the employees' or retirees' association. The authorization shall remain in effect until revoked by the ~~member.~~ beneficiary. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

SECTION 6.4.(c) G.S. 128-38.3 reads as rewritten:

"**§ 128-38.3. Deduction for payment to certain employees' associations allowed.**

Any ~~member~~ beneficiary who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of employers as defined in G.S. 128-21(11), may authorize, in writing, the periodic deduction from the ~~member's~~ beneficiary's retirement benefits a designated lump sum or sums to be paid ~~to~~ for dues and voluntary contributions for the employees' or retirees' association. The authorization shall remain in effect until revoked by the ~~member.~~ beneficiary. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

SECTION 6.4.(d) Article 4 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"**§ 135-75. Deduction for payments to certain employees' or retirees' associations allowed.**

Any beneficiary who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of the State or public school employees, may authorize, in writing, the periodic deduction from the beneficiary's retirement benefits a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' or retirees' association. The authorization shall remain in effect until revoked by the beneficiary. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

SECTION 6.4.(e) Article 86 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"**§ 58-86-91. Deduction for payments to certain employees' or retirees' associations allowed.**

Any member who is a member of a domiciled employees' or retirees' association that has at least 2,000 members, the majority of whom are active or retired employees of the State or public school employees, may authorize, in writing, the periodic deduction from the member's retirement benefits a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' or retirees' association. The authorization shall remain in effect until revoked by the member. A plan of deductions pursuant to this section shall become void if the employees' or retirees' association engages in collective bargaining with the State, any political subdivision of the State, or any local school administrative unit."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND CASH BALANCES/AUTHORIZATION FOR EXPENDITURES

SECTION 6.5.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these

cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund.

Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees only as follows:

(1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or

(2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

SECTION 6.5.(b) There is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

SECTION 6.5.(c) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act are not spent in a manner that would cause a deficit in expenditures.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, McComas, Smith, Preston

REPEAL PORTS RAILWAY COMMISSION/TRANSFER TO STATE PORTS AUTHORITY

SECTION 6.6.(a) Part 11 of Article 10 of Chapter 143B of the General Statutes, G.S. 143B-469 through G.S. 143B-469.3, is repealed.

SECTION 6.6.(b) G.S. 120-123(25) is repealed.

SECTION 6.6.(c) G.S. 143B-454(a)(4) reads as rewritten:

"(4) Be authorized and empowered to acquire, construct, maintain, equip and operate any wharves, docks, piers, quays, elevators, compresses, refrigeration storage plants, warehouses and other structures, and any and all facilities needful for the convenient use of the same in the aid of commerce, including the dredging of approaches thereto, and the construction of beltline roads and highways and bridges and causeways thereon, and other bridges and causeways necessary or useful in connection therewith, and shipyards, shipping facilities, and transportation facilities incident thereto and useful or convenient for the use thereof, ~~excluding terminal railroads;~~and to acquire, construct, and maintain, but not operate, such rail facilities as may be necessary or useful in connection with the operation of the State Ports, provided that nothing in this subdivision shall be construed as requiring or allowing the North Carolina State Ports Authority to become a carrier by rail subject to the federal laws regulating those carriers;"

SECTION 6.6.(d) Within 30 days of the date this section becomes law, the North Carolina Ports Railway Commission shall provide the North Carolina State Ports Authority with a complete list of its assets and liabilities. All of the assets, real and personal, tangible and intangible, and all of the liabilities, including contractual obligations, of the North Carolina Ports Railway Commission are transferred to the North Carolina State Ports Authority. If and to the extent that such transfers require the execution of any documents or instruments of transfer by the North Carolina Ports Railway Commission, those documents may be executed by the current officers and members of the Commission and shall be executed within 60 days of the date this section becomes law.

SECTION 6.6.(e) As part of a plan to reorganize and consolidate rail operations at the State Ports, the North Carolina State Ports Authority may sell or transfer the Beaufort and Morehead Railway, Inc., or any part thereof or interest therein, to a terminal switching or short line railroad company, or to the North Carolina Railroad Company, on such terms and conditions as the parties may agree to.

SECTION 6.6.(f) Subsection (a) of this section becomes effective 60 days after this act becomes law. The remainder of this section is effective when it becomes law.

Requested by: Representatives Easterling, Oldham, Redwine, Baddour

PROCEDURE BEFORE REDUCING APPROPRIATIONS TO A SCHOOL ADMINISTRATIVE UNIT

SECTION 6.7. G.S. 159-13(b)(9) reads as rewritten:

"(b) The following directions and limitations shall bind the governing board in adopting the budget ordinance:

...

(9) Appropriations made to a school administrative unit by a county may not be reduced after the budget ordinance is adopted, unless the board of education of the administrative unit agrees by resolution to a reduction, or unless a general reduction in county expenditures is required because of prevailing economic conditions. Before a board of county commissioners may reduce appropriations to a school administrative unit as part of a general reduction in county expenditures required because of prevailing economic conditions, it must do all of the following:

a. Hold a public meeting at which the school board is given an opportunity to present information on the impact of the reduction.

b. Take a public vote on the decision to reduce appropriations to a school administrative unit."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Earle, Nye, Baddour

SENIOR PRESCRIPTION DRUG ACCESS PROGRAM

SECTION 6.8.(a) Notwithstanding G.S. 147-86.30, the Health and Wellness Trust Fund Commission may for the fiscal year 2002-2003 expend not more than three million dollars ($3,000,000) of the funds reserved pursuant to G.S. 147-86.30(c) to develop and implement a Senior Prescription Drug Access Program. As used in this section, the term "senior" means an individual age 65 years and older. The purpose of the Program is to reduce costs of and improve access to and use of prescription drugs by:

(1) Providing one-on-one assistance to seniors and low-income citizens in accessing public and private prescription drug assistance programs.

(2) Making available pharmacist evaluators to review all prescriptions and to provide face-to-face counseling for seniors to promote compliance and identify potential adverse effects from interactions among the prescribed drugs.

(3) Utilizing software currently licensed by the Department of Health and Human Services to guide patients through the complexities of all drug coverage options, including drug acquisition through low-cost or discount drug programs provided through manufacturer's card programs, and by government programs.

Drug acquisition services under the Program shall be available to senior citizens and to low-income citizens eligible for assistance under these public and private prescription drug programs. Counseling services provided by the Program shall be available to senior citizens age 65 and older. There shall be no fee for Program medication counseling services to seniors who are Medicaid recipients and seniors enrolled in Carolina CARxES. The Commission may authorize a reasonable fee to be charged by the pharmacist evaluator to other seniors using medication counseling services,

provided that the fee is charged on a sliding scale based on individual or family income. In no event may the fee exceed the actual cost of the service provided. The Commission shall consult with other State agencies and public and private entities to avoid duplication and enhance cooperation and collaboration in providing Program services. In allocating funds under the Program, the Commission shall consider diversity of populations served, geographic representation, and increasing community capacity to respond to health needs. The Commission may phase in the availability of services such that initially all geographic regions of the State have services available.

SECTION 6.8.(b) In developing and implementing the Senior Prescription Drug Access Program, the Commission may do the following:

(1) Establish a centralized database with linkages to Medicaid databases to enable review of each participant's prescription drug regimen and to ensure quality of services, quality of care, and cost-effectiveness. The database shall comply with all State and federal privacy protection requirements and shall be accessible only to participating pharmacists, primary care physicians, and case managers.

(2) Use reserved funds authorized under this section to contract with public and private entities to provide prescription drug assistance services.

(3) Use reserved funds authorized under this section to award grants to applicants eligible under G.S. 147-86.31 to receive grant funds. Grant funds may be used to subsidize costs of hiring and training staff to operate drug acquisition software.

SECTION 6.8.(c) The Commission shall provide for ongoing evaluation of the Program to measure its usage and effectiveness. The Commission shall include in its annual report required under G.S. 147-86.35 the use of funds for and activities of the Senior Prescription Drug Access Program and the results of its Program evaluation. The report shall include data on the number of persons who received services, fees authorized, and the geographic distribution of Program services.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Earle, Nye, Alexander

UNIFORM PROVIDER CREDENTIALING BY HEALTH INSURANCE PLANS

SECTION 6.9. G.S. 58-3-230(a) reads as rewritten:

"(a) An insurer that provides a health benefit plan and that credentials providers for its networks shall maintain a process to assess and verify the qualifications of a licensed health care practitioner, or applicant for licensure as a health care practitioner, within 60 days of receipt of a completed provider credentialing application form approved by the Commissioner. If an application submitted under this section is approved, and the health care practitioner is a member of a practice that participates in the health benefit plan's network, the date on which the credentialing application was approved by the health benefit plan shall be the effective date of the network participation contract."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Fox, Owens

SALE OF UNDERUTILIZED STATE-OWNED AIRCRAFT

SECTION 6.10.(a) Any department of State government possessing State-owned operational aircraft that are not being used for spare parts and have not been used for the intended purpose a minimum of two times during the 2001-2002 fiscal year shall sell that aircraft during the 2002-2003 fiscal year pursuant to the provisions of Article 3A of Article 143 of the General Statutes or by other procedures based upon competitive bidding that the head of the department finds to be acceptable for this purpose.

SECTION 6.10.(b) The Department of Commerce shall sell its Bell 206 helicopter during the 2002-2003 fiscal year.

SECTION 6.10.(c) Proceeds of the sale of aircraft pursuant to this section shall be deposited in the General Fund.

PART VII. PUBLIC SCHOOLS

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEACHER SALARY SCHEDULES

SECTION 7.1.(a) Effective for the 2002-2003 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2002-2003 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2002, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 7.1.(b) For the 2002-2003 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2002-2003 MONTHLY SALARY SCHEDULE
"A" TEACHERS

Years of Experience	"A" Teachers	NBPTS Certification

0	$2,525	N/A
1	$2,567	N/A
2	$2,611	N/A
3	$2,764	$3,096
4	$2,904	$3,252
5	$3,036	$3,400
6	$3,164	$3,544
7	$3,266	$3,658
8	$3,314	$3,712
9	$3,362	$3,765
10	$3,412	$3,821
11	$3,461	$3,876
12	$3,511	$3,932
13	$3,561	$3,988
14	$3,614	$4,048
15	$3,667	$4,107
16	$3,722	$4,169
17	$3,777	$4,230
18	$3,834	$4,294
19	$3,892	$4,359
20	$3,950	$4,424
21	$4,011	$4,492
22	$4,072	$4,561
23	$4,136	$4,632
24	$4,200	$4,704
25	$4,264	$4,776
26	$4,330	$4,850
27	$4,398	$4,926
28	$4,467	$5,003
29	$4,538	$5,083
30+	$4,538	$5,083

2002-2003 MONTHLY SALARY SCHEDULE
"M" TEACHERS

Years of Experience	"M" Teachers	NBPTS Certification
0	$2,778	N/A
1	$2,824	N/A
2	$2,872	N/A
3	$3,040	$3,405
4	$3,194	$3,577
5	$3,340	$3,741

6	$3,480	$3,898
7	$3,593	$4,024
8	$3,645	$4,082
9	$3,698	$4,142
10	$3,753	$4,203
11	$3,807	$4,264
12	$3,862	$4,325
13	$3,917	$4,387
14	$3,975	$4,452
15	$4,034	$4,518
16	$4,094	$4,585
17	$4,155	$4,654
18	$4,217	$4,723
19	$4,281	$4,795
20	$4,345	$4,866
21	$4,412	$4,941
22	$4,479	$5,016
23	$4,550	$5,096
24	$4,620	$5,174
25	$4,690	$5,253
26	$4,763	$5,335
27	$4,838	$5,419
28	$4,914	$5,504
29	$4,992	$5,591
30+	$4,992	$5,591

SECTION 7.1.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION 7.1.(d) Effective for the 2002-2003 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six

dollars ($126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for certified psychologists.

SECTION 7.1.(e) Effective for the 2002-2003 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars ($126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars ($253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

SECTION 7.1.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION 7.2.(a) Effective for the 2002-2003 school year, the Director of the Budget shall transfer from Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2002-2003 fiscal year funds necessary to implement the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 7.2.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2002-2003 fiscal year, commencing July 1, 2002, is as follows:

2002-2003
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	$3,226	–	–	–	–
5	$3,373	–	–	–	–
6	$3,515	–	–	–	–
7	$3,629	–	–	–	–

8	$3,681	$3,681	–	–	–
9	$3,735	$3,735	–	–	–
10	$3,791	$3,791	$3,845	–	–
11	$3,845	$3,845	$3,901	–	–
12	$3,901	$3,901	$3,956	$4,015	–
13	$3,956	$3,956	$4,015	$4,074	$4,135
14	$4,015	$4,015	$4,074	$4,135	$4,197
15	$4,074	$4,074	$4,135	$4,197	$4,259
16	$4,135	$4,135	$4,197	$4,259	$4,324
17	$4,197	$4,197	$4,259	$4,324	$4,388
18	$4,259	$4,259	$4,324	$4,388	$4,456
19	$4,324	$4,324	$4,388	$4,456	$4,524
20	$4,388	$4,388	$4,456	$4,524	$4,596
21	$4,456	$4,456	$4,524	$4,596	$4,666
22	$4,524	$4,524	$4,596	$4,666	$4,737
23	$4,596	$4,596	$4,666	$4,737	$4,811
24	$4,666	$4,666	$4,737	$4,811	$4,886
25	$4,737	$4,737	$4,811	$4,886	$4,963
26	$4,811	$4,811	$4,886	$4,963	$5,042
27	$4,886	$4,886	$4,963	$5,042	$5,143
28	$4,963	$4,963	$5,042	$5,143	$5,246
29	$5,042	$5,042	$5,143	$5,246	$5,351
30	$5,143	$5,143	$5,246	$5,351	$5,458
31	$5,246	$5,246	$5,351	$5,458	$5,567
32	–	$5,351	$5,458	$5,567	$5,678
33	–	–	$5,567	$5,678	$5,792
34	–	–	$5,678	$5,792	$5,908
35	–	–	–	$5,908	$6,026
36	–	–	–	$6,026	$6,147
37	–	–	–	–	$6,270

2002-2003

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	$4,259	–	–	–
15	$4,324	–	–	–
16	$4,388	$4,456	–	–
17	$4,456	$4,524	$4,666	–
18	$4,524	$4,596	$4,737	$4,811

19	$4,596	$4,666	$4,811	$4,886
20	$4,666	$4,737	$4,886	$4,963
21	$4,737	$4,811	$4,963	$5,042
22	$4,811	$4,886	$5,042	$5,143
23	$4,886	$4,963	$5,143	$5,246
24	$4,963	$5,042	$5,246	$5,351
25	$5,042	$5,143	$5,351	$5,458
26	$5,143	$5,246	$5,458	$5,567
27	$5,246	$5,351	$5,567	$5,678
28	$5,351	$5,458	$5,678	$5,792
29	$5,458	$5,567	$5,792	$5,908
30	$5,567	$5,678	$5,908	$6,026
31	$5,678	$5,792	$6,026	$6,147
32	$5,792	$5,908	$6,147	$6,270
33	$5,908	$6,026	$6,270	$6,395
34	$6,026	$6,147	$6,395	$6,523
35	$6,147	$6,270	$6,523	$6,653
36	$6,270	$6,395	$6,653	$6,786
37	$6,395	$6,523	$6,786	$6,922
38	$6,523	$6,653	$6,922	$7,060
39	–	$6,786	$7,060	$7,201
40	–	$6,922	$7,201	$7,345
41	–	–	$7,345	$7,492

SECTION 7.2.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	**Number of Teachers Supervised**
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 7.2.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and the 1999-2000 school year for improvement in student performance or maintaining a safe and orderly school.

SECTION 7.2.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 7.2.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

SECTION 7.2.(g) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

SECTION 7.2.(h)

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

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

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

SECTION 7.2.(i) Participants in an approved full-time Masters in School Administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public

Instruction by the Principal Fellows Program or a school of education where the intern participates in a full-time Masters in School Administration.

SECTION 7.2.(j) During the 2002-2003 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LITIGATION RESERVE FUNDS

SECTION 7.3. The State Board of Education may expend up to five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CHILDREN WITH DISABILITIES

SECTION 7.4. The State Board of Education shall allocate funds for children with disabilities on the basis of two thousand six hundred eighty-six dollars and fifty cents ($2,686.50) per child for a maximum of 161,845 children for the 2002-2003 school year. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of the 2002-2003 allocated average daily membership in the local school administrative unit.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.5. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of eight hundred eighty-eight dollars ($888.00) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2002-2003 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 53,075 children for the 2002-2003 school year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW STUDENT INFORMATION SYSTEM

SECTION 7.6. Section 28.32 of S.L. 2001-424 reads as rewritten:

"**SECTION 28.32.** The State Board of Education may transfer up to one million dollars ($1,000,000) in funds appropriated for the Uniform Education Reporting System for the 2001-2002 fiscal year and up to one million dollars ($1,000,000) in funds

appropriated for the Uniform Education Reporting System for the 2002-2003 fiscal year to the Department of Public Instruction to lease or purchase equipment necessary for the testing and implementation of NC WISE, the new student information system in the public schools."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION 7.7.(a) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2002-2003 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2001-2002 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:
   a. One thousand five hundred dollars ($1,500) for each teacher and for certified personnel; and
   b. Five hundred dollars ($500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:
   a. Seven hundred fifty dollars ($750.00) for each teacher and for certified personnel; and
   b. Three hundred seventy-five dollars ($375.00) for each teacher assistant.

SECTION 7.7.(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REVISION OF READING AND WRITING ASSESSMENTS

SECTION 7.8. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to one million dollars ($1,000,000) for the 2002-2003 fiscal year to revise the reading and writing assessments.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR INSTRUCTIONAL SUPPLIES

SECTION 7.9.(a) Section 28.39(a) of S.L. 2001-424 applies only to funds appropriated for the 2001-2002 fiscal year.

SECTION 7.9.(b) The Joint Legislative Education Oversight Committee shall study the viability of the State contracting with on-line school supply vendors to

allow teachers free access to a specific amount of school supplies, textbooks, test, and other classroom related materials. The Committee shall determine if the establishment of an on-line debit account for each teacher is cost effective and an efficient way to meet the supply needs of teachers. The Committee shall report to the General Assembly its findings and any recommended action by January 15, 2003.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FUNDS FOR MENTOR PAY

SECTION 7.10. State funds appropriated for mentor pay shall be used only to provide mentors for employees who are in State-funded positions and who are either (i) newly certified teachers in their first two years of employment as teachers or (ii) entry-level instructional support personnel who have not previously been teachers and who are in their first year of employment as instructional support personnel.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CONVERSION OF ACCUMULATED LEAVE TIME

SECTION 7.11.(a) G.S. 115C-302.1 reads as rewritten:

"**115C-302.1. Salary.**

...

~~(c1) Conversion of Leave. Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall:~~

~~(1) Convert to either sick leave or to pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and~~

~~(2) Convert to sick leave the remaining excess accumulation.~~

~~Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Actual payment for excess accumulated annual vacation leave may be made after July 1.~~

~~(c2) Conversion of Leave Upon Separation of Service. Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual vacation leave not to exceed a maximum of 30 days. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.~~

~~Any teacher or other personnel paid on the teacher salary schedule who has more than 30 days of accumulated annual vacation leave at the time the person retires shall:~~

~~(1) Convert to either sick leave or to pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and~~

~~(2) Convert to sick leave the remaining excess accumulation which may be used for creditable service at retirement in accordance with G.S. 135-4(e).~~

~~Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays.~~

(c3) Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall convert to sick leave the remaining excess accumulation.

Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 30 days. In addition to the maximum of 30 days pay for accumulated annual leave, upon separation from service due to service retirement, any teacher or other personnel paid on the teacher salary schedule with more than 30 days of accumulated annual vacation leave may convert some or all of the excess accumulation to sick leave for creditable service towards retirement. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.

...."

SECTION 7.11.(b) This section applies only to leave days accruing after the date this act becomes law.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

RESA FUNDS SHALL BE USED FOR STAFF DEVELOPMENT

SECTION 7.12.(a) Funds allocated to local school administrative units for Regional Education and Technical Assistance Centers and not expended prior to July 1, 2002, shall remain available to local school administrative units for the 2002-2003 fiscal year. These funds shall be transferred to the staff development funding allotment and shall be used only for staff development.

SECTION 7.12.(b) This section becomes effective June 30, 2002.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 7.13.(a) Notwithstanding any other provision of law, the Department of Public Instruction may use salary reserve funds and other funds in the Department's continuation budget to transfer and reclassify positions as necessary to implement the reduction in force for the 2002-2003 fiscal year. The Department of Public Instruction shall transfer personnel operations to the Office of State Personnel, thereby eliminating four personnel positions.

SECTION 7.13.(b) The Office of State Budget and Management shall issue a Request for Proposals for an analysis of the structure and operation of the Department

of Public Instruction that identifies potential efficiencies and savings in the operations of the Department. The analysis may consider consolidation of functions with other agencies and automation of functions.

The Request for Proposals may include contingency proposals based on potential savings.

The Office of State Budget and Management shall consult with the Joint Legislative Education Oversight Committee prior to the award of the contract.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REPLACEMENT SCHOOL BUS FUNDS

SECTION 7.14.(a) Of the funds appropriated to the State Board of Education for the 2002-2003 fiscal year, the Board may use up to ten million dollars ($10,000,000) for grants to local boards of education for replacement school buses under G.S. 115C-249(c) and (d). In making these grants, the State Board of Education may impose any of the following conditions:

(1) The local board of education must use the funds only to make the first year's payment on a financing contract entered into pursuant to G.S. 115C-528.

(2) The term of a financing contract entered into under this section shall not exceed three years.

(3) The local board of education must purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.

(4) The State Board of Education shall solicit bids for the direct purchase of buses and for the purchasing of buses through financing. The State Board of Education may solicit separate bids for financing if the Board determines that multiple financing options are more cost-efficient.

(5) A bus financed pursuant to this section must meet all federal motor vehicle safety regulations for school buses.

(6) Any other condition the State Board of Education considers appropriate.

SECTION 7.14.(b) It is the intent of the General Assembly to continue its annual appropriations to the State Board of Education for replacement school buses.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CURRICULUM REVIEW REQUIRED ON A REGULAR BASIS

SECTION 7.15. G.S. 115C-12(9a) reads as rewritten:

"(9a) Power to Develop Content Standards. – The Board shall develop a comprehensive plan to revise content standards and the standard course of study in the core academic areas of reading, writing, mathematics, science, history, geography, and civics. The Board shall involve and survey a representative sample of parents, teachers, and

the public to help determine academic content standard priorities and usefulness of the content standards. A full review of available and relevant academic content standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever possible, shall be a part of the process of the development of content standards. The revised content standards developed in the core academic areas shall (i) reflect high expectations for students and an in-depth mastery of the content; (ii) be clearly grounded in the content of each academic area; (iii) be defined grade-by-grade and course-by-course; (iv) be understandable to parents and teachers; (v) be developed in full recognition of the time available to teach the core academic areas at each grade level; and (vi) be measurable, whenever possible, in a reliable, valid, and efficient manner for accountability purposes.

High school course content standards shall include the knowledge and skills necessary to enter the workforce and also shall be aligned with the coursework required for admission to the constituent institutions of The University of North Carolina. The Board shall develop and implement a plan for end-of-course tests for the minimum courses required for admission to the constituent institutions. All end-of-course tests shall be aligned with the content standards.

The Board also shall develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area ~~every five years.~~ on a regular basis. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards. The Board shall develop and make available to teachers and parents support materials, including teacher and parent guides, for academic content standards. The State Board of Education shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development and other university activity in the State's public schools align with the State Board's priorities."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CORPORATE TAX TRANSFER MORATORIUM

SECTION 7.16.(a) Notwithstanding the provisions of G.S. 115C-489.1(b), the Secretary of Revenue shall not deposit any funds in the Critical School Facility Needs Fund during the 2002-2003 fiscal year but shall deposit in the State Public School Fund the funds that would have otherwise been deposited in the Critical School Facility Needs Fund pursuant to G.S. 115C-489.1(b).

SECTION 7.16.(b) Notwithstanding the provisions of G.S. 115C-546.1(b), the Secretary of Revenue shall not remit any funds for credit to the Public School Building Capital Fund during the 2002-2003 fiscal year but shall deposit in the State Public School Fund the funds that would have otherwise been deposited in the Public School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of Public Instruction may continue to use these funds to support six positions in the School Planning Division.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY MODIFICATIONS

SECTION 7.17.(a) Supplemental Funding in Low-Wealth Counties (Compliance with the Nonsupplant Requirement). – Section 28.6(i) of S.L. 2001-424 reads as rewritten:

"**SECTION 28.6.(i)** Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to ~~May 1, 2002,~~ May 1, 2002, and May 1, 2003, if it determines that counties have supplanted funds."

SECTION 7.17.(b) Small School System Supplemental Funding (Compliance with the Nonsupplant Requirement). – Section 28.7(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 28.7.(e)** Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to ~~May 1, 2002,~~ May 1, 2002, and May 1, 2003, if it determines that counties have supplanted funds."

SECTION 7.17.(c) Study of the Textbook Distribution System. – Section 28.24 of S.L. 2001-424 reads as rewritten:

"**SECTION 28.24.** The State Board of Education shall contract for an analysis of the best and most efficient method to manage textbook distribution to the local schools. The Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis required and select a private consultant to perform the analysis. The analysis shall include such issues as timely delivery, total costs to the local school systems in providing textbooks to school buildings, use of currently available technology in the process, pricing practices among the textbook publishing industry, and other issues the Board considers relevant to a comprehensive review of the system.

Prior to award of a contract, the State Board shall present the Request for Proposals to the Joint Legislative Education Oversight Committee for comment. The State Board shall report to the Joint Legislative Education Oversight Committee on the results of the consultant's analysis, including the Board's recommendations for changes in the current system. The Board shall make its final report to the Committee by ~~April 1, 2002~~ February 1, 2003."

SECTION 7.17.(d) Study of the Salaries of School Food Service Workers and Custodians. – Section 28.34 of S.L. 2001-424 reads as rewritten:

"**SECTION 28.34.** The Joint Legislative Education Oversight Committee shall study the salaries of food service workers and custodians employed by the public

schools. The Committee shall report its findings to the ~~2002 Regular Session of the 2001 General Assembly.~~2003 General Assembly."

SECTION 7.17.(e) Study of Salary Differentials for Instructional Support Personnel. – Section 28.37(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 28.37.(b)** The Joint Legislative Education Oversight Committee shall study salary differentials for instructional support personnel. In the course of the study, the Committee shall consider salary differentials based on degrees and other educational credentials, licensure or certification by State agencies, licensure or certification by private entities, and other factors. The Committee shall report its findings and recommendations to the ~~2002 Regular Session of the 2001 General Assembly.~~2003 General Assembly."

SECTION 7.17.(f) Fairness in Testing (Study of the State's Testing Program). – Section 28.17(i) of S.L. 2001-424 reads as rewritten:

"**SECTION 28.17.(i)** The Joint Legislative Education Oversight Committee shall study the State's testing program. As part of this study, the Committee shall consider:

(1) The number of tests currently mandated at the State level and the process and cost of developing, validating, and scoring them.

(2) Whether the State should consider the use of nationally developed tests as a substitute to State-developed testing. In particular, the Committee shall determine whether this use would (i) affect the ABCs Program, (ii) adequately measure student achievement and performance, (iii) provide more than minimum levels of achievement, (iv) provide a better comparison to student achievement and performance in other states, (v) be practical for high school courses or higher level courses, (vi) reduce the need for field testing, and (vii) offer any cost savings to the State.

(3) The number of grades in which State tests are given. The Committee shall determine the necessity for testing all grades in third through eighth grades, whether a reduction in the grades tested would affect the receipt of federal money, and the extent to which a reduction would impair the State's ability to identify schools under the ABCs Program.

(4) The high school courses for which State tests are given and whether there is an appropriate distribution of tests across grades nine through 12 and that test an appropriate array of the minimum courses required for admission to the constituent institutions of The University of North Carolina. In addition, the Committee shall examine whether students who take higher level courses and students in 12th grade are held accountable for their academic growth and performance.

(5) The advantages and disadvantages of using a composite of end-of-course tests or other tests such as the SAT, AP tests, or other nationally standardized tests in high school rather than developing a high school exit exam. If the Committee finds a high school exit exam is preferable, then it shall determine whether it must be administered to all students or limited to certain students, for example, those who do

not take the SAT or a certain number of courses for which there are end-of-course tests.

(6) The extent to which additional testing, including field testing, practice testing, and locally mandated testing, is occurring and whether this should be limited or prohibited.

(7) Evaluate alternative schools to determine how educational achievement is being advanced in these alternative school programs and that placement in these programs is to improve student performance rather than improve the performance of the school in which the student originally was assigned.

(8) Any other issue the Committee considers relevant.

The Committee shall report its findings and any recommendations, including recommended legislation, to the ~~2002 Regular Session of the 2001 General Assembly.~~2003 General Assembly."

SECTION 7.17.(g) Study of Professional Development for School Personnel. – Section 31.4(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 31.4.(d)** The Joint Legislative Education Oversight Committee shall review the consultant's findings and recommendations and shall submit to the ~~2002 Regular Session of the 2001 General Assembly~~ 2003 General Assembly recommendations to streamline, reorganize, and improve the delivery of professional development for public school professionals. The recommendations may address revisions to program governance and mission, reallocation of funds, methods of program delivery, and methods to institute ongoing program evaluation."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY OF COORDINATION OF CENTRAL OFFICE DUTIES

SECTION 7.19. The State Board of Education shall study whether local school administrative units can effectively and efficiently coordinate central office operations and functions between systems. The State Board shall report to the Senate Appropriations Committee on Education/Higher Education and the House Appropriations Subcommittee on Education prior to March 1, 2003, on how base funding formulas for central office administrations can be reduced based on the coordination of duties.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM

SECTION 7.20.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

SECTION 7.20.(b) If the first-month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the first-month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

The allotments reduced pursuant to this subsection shall include only those allotments that may be increased pursuant to the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

HIGH SCHOOL EXIT EXAMINATION

SECTION 7.21. Notwithstanding Section 8.27(f) of S.L. 1997-443, the State Board of Education shall review the requirements of the federal "No Child Left Behind Act of 2001." (20 USCS §§ 6301 et seq.) and any regulations adopted to implement this legislation before the Board completes the development of the high school exit examinations and implements the high school exit examinations. The Board shall consider whether revisions to the State testing program and School-Based Management and Accountability Program are necessary to comply with federal requirements. The Board shall not adopt any revisions prior to reporting them and a proposed timetable for their implementation to the Joint Legislative Education Oversight Committee.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

CLARIFICATION TO PROVISION ON ADDRESSING TEACHER SHORTAGE

SECTION 7.22. Section 29.2(a)(2) of S.L. 2001-424 reads as rewritten:

"(2) The sum of $1,500,000 for the 2001-2002 fiscal year and the sum of $1,500,000 for the 2002-2003 fiscal year shall be used to provide annual bonuses of one thousand eight hundred dollars ($1,800) to teachers certified in and teaching in the fields of mathematics, science, or special education in grades 6 through 12 at middle and high schools with eighty percent (80%) or more of the students eligible for free or reduced lunch or with fifty percent (50%) or more of students performing below grade level in Algebra I and Biology. The bonus shall be paid monthly with matching benefits. Teachers shall remain eligible for the bonuses so long as they continue to teach in one of these disciplines at a school that was eligible for the bonus program when the teacher first received the bonus."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUPPORT FOR THE BUSINESS SYSTEMS IMPROVEMENT PROJECT (BSIP)

SECTION 7.23. The State Board of Education may use up to one hundred twenty thousand dollars ($120,000) of driver education funds for the 2002-2003 fiscal year for software maintenance and other support for the Business Systems Improvement Project (BSIP), a new school bus transportation system operated by the Department of Transportation.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

EXTEND ALTERNATIVE LATERAL ENTRY PROGRAM

SECTION 7.24. Section 2 of S.L. 1998-226 reads as rewritten:

"**Section 2.** This act is effective when it becomes law and expires ~~September 1, 2002,~~September 1, 2006, except that it remains effective for any teacher employed under this act before ~~September 1, 2002.~~ September 1, 2006."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ADDITIONAL TEACHER POSITIONS FOR KINDERGARTEN AND FIRST GRADE

SECTION 7.25.(a) The class size allotment for kindergarten for the 2002-2003 school year shall be one teacher for every 17 students. The maximum class size for kindergarten for the 2002-2003 fiscal year shall be one less than the class size limits established by the State Board of Education for the 2001-2002 school year, which shall be an average kindergarten class size of 21 students and no more than 24 students in a classroom.

The class size allotment for first grade for the 2002-2003 school year shall be one teacher for every 18 students. The average class size for first grade within a local school administrative unit shall not exceed 21 students. The maximum class size for first grade for individual classes for the 2002-2003 fiscal year shall be 24 students.

SECTION 7.25.(b) For the 2002-2003 school year only, a local school administrative unit shall use these additional teacher positions to reduce class size in kindergarten and first grade.

SECTION 7.25.(c) For the 2003-2004 school year and subsequent school years, the State Board of Education shall reduce the maximum class size limits for kindergarten by two students from the limits in effect for the 2001-2002 school year. These limits are based on an allotment ratio of one teacher for every 17 students.

For the 2003-2004 school year and subsequent school years, the maximum class size limit for first grade shall be based on an allotment ratio of one teacher for every 18 students.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LOCAL EDUCATION AGENCY FLEXIBILITY

SECTION 7.26. Within seven days of the date this act becomes law, the State Board of Education shall notify each local school administrative unit of the amount the unit must reduce from State General Fund appropriations. The State Board shall determine the amount of the reduction for each unit on the basis of average daily membership.

Each unit shall report to the Department of Public Instruction on the discretionary budget reductions it has identified for the unit within 30 days of the date this act becomes law.

The General Assembly urges local school administrators to make every effort to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk or children with special needs, including those services or supports that are called for in students' Personal Education Plans (PEP) and/or Individual Education Plans (IEP). If reductions to these allotment categories are necessary in order to meet the reduction target, the local board of education shall submit an explanation of the anticipated impact of the reductions to student services along with the budget reductions to the Department of Public Instruction.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

BUSINESS AND EDUCATION TECHNOLOGY ALLIANCE

SECTION 7.27.(a) There is created the State Board of Education's Business and Education Technology Alliance.

SECTION 7.27.(b) The Business and Education Technology Alliance shall be composed of 27 members who have knowledge and interest in ensuring that the effective use of technology is built into the North Carolina School System for the purpose of preparing a globally competitive workforce and citizenry for the 21st century. These members shall be appointed as follows:

(1) The Superintendent of Public Instruction or his or her designee;

(2) One member of the State Board of Education appointed by the State Board of Education;

(3) One parent of a public school child appointed by the State Board of Education after receiving recommendations from the North Carolina State Parent Teacher Association;

(4) Two members of the Senate, at least one of whom is a member of the State School Technology Commission, appointed by the President Pro Tempore of the Senate;

(5) Two members of the House of Representatives, at least one of whom is a member of the State School Technology Commission, appointed by the Speaker of the House of Representatives;

(6) One member of a local board of education who represents a local education agency (LEA) that has successfully incorporated technology into its schools, who is appointed by the Governor, after receiving recommendations from the North Carolina School Boards Association;

(7) One member of a local board of education who represents a local education agency (LEA) that has limited access to technology, who is appointed by the Governor, after receiving recommendations from the North Carolina School Boards Association;

(8) Two at-large members appointed by the Governor;

(9) One representative of business and industry appointed by the State Board of Education after receiving recommendations from the North Carolina Citizens for Business and Industry;

(10) Four members appointed by the President Pro Tempore of the Senate. In making these appointments the President Pro Tempore is encouraged to consider appointing a local school superintendent or a local school administrator who represents a local education agency that has limited access to technology, a school principal who works in a school that successfully incorporates technology into its instructional program, a school teacher who works in a school with limited access to technology, and a technology director who represents a local education agency (LEA) that has successfully incorporated technology into its schools. Professional associations representing school administrators and professional associations representing teachers may recommend appointees to the President Pro Tempore;

(11) Four members appointed by the Speaker of the House of Representatives. In making these appointments the Speaker of the House of Representatives is encouraged to consider appointing a local school superintendent or a local school administrator from a local education agency that has successfully incorporated the use of technology into its instructional programs, a school principal working in a school with limited access to technology, a school teacher who has successfully incorporated the use of technology into classroom instruction, and a technology director who represents a local education agency (LEA) that has limited access to technology. Professional associations representing school administrators and professional associations representing teachers may recommend appointees to the Speaker of the House of Representatives;

(12) One chancellor or his or her designee of institutions of higher education who has demonstrated effective and innovative use of technology for education, appointed by the Board of Governors of The University of North Carolina;

(13) One president or his or her designee of the Community College System who has demonstrated effective and innovative use of technology for education, appointed by the State Board of Community Colleges;

(14) Two county commissioners, one of whom represents a county that has successfully incorporated technology into its schools and community, who are appointed by the State Board of Education, after receiving

recommendations from the North Carolina Association of County Commissioners;

(15) Two representatives of technology businesses who have either successfully developed innovative technology programs for education or have partnered with a local education agency (LEA) to develop a technology-based education environment in that LEA, who are appointed by the State Board of Education, after receiving recommendations from North Carolina Electronics and Information Technologies Association and the North Carolina Citizens for Business and Industry; and

(16) One representative of the Information Resource Management Commission appointed by the Commission's Chair.

SECTION 7.27.(c) Each of the following organizations or agencies shall select a representative from its organization or agency to serve as a nonvoting member to the Alliance. These members shall provide information to the Alliance about technology in North Carolina: Rural Internet Access Authority; Information and Technology Services, North Carolina Department of Public Instruction; Office of State Information Technology Services, Office of the Governor.

SECTION 7.27.(d) Members of the Business and Education Technology Alliance shall serve for two-year terms. All members of the Alliance shall be voting members unless they are designated as ex officio members. The officer who made the initial appointment shall fill vacancies in the appointed membership. The Business and Education Technology Alliance shall select a member of the Alliance to serve as chairperson of the Alliance.

SECTION 7.27.(e) Members of the Business and Education Technology Alliance shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6.

SECTION 7.27.(f) The Business and Education Technology Alliance shall:

(1) Advise the State Board of Education on the development of a vision for a technologically literate citizen in 2025. This vision should contain the educational standards needed to accomplish that vision, the educational uses of technology to accomplish that vision, and a plan for educating the community, educators, and business people about the vision and educational uses of technology. The vision and the plan for educating the public about the vision may include:

a. Various models and frameworks of the high quality and effective use of technology for education purposes including those students who have not learned with traditional approaches. The models may include the Cumberland County Schools Web Academy, the Virtual High School, and Nova Net.

b. Opportunities for teachers to experience the uses of technology in work and business settings, which is the world for which they are preparing students to work.

c. Production of multimedia presentations such as videos, commercials, and publications that help citizens, students, and educators see and understand the current and future power of technology for educating our children and impacting our lives.

(2) Advise the State Board of Education on the development of a technology infrastructure, delivery, and support system that provides equity and access to all segments of the population in North Carolina. The infrastructure, delivery, and support system may include:

a. Opportunities for access to high-speed connectivity to the Internet which impacts on the quality of instruction that can be provided for students at school and in the community.

b. Technology networks that enable communities to encompass the student and his/her family while maintaining the rights to privacy for all citizens, i.e., a social service, health, education, and mental health network. This network will increase collaboration among agencies and provide a coordinated, systemic service approach.

c. Continue to evaluate the status of current technology systems and structures from the State to local level as it relates to employing technology for improving instruction.

d. Continue to provide access to technology equipment and infrastructure at home, school, and in the community such as extended hours of operation for schools and other community facilities and on-loan laptop computers for student and parent use.

e. Continue to develop surveys that provide information about the types and results of technological tools utilized by teachers, students, and others at school, in the community, and home.

f. Sufficient personnel to maintain the operation of information technology systems.

g. Coordination with regional economic development planners to position local education agencies as an integral part of economic development.

(3) Advise the State Board of Education on the development of professional development programs for teachers to successfully implement and use technology in public schools for all students. These programs should also develop their leadership skills so that they can use technology as a tool to support the rethinking of the core business of schools: student learning. The professional development programs may include:

a. Models of staff development from the State that are considered state of the art, support the vision for technology, and that could be used by local districts to train their staffs.

b. Designated time for professional development for using technology as well as skills for using technology as a delivery for curriculum and instructional programs.
c. Collegial planning time so that colleagues can coach and support each other in learning new ways in which to think about instruction.
d. Teacher and administrator preparation and other programs that ensure the Department of Public Instruction's Technology Foundation Standards for Teachers and Administrators in higher education are incorporated into classroom instruction.
e. Training teachers with skill sets to teach technical courses that are in growing demand to function at home and work.
f. Increase opportunities for sharing best practices in all areas of instruction.
g. Increase opportunities for learning how to use technology to customize instruction for all students.
h. Increase opportunities for learning how to use technology to diagnose student learning.

(4) Advise the State Board of Education on the development of a Funding and Accountability system to ensure statewide access and equity. The Funding and Accountability system may include:
a. Public-private partnerships.
b. Identification of resources and the cost of those resources.
c. Funding to keep hardware/software current.
d. Evaluating progress toward realizing the technology vision.
e. Evaluating the impact of various technology initiatives on alleviating some of the State's education and economic development problems.
f. Incentives to encourage risk taking and innovative uses of technology.
g. Funding for only those initiatives that are well-planned, demonstrate high commitment, and have a solid evaluation component.

(5) Report annually to the State Board of Education on the progress of the Alliance's recommendations for education technology in the public schools on the first Friday in December. This report may contain a summary of recommendations for changes to any law, rule, and policy that would improve implementing education technology in the public schools.

(6) Report annually to the Joint Legislative Education Oversight Committee in the General Assembly on the recommendations for education technology in the public schools on the first Friday in January. This report may contain a summary of recommendations for

changes to any law, rule, and policy that would improve implementing education technology in the public schools.

SECTION 7.27.(g) State funding shall not be used to support the Alliance. The Alliance shall be supported completely with private funds.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Gibson, Easterling, Oldham, Redwine, Thompson

HIGH PRIORITY SCHOOL PROGRAM WAIVER

SECTION 7.28. Section 29.6(c) of S.L. 2001-424 reads as rewritten:

"**SECTION 29.6.(c)** If a local board of education determines that the local school administrative unit is unable to implement the class-size limitation in accordance with this section for any high-priority school located in the unit, the local board may request a waiver for the school for the 2001-2002 school ~~year.~~year and for the 2002-2003 school year. The request shall include the documentation required in G.S. 115C-105.26(a). If the State Board grants the waiver, the State Board shall withdraw the additional teacher positions allotted to the local school administrative unit for the school and reinstate the regular allotment for teacher assistants for the school."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

PILOT PROGRAM AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME MENTORS

SECTION 7.29. Section 28.18 of S.L. 2001-424 reads as rewritten:

"**SECTION 28.18.(a)** The State Board of Education shall establish a pilot program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County School Administrative Unit, the Guilford County School Administrative Unit, and the Wake County School Administrative Unit to use funds allocated for mentors for full-time mentors.

Funds allocated for mentors in these units shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

(1) Salary supplements to teachers and instructional support personnel who are serving as mentors. The amount of the salary supplement shall not be based on the number of teachers or instructional support personnel to whom the mentor is assigned; or

(2) Payments to teachers or instructional support personnel who are employed solely to serve as mentors. An individual employed solely to serve as a mentor shall receive a payment for each individual, up to 15 individuals, to whom the mentor is assigned. The amount of each such payment shall be the same as the amount of the salary supplement for a mentor.

SECTION 28.18.(b) The Charlotte-Mecklenburg Board of Education, the Forsyth County Board of Education, the Guilford County Board of Education, and the Wake County Board of Education shall report to the State Board of Education on an annual basis on the impact that the mentor program has had on retention of teachers. The State Board shall report on this information to the Joint Legislative Education Oversight Committee."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NOTIFICATION OF FIELD TESTING

SECTION 7.30. G.S. 115C-174.12 reads as rewritten:

"**115C-174.12. Responsibilities of agencies.**

(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing ~~programs~~ programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment that are consistent with a child's individualized education program and section 504 (29 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of decisions about a child's graduation or promotion, and (iii) provide parents with information about the Statewide Testing Program and options for students with disabilities. The State Board shall report its proposed policies and proposed changes in policies to the Joint Legislative Education Oversight Committee prior to adoption.

The State Board of Education may appoint an Advisory Council on Testing to assist in carrying out its responsibilities under this Article.

(b) The Superintendent of Public Instruction shall be responsible, under policies adopted by the State Board of Education, for the statewide administration of the testing program provided by this Article.

(b1) The Superintendent shall notify local boards of education by October 1 of each year of any field tests that will be administered in their schools during the school year, the schools at which the field tests will be administered, and the specific field tests that will be administered at each school.

(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual and competency testing programs to fulfill the purposes set out in this Article. Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs further."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REVIEW OF DRIVER EDUCATION FORMULA/ALLOCATION OF FUNDS FOR INCREASED AVERAGE DAILY MEMBERSHIP

SECTION 7.31.(a) The State Board of Education shall review the allotment distribution formula for driver education to determine whether the formula should target more resources to local school administrative units that are eligible for low-wealth and small-county supplemental funding. The State Board shall report the results of its review to the Joint Legislative Education Oversight Committee.

SECTION 7.31.(b) In allocating funds appropriated for the increase in average daily membership of ninth grade in the driver education program, the State Board shall consider the needs of local school administrative units that are eligible for low-wealth and small-county supplemental funding.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

INTERVENTION STRATEGIES FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 7.32. Section 29.5 of S.L. 2001-424 reads as rewritten:

"**SECTION 29.5.** Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars ($1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars ($1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

(1) The sum of $471,366 for the 2001-2002 fiscal year and the sum of $471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and

(2) The sum of $1,207,595 for the 2001-2002 fiscal year and the sum of $1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and

(3a) The sum of $128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of $10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and

(3b) The sum of $307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of $24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of $283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

Notwithstanding any other provision of law, the State Board of Education may implement intervention strategies for the 2001-2002 and 2002-2003 school ~~year~~ years that it deems appropriate."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

STUDY VOC. ED. TESTS

SECTION 7.33. The Joint Legislative Education Oversight Committee shall study the extent to which standardized tests are utilized in Vocational Education classes for the purpose of grading students. The Committee shall examine whether appropriate grading weight also is assigned to the assessment of actual student skill performance and knowledge. The Committee shall report its findings, which may include legislative recommendations, to the 2003 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Michaux, Easterling, Oldham, Redwine, Thompson

ADDITIONAL PURCHASING FLEXIBILITY FOR ALL SCHOOL SYSTEMS

SECTION 7.35. Purchases by local school administrative units of supplies, equipment, and materials valued at two thousand five hundred dollars ($2,500) or less are not subject to the provisions of G.S. 115C-522.1 or Article 3 of Chapter 143 of the General Statutes, except for G.S. 143-48 and G.S. 143-58.1.

PART VIII. COMMUNITY COLLEGES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGE FUNDING FLEXIBILITY

SECTION 8.1. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs.

No more than two percent (2%) systemwide shall be transferred from faculty salaries without the approval of the State Board of Community Colleges. The State

Board shall report on any such transfers above two percent (2%) systemwide to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine

HAYWOOD REGIONAL HIGH TECHNOLOGY CENTER

SECTION 8.4.(a) The Office of State Budget and Management shall transfer funding for Haywood Regional High Technology Center from the special allotments line item to a new line item entitled "Haywood Regional High Technology Center".

SECTION 8.4.(b) The State Board of Community Colleges shall study the operations of the Haywood Regional High Technology Center, the economic impact of the Center on the region, and the costs of the Center to determine whether similar centers should be created in other regions of the State. The Board shall report the results of this study to the Joint Legislative Education Oversight Committee prior to March 1, 2003.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

REALIGNMENT OF FUNDING

SECTION 8.5.(a) Academic Support Supplement. – Effective July 1, 2002, funding for the Academic Support Supplement shall no longer be included as part of the curriculum instruction formula but shall be allocated from a separate line item in State Aid fund code 1600. The State Board of Community Colleges shall allocate these funds to the colleges on the basis of the budgeted FTE curriculum student enrollment for the current fiscal year.

Nothing in this section shall be construed to provide or to indicate the intent of the General Assembly to provide additional funding for the Academic Support Supplement.

SECTION 8.5.(b) Formula Modification Restrictions. – The State Board of Community Colleges may examine and recommend to the General Assembly new State Aid allocation options that more closely align the allocation and expenditure of State-appropriated resources. The State Board shall report any recommendations regarding modifications to the formula to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Subcommittee on Education, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TEMPORARY RULES ON FTE FOR TRAINING PROVIDED TO LAW ENFORCEMENT PERSONNEL AND ON GENERIC FEES

SECTION 8.6.(a) The State Board of Community Colleges may adopt temporary rules clarifying the conditions under which community colleges may earn

budgeted FTE for training provided to personnel in law enforcement, fire and rescue services, and emergency medical service agencies.

SECTION 8.6.(b) The State Board of Community Colleges may adopt temporary rules clarifying the provisions of 23NCAC2(D).0201(c)(1) and (c)(2) pertaining to the definition of generic fees and specific fees charged to students attending community colleges.

SECTION 8.6.(c) This section constitutes a recent act of the General Assembly within the meaning of G.S. 150B-21.1(a)(2). Prior to adopting temporary rules pursuant to this section, the State Board of Community Colleges shall:

(1) Publish the proposed temporary rules in the North Carolina Register at least 30 days prior to adopting the temporary rules.

(2) Notify persons on its mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of its intent to adopt temporary rules.

(3) Hold at least one public hearing on the proposed temporary rules.

SECTION 8.6.(d) This section becomes effective when this act becomes law and expires 180 days after that date.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COMMUNITY COLLEGE SYSTEM STUDY

SECTION 8.7.(a) The Joint Legislative Education Oversight Committee shall hire an outside consultant to consider:

(1) The organization and structure of the Community College System, the number of colleges within the System, the location and size of the colleges, and whether the State could realize any administrative savings from the consolidation of some colleges or programs;

(2) The formula used to fund administration at the colleges, appropriate funding levels for administration of the various colleges, and the appropriate number of administrative staff members for colleges of different sizes; and

(3) The funding of multicampus colleges and off-campus centers, including the appropriate number of administrative staff members, and an appropriate funding mechanism for administration and for other purposes.

SECTION 8.7.(b) The Joint Legislative Education Oversight Committee may hire an outside consultant to study Community College System funding, including State funds, county funds, and tuition rates. In the course of this study, the consultant shall:

(1) Compare the level of community college funding in North Carolina to that of other states, in view of the differences in their missions;

(2) Consider an appropriate level of county funding; and

(3) Consider the current level of resident tuition in view of the availability of financial aid at community colleges, the availability of financial aid

at other institutions of higher education, and the current level of State funding.

SECTION 8.7.(c) The Committee shall report the results of these studies to the 2003 General Assembly.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FLEXIBILITY TO IMPLEMENT BUDGET REDUCTIONS

SECTION 8.8.(a) Notwithstanding G.S. 143-23 or any other provision of law, the State Board of Community Colleges may transfer funds within the budget of the Community Colleges System Office to the extent necessary to implement base budget reductions and to reorganize the System Office to maintain management efficiencies.

SECTION 8.8.(b) This section expires June 30, 2003.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TRANSFER OF COMMUNITY COLLEGE POSITION

SECTION 8.9. Personnel position # 6800-1500-0075-052, High School Apprenticeship Consultant, is transferred from the North Carolina Community College System to the Department of Public Instruction.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Buchanan, Easterling, Oldham, Redwine, Thompson

HOSIERY CENTER FUNDS

SECTION 8.10. Notwithstanding any other provision of law, all fees collected by the Hosiery Technology Center of Catawba Valley Community College for the testing of hosiery products shall be retained by the Center and used for the operations of the Center. Purchases made by the Center using these funds are not subject to the provisions of Article 3 of Chapter 143 of the General Statutes.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Baker, Easterling, Oldham, Redwine, Thompson

VITICULTURE/ENOLOGY COURSE AUTHORIZATION

SECTION 8.11.(a) Article 11 of Chapter 18B of the General Statutes is amended by adding a new section to read:

"**§ 18B-1114.4. Viticulture/Enology course authorization.**

(a) Authorization. – The holder of a viticulture/enology course authorization may:

(1) Manufacture wine from grapes grown on the school's own campus or property for the purpose of providing instruction and education on the making of unfortified wines.

(2) Possess wines manufactured during the viticulture/enology program for the purpose of conducting wine-tasting seminars and classes for students who are 21 years of age or older.

(3) Sell wines produced during the course to wholesalers or to retailers upon obtaining a wine wholesaler permit under G.S. 18B-1107, except that the permittee may not receive shipments of wines from other producers.

(b) Limitation. – Authorization for a viticulture/enology course shall be granted by the Commission only for a community college or college that offers a viticulture/enology program as a part of its curriculum offerings for students of the school. No retail sales of wine shall be made by the students, instructor, or school. Wines may be manufactured only from grapes grown in a research vineyard, not to exceed five acres, that is located on the school's campus or property.

(c) The holder of a viticulture/enology course authorization may manufacture wines from grapes grown by others until June 30, 2004. Otherwise, wine may be manufactured only as provided in subsection (b) of this section.

(d) The holder of a viticulture/enology course authorization shall not be considered a winery for the purposes of this Chapter or Chapter 105 of the General Statutes."

SECTION 8.11.(b) G.S. 66-58(c) is amended by adding a new subdivision to read:

"(1a) The sale of products raised or produced incident to the operation of a community college viticulture/enology program as authorized by G.S. 18B-1114.4."

PART IX. UNIVERSITIES

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ELIZABETH CITY STATE UNIVERSITY PHARMACY SCHOOL/EAST CAROLINA UNIVERSITY ENGINEERING SCHOOL

SECTION 9.1.(a) The Board of Governors of The University of North Carolina shall establish an accredited and fully staffed stand-alone school of pharmacy at Elizabeth City State University no later than the 2004-2005 academic year. The Board of Governors shall begin to implement immediately the proposals to establish a fully staffed stand-alone school of pharmacy at Elizabeth City State University. The Board of Governors shall establish this school as set forth in the feasibility study conducted in compliance with Section 31.10(c) of S.L. 2001-424.

SECTION 9.1(b) The Board of Governors of The University of North Carolina shall establish an accredited and fully staffed stand-alone school of engineering at East Carolina University no later than the 2004-2005 academic year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

TRANSFER COLLECTION RESPONSIBILITIES FOR CERTAIN SCHOLARSHIP PROGRAMS TO STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 9.2.(a) The statutory authority, powers, duties, and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the North Carolina Teaching Fellows Commission relating to the collection of loans awarded under G.S. 115C-363.23A when the loan repayments are outstanding for more than 30 days are transferred from the North Carolina Teaching Fellows Commission to the State Education Assistance Authority. This transfer has all of the elements of a Type II transfer as defined by G.S. 143A-6.

SECTION 9.2.(b) The statutory authority, powers, duties, and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the Department of Public Instruction relating to the collection of loan repayments for loans awarded under Article 32A of Chapter 115C of the General Statutes when the loans are outstanding for more than 30 days are transferred from the Department of Public Instruction to the State Education Assistance Authority. This transfer has all of the elements of a Type II transfer as defined by G.S. 143A-6.

SECTION 9.2.(c) G.S. 115C-363.23A is amended by adding a new subsection to read:

"(g) The State Education Assistance Authority is responsible for the collection of a loan awarded under this section if the loan repayment is outstanding for more than 30 days."

SECTION 9.2.(d) G.S. 115C-363.23A(f) reads as rewritten:

"(f) All funds appropriated to or otherwise received by the Teaching Fellows Program for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall be placed in a revolving fund. This revolving fund shall be used for scholarship loans granted under the Teaching Fellows Program. With the prior approval of the General Assembly in the Current Operations Appropriations Act, the revolving fund may also be used for campus and summer program support, and costs related to disbursement of awards and collection of loan repayments.

The Public School Forum, as administrator for the Teaching Fellows Program, may use up to one hundred fifty thousand dollars ($150,000) annually from the fund balance for costs associated with administration of the Teaching Fellows Program. ~~These funds are in addition to funds required for collection costs related to loan repayments.~~"

SECTION 9.2.(e) Article 32A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-472.1. State Education Assistance Authority collect loan repayments.**

The State Education Assistance Authority is responsible for the collection of a loan awarded under this Article if the loan repayment is outstanding for more than 30 days."

SECTION 9.2.(f) G.S. 116-204 is amended by adding the following new subdivisions to read:

"(9) To collect loan repayments for loans awarded under the Teaching Fellows Program pursuant to G.S. 115C-363.23A if the loan repayment is outstanding for more than 30 days.

(10) To collect loan repayments for loans awarded from the Scholarship Loan Fund for Prospective Teachers pursuant to Article 32A of Chapter 115C of the General Statutes if the loan repayment is outstanding for more than 30 days."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

SUBSTITUTION OF UNC BOND PROJECTS

SECTION 9.3.(a) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at North Carolina State University by substituting a project entitled Animal and Food Science Facilities for the Meat Processing Laboratory, as contained in Section 2(a) of S.L. 2000-3, and by transferring a portion of the funds from the project entitled Main Campus – Infrastructure (Including Water System), as contained in Section 2(a) of S.L. 2000-3, to this substitute project. Section 2(a) of S.L. 2000-3 is therefore amended as follows:

(1) In the portion under Projects Whose Funding Was Transferred to Disaster Recovery Fund – North Carolina State University, by deleting "Meat Processing Laboratory....$4,853,755".

(2) In the portion under North Carolina State University, by adding "Animal and Food Science Facilities....$6,460,980" and by decreasing by $1,607,225 the $9,330,700 for Main Campus – Infrastructure (Including Water System) so that it reads "Main Campus - Infrastructure (Including Water System)....$7,723,475".

SECTION 9.3.(b) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational requirements at the North Carolina School of the Arts by substituting a project entitled High School Student Residential Facility for the Residential Facility as contained in Section 2(a) of S.L. 2000-3, which was anticipated to be built for college students. Section 2(a) of S.L. 2000-3 is therefore amended in the portion under North Carolina School of the Arts, by deleting "Residence Hall...$1,832,100" and by adding "High School Student Residential Facility...$1,832,100".

SECTION 9.3.(c) Nothing in this section is intended to supersede any other requirement of law or policy for approval of the substituted capital improvement projects.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNC SCHOLARSHIP PROGRAMS CONSOLIDATED

SECTION 9.4.(a) Effective July 1, 2003, all funds in the continuation budget for the following scholarship programs shall be combined into one scholarship fund to be known as the "UNC Campus Scholarships":

(1) Minority Presence Grants for undergraduate and doctoral, law and veterinary medicine students as described in the 1979 Consent Decree

between the University of North Carolina and the United States Department of Health Education and Welfare at § VI, paragraphs 6.a. and 6.b.

(2) Minority Presence Grants-II as established in Section 17.3A of S.L. 1994-769.

(3) Incentive Scholarship Program for Native Americans as established in Section 17.3 of S.L. 1994-769.

(4) Elizabeth City State University Incentive Program as established by Chapter 738 of the 1987 of the Session Laws.

(5) Incentive Grants for Certain Constituent Institutions as established by S.L. 1991-689.

(6) Freshman Scholars Programs as established by Section 46 of S.L. 1993- 561.

(7) Legislative College Opportunity Program as established by Section 17.14 of S.L. 1994-769.

SECTION 9.4.(b) All obligations to students for uses of the funds set out in subsection (a) of this section that were made prior to the effective date of this act shall be fulfilled as to students who remain eligible under the provisions of the respective programs.

SECTION 9.4.(c) Except as provided in subsection (d) of this section, funds in the UNC Campus Scholarships shall be distributed among the constituent institutions of The University of North Carolina in the same amounts as previous to the effective date of this act.

SECTION 9.4.(d) Funds in the UNC Campus Scholarships allocated for doctoral study shall be reallocated based on the proportion of doctoral students enrolled at each of the campuses that have doctoral students. These funds shall continue to be committed only to doctoral students who are North Carolina residents and shall be allocated based on need. The funds previously in the Incentive Scholarship Program for Native Americans at the doctoral level shall be distributed evenly among the campuses with doctoral programs.

SECTION 9.4.(e) The Board of Trustees of each constituent institution shall define its particular campus goals and guidelines for the use of the UNC Campus Scholarships for undergraduates. The chancellor of each constituent institution shall submit its proposed guidelines to the President of The University of North Carolina for approval before implementing them. Only residents of North Carolina shall be eligible to receive grants from the UNC Campus Scholarships. Unless a campus has determined that it has sufficient diversity in its undergraduate student population to provide the educational benefits of diversity, the campus shall use at least the portion of these funds that previously provided Minority Presence Grants for undergraduates to promote diversity within the undergraduate student body of the campus to the extent permitted by the constitution and laws of the State of North Carolina and of the United States.

SECTION 9.4.(f) No constituent institution is required to have a community service requirement for receipt of grants from the UNC Campus Scholarships.

SECTION 9.4.(g) The State Education Assistance Authority shall administer the UNC Campus Scholarships. Upon the naming of recipients of grants from the UNC Campus Scholarships, each constituent institution shall inform the State Education Assistance Authority (SEAA) of its decisions. The SEAA shall perform all of the administrative functions necessary to implement this program. The North Carolina State Education Assistance Authority shall conduct periodic evaluations of expenditures of the UNC Campus Scholarships to determine if allocations are being utilized, are addressing the financial needs of students or other needs identified by the constituent institutions, and are improving diversity on the campuses. SEAA may make recommendations for redistribution of funds to the President of The University of North Carolina who may authorize redistribution of unutilized funds for a particular fiscal year among the constituent institutions.

SECTION 9.4.(h) Each constituent institution shall maintain the current proportion of allocation of these funds for undergraduate Native American students. To be eligible for such a grant, a student must be a resident of North Carolina and must be a Native American, defined as an individual who maintains cultural and political identification as a Native American through membership in an Indian tribe recognized by the State of North Carolina or by the United States. The North Carolina State Education Assistance Authority may redistribute to another constituent institution funds for Native Americans which are uncommitted by January 5 of each fiscal year.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

ELIMINATE UNC MAILING LIST DUPLICATION

SECTION 9.5. Section 10.11 of S.L. 1999-237 reads as rewritten:

"**Section 10.11**. Each constituent institution of The University of North Carolina and each community college shall provide to students and their families a brief, clear explanation of federal tax credits (the HOPE and Lifetime Learning Credits) that are available for educational purposes. The explanation shall include the limitations of the credits as well as examples of the potential benefits under certain tax situations. The constituent institution shall provide the tax credit information to the student ~~and~~ or the student's parents when the institution notifies each of the amount of tuition and fees paid for a calendar year."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

AID TO PRIVATE COLLEGES TECHNICAL CORRECTIONS

SECTION 9.6. G.S. 116-21.4(a) reads as rewritten:

"(a) Expenditures made pursuant to G.S. 116-19, 116-20, 116-21.1, or 116-21.2 may be used only for secular educational purposes at ~~an institution as defined by G.S. 116-22.~~nonprofit institutions of higher learning that meet the qualifications set out in G.S. 116-22."

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

UNC FLEXIBILITY GUIDELINES

SECTION 9.7. The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes in order to meet the reduction reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Fiscal Research Division by October 31, 2002, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

FOCUSED GROWTH PILOT PROGRAM

SECTION 9.9. The Board of Governors of The University of North Carolina may allow Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University each to allocate up to one hundred seventy-eight thousand three hundred eighty dollars ($178,380) of the funds allocated to them for focused enrollment growth for a maximum of 20 Prospective Teacher Scholars. These funds may be used to recruit new nonresident students to enter into agreements to: (i) pursue a full-time course of study that will lead to teacher certification in North Carolina and (ii) teach in a North Carolina public school or a school operated by the United States government in North Carolina for one year for each year that they receive this benefit. The Board of Governors shall establish guidelines and regulations for this pilot program, including methodology for determining its success in increasing the supply of qualified teachers for North Carolina public schools. The Board shall report its guidelines and regulations to guide these pilot programs to the Joint Legislative Education Oversight Committee by September 15, 2002. The Board shall report annually to the Committee on the progress of the pilot programs and their costs.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Nesbitt, Sherrill, Easterling, Oldham, Redwine, Thompson

UMSTEAD ACT EXEMPTION FOR THE NORTH CAROLINA ARBORETUM

SECTION 9.10. G.S. 66-58(b) is amended by adding a new subdivision to read:

"(b) The provisions of subsection (a) of this section shall not apply to:

...

(8a) The University of North Carolina with regard to the operation of gift shops and snack or food service facilities connected to the North

Carolina Arboretum, provided that the resulting profits are used to support the operation of the North Carolina Arboretum."

....

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

OUT-OF-STATE INSTITUTIONS WITH NC CAMPUSES

SECTION 9.11.(a) G. S. 116-22 reads as rewritten:

"**§ 116-22. Definitions applicable to §§ 116-19 to 116-22.**

As used in G.S. 116-19 through 116-22:

(1) "Institution" shall mean an educational institution with ~~its main~~ a main permanent campus located in this State that is not owned or operated by the State of North Carolina or by an agency or political subdivision of the State or by any combination ~~thereof, that is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of said Association~~ thereof that satisfies all of the following:

a. Is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of the Association or by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education.

b. Awards a postsecondary degree as defined in G.S. 116-15. ~~and that is~~

c. Is not a seminary, Bible school, Bible college or similar religious institution.

(1a) "Main permanent campus" shall mean a campus owned by the institution that provides permanent on-premises housing, food services, and classrooms with full-time faculty members and administration that engages in postsecondary degree activity as defined in G.S. 116-15.

(2) "Student" shall mean a person enrolled in and attending an institution's main permanent campus located in the State who qualifies as a resident of North Carolina in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of the University of North Carolina and published in the residency manual of said Board; and a person who has not received a bachelor's degree, or qualified therefor, and who is otherwise classified as an undergraduate under such regulations as the Board of Governors of the University of North Carolina may promulgate. The enrollment figures required by G.S. 116-19 through 116-22 shall be the number of full-time equivalent students as computed under regulations prescribed by the Board of Governors of the University of North Carolina. Qualification

for in-State tuition under G.S. 116-143.3 makes a person a "student" as defined in this subdivision."

SECTION 9.11.(b) Notwithstanding the provisions of G.S. 116-22 as enacted by this section, any institution that met the definition of "institution" under G.S. 116-22 on January 1, 2001, shall continue to be eligible to receive funds appropriated in compliance with G.S. 116-19 through G.S. 116-22 when this act becomes law, if it received funds for these purposes as of January 1, 2001.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

SECTION 9.12.(a) The Joint Legislative Education Oversight Committee shall study the North Carolina School of Science and Mathematics. In its study the Committee may consider all of the following with regard to the School: the purpose and goals of the School and whether those are still appropriate; the academic programs; student admission policies; administrative functions and personnel policies; finances, properties, and any financial obligations of the School; and any other relevant issues. The Joint Legislative Education Oversight Committee shall report its findings and recommendations to the 2003 General Assembly.

SECTION 9.12.(b) Notwithstanding any other provision of law, neither the fee of eight hundred fifty dollars ($850.00) proposed by the Board of Trustees or any other fee shall be imposed for the 2002-2003 academic year.

SECTION 9.12.(c) G.S. 116-235(d) is amended by adding a new subdivision to read:

"(7) The Board of Trustees shall not impose any fee without the approval of the General Assembly, unless the fee is a traffic, parking, or motor vehicle registration fee authorized under subsection (e) of this section."

Requested by: Representatives Gibson, Easterling, Oldham, Redwine

HORACE WILLIAMS AIRPORT

SECTION 9.13. The University of North Carolina at Chapel Hill shall maintain and continue to operate the Horace Williams Airport as a base for the Medical Air, Inc., operations in support of the Area Health Education Cooperative, and as a local public access airport, until the General Assembly otherwise provides.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

COOPERATIVE EXTENSION/AGRICULTURAL RESEARCH FACULTY

SECTION 9.14. The Board of Governors shall promulgate policies that permit currently designated "EPA Non-Teaching" positions in the Cooperative Extension Service or Agricultural Research budgets of the constituent institutions of the university to be changed to "EPA Teaching" positions, if it is deemed by the Chancellor of any constituent institution of the university to be a more accurate definition of the faculty positions' job responsibilities.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Hackney

UNC INSTITUTIONS PROHIBITED FROM OPERATING TRANSIENT ACCOMMODATIONS EXCEPT UNDER CERTAIN CIRCUMSTANCES

SECTION 9.15.(a) G.S. 66-58 is amended by adding a new subsection to read:

"(h) Notwithstanding the provisions of G.S. 66-58(b)(8), it is unlawful for The University of North Carolina, its constituent institutions, the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, a Millennial Campus of a constituent institution of The University of North Carolina, or any corporation or other legal entity created or directly controlled by or using land owned by The University of North Carolina to develop, construct, own, or operate a transient accommodations facility, including a hotel or motel, unless all the following conditions are met:

(1) The transient accommodations facility is developed and constructed in conjunction with a conference center whose purpose and use is related to continuing education, degree programs, research, or other activities that support the mission of The University of North Carolina.

(2) No State general funds or tuition revenues are used to support the operation of the transient accommodations facility and, prior to commencement of construction or the issuance of debt, the operating plan of any transient accommodations facility is submitted, upon the recommendation of the Board of Governors, to the Joint Legislative Committee on Governmental Operations for review.

(3) The day-to-day business management of the transient accommodations facility is conducted by a private entity under contract with The University of North Carolina or one of its constituent institutions."

SECTION 9.15.(b) This section does not apply to any transient accommodations facility owned, operated, or leased by The University of North Carolina or one of its constituent institutions on or before July 1, 2002. This section is effective when it becomes law.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. ADMINISTRATION

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INFORMATION TECHNOLOGY PROJECT CONTRACTS

SECTION 10.1. Section 21.17 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.17.(a)** Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may establish special time-limited positions ~~in the Division of Information Research Management for an information~~

~~technology project to maximize efficiencies in the preparation for and~~ for implementation of federal requirements ~~of the medical records privacy standards~~ under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Positions established are not permanent positions, not subject to the State Personnel Act under G.S. 126-1.1, and not subject to the State salary schedule.

SECTION 21.17.(b) Positions established pursuant to this section may commence no earlier than July 1, 2001, and shall expire ~~June 30, 2003.~~June 30, 2005."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADMINISTRATIVE CONSOLIDATION OF DIVISIONS OF SERVICES FOR THE DEAF AND THE HARD OF HEARING, SERVICES FOR THE BLIND, AND VOCATIONAL REHABILITATION SERVICES

SECTION 10.2.(a) The following three divisions shall continue consolidating their administrative functions and reducing the number of cities where there are two or more district offices:

(1) Division of Services for the Deaf and the Hard of Hearing.
(2) Division of Services for the Blind.
(3) Division of Vocational Rehabilitation Services.

SECTION 10.2.(b) The Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on activities carried out under this section not later than June 1, 2003. This report shall include the following:

(1) An organizational chart showing how the administrative structure of the divisions has changed.
(2) A plan for reducing the number of cities where there are two or more district offices.
(3) A plan for reducing the budget of the three divisions by seven hundred fifty thousand dollars ($750,000).

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STAFFING REQUIREMENTS IN LONG-TERM CARE FACILITIES

SECTION 10.3.(a) The Department of Health and Human Services, Office of Long-Term Care, shall review staffing requirements of Adult Day Care Programs and Adult Day Health Programs.

SECTION 10.3.(b) The Department shall report the results of its review to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002. The report shall include staffing requirements for adult day care and adult day health programs as compared to adult care homes, assisted living facilities, and nursing homes in the State. The report shall also compare staffing ratios in North Carolina to those of other states, including

those states that border North Carolina. The report shall be conducted by the Department, Office of Long-Term Care, or by an independent contractor and shall contain all of the following specific information:

(1) Number of staff required per resident.
(2) Education/work experience required and preferred as a basis for hire.
(3) Specific job duties outlined in job descriptions.
(4) Rationale and justification for establishing the existing staff ratios in the Division of Aging's policy for adult day care and adult day health care.
(5) An analysis of the variance in staffing requirements among adult day care and adult day health programs, adult care homes, assisted living facilities, and nursing homes.
(6) Identification of the entities responsible for licensing and monitoring quality for all providers of long-term care in the State.
(7) Recommendations for changes to existing policies based on findings of the Department's review.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REPORT ON SERVICES PROVIDED TO OLDER ADULTS

SECTION 10.4. The Department of Health and Human Services, Office of Long-Term Care shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on services provided to older adults. The report shall provide information as follows:

(1) Identify all State agencies that provide services to adults age 60 and older throughout the State.
(2) All resources available from all sources, including federal, State, and local funds and personnel, for providing services to this population.
(3) Plans for reducing administration through the consolidation of functions throughout Divisions of the Department.

The Office of Long-Term Care shall consult with experts in long-term care and other relevant information sources to develop a plan to streamline services for older adults at the local level. The Department shall submit its report not later than February 1, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM

SECTION 10.5. The Department of Health and Human Services, Office of Rural Health, shall conduct an assessment of the Rural Health Loan Repayment Incentive Program. The assessment shall consider whether the Program should be continued and shall identify ways to recruit additional providers to rural areas within existing funds. The Department shall report on its activities and progress of the

assessment to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than December 1, 2002. The report shall provide detailed information on the number of providers recruited, identification of the counties in which the providers are recruited, and the amount of loan repayment and length of service to a community for each provider.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG PROGRAMS

SECTION 10.6. Section 21.6(a) of S.L. 2001-424, as amended by S.L. 2001-513, reads as rewritten:

"**SECTION 21.6.(a)** Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred thousand dollars ($200,000) for the 2001-2002 fiscal year ~~and the sum of two hundred thousand dollars ($200,000) for the 2002-2003 fiscal year~~ shall be used to initiate the development of a system to assist eligible individuals in obtaining prescription drugs at no cost through pharmaceutical company programs. The system will be designed to minimize the efforts of patients and their health care providers in securing needed drugs. The required patient and health care provider data will be maintained and orders tracked in order to initiate timely reorders of needed drugs to assure continuity of medication intake. The Department may contract with a private nonprofit organization to assist in the development of the system as provided under this section."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

USE OF FUNDS FOR THE CHILD ADVOCACY INSTITUTE

SECTION 10.7. State funds appropriated for the Child Advocacy Institute shall be used only for administration of the Child Advocacy Institute or for research and other services provided by the Institute. These funds shall not be used or replaced by other funds for (i) lobbying or other governmental affairs activities or (ii) direct contributions to other nongovernmental entities.

This section shall not be construed to prohibit the Institute from using State funds to contract with other nongovernmental entities for the purchase of goods or services.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Church

CONSOLIDATION OF MAINTENANCE ACTIVITIES

SECTION 10.8.(a) The Department of Health and Human Services shall develop a plan to consolidate building maintenance activities at the North Carolina School for the Deaf at Morganton, the Western Carolina Center, and Broughton Hospital. The plan shall assess the needs for maintenance at all three centers, determine

the level of staff necessary to carry out all of the current activities with fewer managers, supervisors, and other staff, and develop a new single budget for the maintenance activities.

SECTION 10.8.(b) The Department of Health and Human Services shall identify other facilities throughout the State that are in close proximity to one another and assess the feasibility of consolidating the building maintenance activities at those facilities.

SECTION 10.8.(c) The Department of Health and Human Services shall report on activities carried out under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than December 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

WEATHERIZATION ASSISTANCE

SECTION 10.10B. The Department of Health and Human Services is authorized to administer the Weatherization Assistance Program for Low-Income Families and the Heating/Air Repair and Replacement Program functions.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LONG-TERM CARE CRIMINAL CHECKS SUSPENDED FOR NONDIRECT CARE EMPLOYMENT POSITIONS

SECTION 10.10C. The requirements of G.S. 131E-265 for nursing homes to conduct national criminal history record checks for employment positions other than those involving direct patient care are suspended until January 1, 2004. The requirements of G.S. 131D-2 for adult care homes to conduct national criminal records checks for all staff positions are suspended until January 1, 2004.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson, Fox

TRANSFER NORTH CAROLINA COUNCIL ON THE HOLOCAUST TO DEPARTMENT OF PUBLIC INSTRUCTION

SECTION 10.10D.(a) G.S. 143B-216.20, 143B-216.21, 143B-216.22, and 143B-216.23 are recodified as subsections (a) through (d) of new G.S. 143A-48.1 in Article 5 of Chapter 143A of the General Statutes.

SECTION 10.10D.(b) G.S. 143A-48.1, as codified by this section, reads as rewritten:

"**§ 143A-48.1. North Carolina Council on the Holocaust; creation; ~~purpose.~~purpose; membership; expenses; assistance.**

(a) There is hereby created the North Carolina Council on the Holocaust. The purpose of the Council is to prevent future atrocities similar to the systematic program

of genocide of six million Jews and others by the Nazis. This purpose shall be accomplished by developing a program of education and observance of the Holocaust.

(b) The Council shall consist of 24 members, six appointed by the Governor, six appointed by the President Pro Tempore of the Senate, six appointed by the Speaker of the House of Representatives, and six appointed by the other 18 members. Members shall be appointed ~~in 1985 for two-year terms to begin July 1, 1985. In 1987 and biennially thereafter, successors shall be appointed for two-year terms.~~ for two-year terms to begin July 1 of each odd-numbered year. The six at-large appointments shall be made by the Council at its first meeting after July 1 of each odd-numbered year. To be eligible for appointment as an at-large member, a person must either be a survivor of the Holocaust or a first-generation lineal descendant of such person. A majority of the members shall constitute a quorum for the transaction of business.

(c) The members of the Council shall be compensated and reimbursed for their expenses in accordance with G.S. 138-5.

(d) The ~~Secretary~~ Superintendent of Public Instruction may arrange for clerical or other assistance required by the Council."

SECTION 10.10D.(c) G.S. 143B-138.1(b)(14) is repealed.

SECTION 10.10D.(d) The North Carolina Council on the Holocaust, as created by Part 28 of Article 3 of Chapter 143B of the General Statutes, and recodified as G.S. 143A-48.1 by this section, is transferred to the Department of Public Instruction by a Type II transfer, as defined in G.S. 143A-6.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 10.10E. Section 21.59 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.59.** Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

Family Size	Medical Eye Care Adults	~~All Rehabilitation~~Rehabilitation Except DSB Over 55 Grant	Other
1	$4,860	$8,364	$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults 55 years of age or older who qualify for services through the Division of Services for the Blind, Independent Living Rehabilitation Program, shall be two hundred percent (200%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

Income (% of poverty)	State Participation	Client Participation
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department."

SUBPART 2. DIVISION OF MEDICAL ASSISTANCE

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM

SECTION 10.11.(a) Section 21.19 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.19.(a)** Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

(1) Hospital-Inpatient – Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.

(2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.

(3) Nursing Facilities – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program. Residents of nursing facilities who are eligible for Medicare coverage of nursing facility services must be placed in a Medicare certified bed. Medicaid shall cover facility services only after the appropriate services have been billed to Medicare. The Division of Medical Assistance shall allow nursing facility providers sufficient time from the effective date of this act to certify additional Medicare beds if necessary. In determining the date that the requirements of this subdivision become effective, the Division of Medical Assistance shall consider the regulations governing certification of Medicare beds and the length of time required for this process to be completed.

(4) Intermediate Care Facilities for the Mentally Retarded – As prescribed in the State Plan as established by the Department of Health and Human Services.

(5) Drugs – Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal

reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand name drugs. Adjustments to the professional services fee shall be established by the General Assembly.

(6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services, Nurse Practitioners – Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section.

(7) Community Alternative Program, EPSDT Screens – Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.

(8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment – Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.

(9) Medicare Buy-In – Social Security Administration premium.

(10) Ambulance Services – Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.

(11) Hearing Aids – Actual cost plus a dispensing fee.

(12) Rural Health Clinic Services – Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.

(13) Family Planning – Negotiated rate for local health departments. For other providers, see specific services, for instance, hospitals, physicians.

(14) Independent Laboratory and X-Ray Services – Uniform fee schedules as developed by the Department of Health and Human Services.

(15) Optical Supplies – One hundred percent (100%) of reasonable wholesale cost of materials.

(16) Ambulatory Surgical Centers – Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.

(17) Medicare Crossover Claims – An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.

(18) Physical Therapy and Speech Therapy – Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services.

Physical therapy (including occupational therapy) and speech therapy services are subject to prior approval and utilization review.

(19) Personal Care Services – Payment in accordance with the State Plan approved by the Department of Health and Human Services.

(20) Case Management Services – Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.

(21) Hospice – Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.

(22) Other Mental Health Services – Unless otherwise covered by this section, coverage is limited to:

a. Services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) when provided in agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal regulations, and

b. For children eligible for EPSDT services:

1. Licensed or certified psychologists, licensed clinical social workers, certified clinical nurse specialists in psychiatric mental health advanced practice, and nurse practitioners certified as clinical nurse specialists in psychiatric mental health advanced practice, when Medicaid-eligible children are referred by the Carolina ACCESS primary care physician or the area mental health program, and

2. Institutional providers of residential services as defined by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and approved by the Centers for Medicare and Medicaid Services (CMS) for children and Psychiatric Residential Treatment Facility services that meet federal and State requirements as defined by the Department.

Notwithstanding G.S. 150B-121.1(a), the Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision. Coverage policy for services defined by the Division of Mental Health, Developmental Disabilities, and

Substance Abuse Services under paragraphs a. and b.2 of this subdivision shall be established by the Division of Medical Assistance.

(23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children – Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.

(24) Health Insurance Premiums – Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.

(25) Medical Care/Other Remedial Care – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services.

(26) Pregnancy Related Services – Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget. Payment is limited to Medicaid enrolled providers that provide evidence of medical malpractice insurance coverage, purchase a performance bond in the amount of one hundred thousand dollars ($100,000) naming as beneficiary the Department of Health and Human Services, Division of Medical Assistance, or provide to the Department a validly executed letter of credit or other financial instrument issued by a financial institution or agency honoring a demand for payment in an equivalent amount.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

SECTION 21.19.(b) Allocation of Nonfederal Cost of Medicaid. – The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 21.19.(c) Copayment for Medicaid Services. – The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 21.19.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. – The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

	Categorically Needy		Medically Needy	
	WFFA*			
Family Size	Standard of Need		Families and Children Income Level	AA, AB, AD*
1	$4,344		$2,172	$2,900
2	5,664		2,832	3,800
3	6,528		3,264	4,400
4	7,128		3,564	4,800
5	7,776		3,888	5,200
6	8,376		4,188	5,600
7	8,952		4,476	6,000
8	9,256		4,680	6,300

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

These standards may be changed with the approval of the Director of the Budget with the advice of the Advisory Budget Commission.

SECTION 21.19.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

SECTION 21.19.(f) ICF and ICF/MR Work Incentive Allowances. – The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

Monthly Net Wages	Monthly Incentive Allowance
$1.00 to $100.99	Up to $50.00
$101.00 to $200.99	$80.00
$201.00 to $300.99	$130.00
$301.00 and greater	$212.00.

SECTION 21.19.(g) Dental Coverage Limits. – Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical

Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

SECTION 21.19.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, contracting for services, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly.

SECTION 21.19.(j) Volume Purchase Plans and Single Source Procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

SECTION 21.19.(k) Cost-Containment Programs. – The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs in accordance with Section 3 of S.L. 2001-395, including contracting for services, preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

SECTION 21.19.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

SECTION 21.19.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year-olds in accordance with federal rules and regulations.

SECTION 21.19.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

(1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits. In determining income eligibility under this subdivision, the income of a minor's parents shall be counted.

(2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.

(5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

SECTION 21.19.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

SECTION 21.19.(p) The Department shall disregard earned income for recipients who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the Social Security Act due to earnings. This disregard shall be applied for a maximum of 12 consecutive months.

SECTION 21.19.(q) The Department of Health and Human Services shall submit a quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of

State Budget and Management no later than the third Thursday of the month following the end of each quarter.

SECTION 21.19.(r) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

SECTION 21.19.(s) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing. The Department of Health and Human Services shall identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System.

SECTION 21.19.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds within existing State appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

SECTION 21.19.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Centers for Medicare and Medicaid Services (CMS). The reports shall be provided at the same time they are submitted to CMS for approval.

SECTION 21.19.(v) Upon approval of a demonstration waiver by the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001.

SECTION 21.19.(w) The Department of Health and Human Services, Division of Medical Assistance, shall use the latest audited cost reporting data available when establishing Medicaid provider rates or when making changes to the reimbursement methodology.

SECTION 21.19.(x) The Department of Health and Human Services, Division of Medical Assistance, shall implement a new coding system for therapeutic mental health

services as required by the Health Insurance Portability and Accountability Act of 1996. In implementing the new coding system, the Division shall ensure that the new coding system does not discriminate between providers of therapeutic mental health services with similar qualifications and training. In meeting the requirements of this subsection, the Division shall consult with the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services and the professional licensing boards responsible for licensing the affected professionals.

SECTION 21.19.(y) The Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the Social Security Act to real property excluded as ~~"income producing"~~ "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets policy shall apply only to an institutionalized individual or the individual's spouse as defined in Title XIX, Section 1917(c) of the Social Security Act. This subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset policies to properties excluded as tenancy-in-common or as nonhomesite property made "income producing" in accordance with this subsection shall become effective no earlier than October 1, 2002."

SECTION 10.11.(b) Effective October 1, 2002, G.S. 108A-70.5(b) reads as rewritten:

"(b) As used in this section:

(1) "Medical assistance" means medical care services paid for by the North Carolina Medicaid Program on behalf of the recipient:

a. If the recipient is receiving these medical care services as an inpatient in a nursing facility, intermediate care facility for the mentally retarded, or other medical institution, and cannot reasonably be expected to be discharged to return home; or

b. If the recipient is 55 years of age or older and is receiving these medical care services, including related hospital care and prescription drugs, for nursing facility ~~services~~ services, personal care services, or home- and community-based services.

(2) "Estate" means all the real and personal property considered assets of the estate available for the discharge of debt pursuant to G.S. 28A-15-1."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CAROLINA ACCESS PROGRAM IMPROVEMENTS

SECTION 10.12.(a) In its effort to achieve anticipated savings in the Medicaid Program of nine million four hundred twenty-five thousand dollars ($9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS II and Carolina ACCESS III programs, the Department of Health and Human Services shall monitor cost-savings activities of these programs. Carolina ACCESS II and

Carolina ACCESS III programs shall provide the Department detailed information on savings realized from the following cost-savings activities:

(1) Reductions in hospital admissions;
(2) Reductions in emergency room visits;
(3) Use of best-prescribing practices;
(4) Increased prescriptions of generic drugs;
(5) Implementation of polypharmacy review;
(6) Reductions in therapy visits;
(7) Improved management of high-risk/high-cost patients; and
(8) Other strategies implemented by the programs to achieve anticipated savings.

SECTION 10.12.(b) The Department of Health and Human Services shall implement a process for the assessment and review of cost-effectiveness of the Carolina ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance shall confirm actual savings realized from the use of case management strategies of the Carolina ACCESS II and Carolina ACCESS III demonstration sites. Beginning October 1, 2002, the Department shall report quarterly the cost-effectiveness of these programs based on actual savings achieved. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Oldham

REPEAL CIRCUMCISION FUNDS

SECTION 10.13. Section 19 of S.L. 2001-513 reads as rewritten:

"**SECTION 19.** Notwithstanding any other provision of law to the contrary, from funds available in the General Fund, there is appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of two hundred forty-six thousand, seven hundred sixty-two dollars ($246,762) for the 2001-2002 fiscal ~~year and the sum of four hundred thousand dollars ($400,000) for the 2002-2003 fiscal~~ year. These funds shall be used to provide optional circumcision procedures for newborns eligible for Medicaid."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID CASE MANAGEMENT SERVICES

SECTION 10.14.(a) The Department of Health and Human Services shall reduce Medicaid Program expenditures for case management services for adults and children for the 2002-2003 State fiscal year. In determining how to allocate this reduction, the Department shall include all State programs currently providing case management services reimbursed by the Medicaid Program, and shall consider the following issues:

(1) Elimination of all duplicative case management services.
(2) Consolidation of similar case management services.

(3) Provision of only one case manager per family reimbursed through the Medicaid Program, when feasible.
(4) Equitable allocation of reductions in case management services reimbursed by Medicaid among the different programs that provide case management services.
(5) Identification of the children and adults with the greatest case management needs to determine how to allocate reductions and remaining resources.
(6) Reductions in administrative costs associated with providing case management services reimbursed by Medicaid.
(7) Reductions in reimbursement to case management service providers.

SECTION 10.14.(b) Not later than October 1, 2002, the Department shall report on its plan for the reductions required in this section. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT

SECTION 10.15.(a) The Department of Health and Human Services shall develop a plan for using federal waivers to assist in long-term cost containment for the State's Medicaid program. In developing the plan, the Department shall determine whether single or multiple federal waivers will help the State achieve its goal of long-term cost containment for the State's Medicaid program, and shall also determine which type of waiver is likely to be most helpful. The Department shall consider all of the following for development of the plan:

(1) Which optional categories of persons eligible for Medicaid will be covered by the waiver.
(2) What optional Medicaid services will be included in the service package covered by the waiver.
(3) What types of cost-sharing will be required under the waiver.
(4) Will the waiver use Carolina ACCESS, other types of managed care, or will a fee-for-service system for providing health care services be used.
(5) Will private insurance coverage options be incorporated into the waiver.
(6) Should the NC Health Choice Program be included in the waiver.

SECTION 10.15.(b) On or before February 1, 2003, the Department shall report on its plan for seeking federal waivers to achieve long-term cost containment in the State's Medicaid program. The report shall be made to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division, and shall include the following:

(1) Copy of the application for the waiver.
(2) Description of how the waiver will help achieve long-term cost containment in the State's Medicaid program.
(3) Description of legislation necessary to implement the proposed waiver.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

COMMUNITY ALTERNATIVES PROGRAMS

SECTION 10.16.(a) The Department of Health and Human Services shall administer all Community Alternatives Program (CAP) waivers in the most economical and efficient manner possible to support within funds appropriated the maximum number of persons meeting participation requirements under the waivers. The Department shall amend the waivers to ensure that participation requirements and payment and service limits will ensure that the maximum number of persons meeting participation requirements are served by all waivers. Not later than October 1, 2002, the Department shall submit a report that outlines efficient use of funds appropriated and that demonstrates the participation requirements, payment and service limits, and other administrative actions to support the maximum number of persons to be served in the applicable State fiscal year. The report shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 10.16.(b) CAP-DA services shall be provided for the 2002-2003 fiscal year to any eligible person who entered a nursing facility on or before June 1, 2002, notwithstanding that the availability of CAP-DA services may be suspended for that fiscal year.

SECTION 10.16.(c) The North Carolina Institute of Medicine shall conduct a study of the Community Alternatives Program for Disabled Adults (CAP/DA) administered by the Department of Health and Human Services and shall recommend ways of improving the administration of CAP/DA. In conducting the study, the Institute shall consider the following:

(1) Whether the lead agency for CAP/DA should also be a provider of direct services under CAP/DA.
(2) Whether case managers should be employed by the provider agency.
(3) Whether funds for CAP/DA should be reduced below the ninety percent (90%) maximum that currently exists.
(4) Review current policy for service requirements, management, and supervision as it pertains to strengthening the family and case manager and agency requirements.
(5) Whether case managers and provider agencies should have increased responsibility for upholding guidelines.
(6) Whether oversight of CAP/DA by the Division of Medical Assistance needs strengthening.
(7) Alternative funding sources for CAP/DA.

(8) Determination of funding needs for CAP/DA based on corroboration with long-term care policy initiatives.
(9) What changes should be made to CAP/DA to reduce cost of services per person in order to serve more individuals within existing funds.
(10) Any other matters the North Carolina Institute of Medicine considers pertinent to the study.

The North Carolina Institute of Medicine shall report its findings and recommendations to the 2003 General Assembly upon its convening.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE

SECTION 10.17.(a) Disproportionate share receipts reserved at the end of the 2002-2003 fiscal year shall be deposited with the Department of State Treasurer as nontax revenue for the 2002-2003 fiscal year.

SECTION 10.17.(b) For the 2002-2003 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one hundred seven million dollars ($107,000,000) of these Disproportionate Share Payments to the Department of State Treasurer for deposit as nontax revenue. Any Disproportionate Share Payments collected in excess of the one hundred seven million dollars ($107,000,000) shall be reserved by the State Treasurer for future appropriations.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

MEDICAID HOSPITAL PAYMENTS

SECTION 10.18. The Department of Health and Human Services shall reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the 2002-2003 State fiscal year. The Department shall evaluate all medical payment programs and policies administered by the Department that may affect the future viability and sustainability of financially vulnerable hospitals. Based on the evaluation of the medical payments programs and policies affecting hospitals, the Department shall implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal year such that the reduction has the least impact on the future viability and sustainability of financially vulnerable hospitals. The Department shall also review the status of financially vulnerable hospitals to determine whether additional State actions are appropriate to ensure that communities served by these hospitals continue to receive essential medical services. The Department shall consult with the North Carolina Hospital Association while conducting the evaluation of medical payment programs and policies and determining how to implement the one-half of one percent (.5%) reduction. The Department shall report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on its activities under this section not later than October 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID PROGRAM MANAGEMENT

SECTION 10.19. Section 21.26(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.26.(b)** The Department shall implement a pharmacy management plan considering the recommendations of the "North Carolina Medicaid Benefit Study" to achieve anticipated cost savings. The pharmacy management plan may include the following activities:

(1) Establishing a prior authorization program to manage utilization of high-cost, brand name drugs. In determining drugs to be included in the prior authorization program, the Department shall consider whether inclusion of these drugs is likely to:
   a. Increase utilization of more expensive services;
   b. Reduce quality of treatment;
   c. Result in a lower level of compliance with appropriate drug therapy; and
   d. Have a differential impact upon racial and ethnic minorities and the elderly.

   The Department shall conduct a review at least annually of the drugs included in the prior authorization program to determine whether any of the factors listed in this subdivision or other factors with similar results have occurred.

(2) Limiting prescription drugs to a 34-day supply for some or all drugs.

(3) Developing physician prescribing practice profiles and other educational tools to enable physicians to better manage their prescriptions.

(4) Establishing therapeutic limits based on appropriate dosage or usage standards.

(5) Encouraging use of generic drugs.

(6) Using maximum allowable pricing.

(7) Contracting with a pharmacy benefits manager to implement more extensive drug utilization review.

(8) Studying the impact of eliminating the six prescription drug monthly limit combined with a more rigorous prior authorization program to ensure cost decisions are made based on evidence-based clinical guidelines.

(9) Expanding disease management initiatives.

(10) Working with ACCESS physicians to develop and implement drug utilization management initiatives.

(11) If cost-effective, expanding Medicaid drug coverage to include selected over-the-counter medications.

The Department may adopt temporary rules in accordance with G.S. 150B-21.1 when it finds these rules are necessary to clarify recipient appeal rights related to the

pharmacy management plan. In adopting and implementing any pharmacy management plan, the Department shall not deny any Medicaid patient access to any FDA approved drugs."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

LONG-TERM CARE REIMBURSEMENT METHODOLOGY

SECTION 10.19A. When establishing a new reimbursement methodology for long-term care services including nursing facilities, ICF-MRs, and adult care homes, the Department of Health and Human Services, Division of Medical Assistance, shall do the following:

(1) Use the latest cost data available;

(2) Establish reimbursement rates that will allow Medicaid long-term care providers to comply with certification requirements, licensure rules, or other mandated quality or safety standards;

(3) Consider available data related to long-term care industry costs and losses, including those resulting from the health care workforce crisis and the increase in professional liability insurance premiums; and

(4) Consider the effect on future viability and sustainability of financially vulnerable long-term care providers.

The Division of Medical Assistance and any contract agencies performing the functions associated with this section shall consult with provider organizations, including the North Carolina Health Care Facilities Association, the Long-Term Care Facilities Association of North Carolina, the North Carolina Assisted Living Association, the North Carolina Developmental Disabilities Facilities Association, and the North Carolina Association of Non-Profit Homes for the Aging. The Department shall report on the reimbursement methodology not later than October 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MEDICAID MAXIMUM ALLOWABLE CHARGE FOR TEMPORARY NURSING SERVICES

SECTION 10.19B. The Department of Health and Human Services, Division of Medical Assistance, shall establish as the maximum allowable per hour charge under the Medicaid Program for temporary nursing services an amount equal to one hundred thirty percent (130%) of the average salary cost per hour for direct care nursing staff employed by the health care facility or provider.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INCREASES IN FEDERAL MEDICAID FUNDS

SECTION 10.19C.(a) Notwithstanding any other provision of law to the contrary, the total amount of State funds that become available to the Department of Health and Human Services for the 2002-2003 fiscal year due to an increase in federal Medicaid funds resulting from increases in the Federal Financial Participation rate shall be used to increase funds appropriated to the Department for the 2002-2003 fiscal year for the Medicaid program without any reduction in what is otherwise allocated to the Department from appropriated funds.

SECTION 10.19C.(b) The Department of Health and Human Services, Division of Medical Assistance, may reinstate eligibility policies changed by this act when all of the following conditions are met:

(1) Congress approves enhanced Federal Financial Participation for State Medicaid programs.

(2) Receipt of the enhanced Federal Financial Participation is dependent on a state's maintenance of effort in Medicaid eligibility.

(3) The Department has concluded that the enacted policy changes render the State ineligible for the enhanced Federal Financial Participation.

(4) Enhanced Federal Financial Participation receipts exceed the anticipated savings in State funds from the enacted policy changes.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NC HEALTH CHOICE

SECTION 10.20. G.S. 108A-70.21 reads as rewritten:

"**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other cost-sharing; coverage from private plans; purchase of extended coverage.**

(a) Eligibility. – The Department may enroll eligible children based on availability of funds. Following are eligibility and other requirements for participation in the Program:

(1) Children must:

a. Be under the age of 19;

b. Be ineligible for Medicaid, Medicare, or other federal government-sponsored health insurance;

c. Be uninsured;

d. Be in a family that meets the following family income requirements:

1. Infants under the age of one year whose family income is from one hundred eighty-five percent (185%) through two hundred percent (200%) of the federal poverty level;

2. Children age one year through five years whose family income is above one hundred thirty-three percent (133%) through two hundred percent (200%) of the federal poverty level; and

3. Children age six years through eighteen years whose family income is above one hundred percent (100%) through two hundred percent (200%) of the federal poverty level;

e. Be a resident of this State and eligible under federal law; and

f. Have paid the Program enrollment fee required under this Part.

(2) Proof of family income and residency and declaration of uninsured status shall be provided by the applicant at the time of application for Program coverage. The family member who is legally responsible for the children enrolled in the Program has a duty to report any change in the enrollee's status within 60 days of the change of status.

(3) If a responsible parent is under a court order to provide or maintain health insurance for a child and has failed to comply with the court order, then the child is deemed uninsured for purposes of determining eligibility for Program benefits if at the time of application the custodial parent shows proof of agreement to notify and cooperate with the child support enforcement agency in enforcing the order.

If health insurance other than under the Program is provided to the child after enrollment and prior to the expiration of the eligibility period for which the child is enrolled in the Program, then the child is deemed to be insured and ineligible for continued coverage under the Program. The custodial parent has a duty to notify the Department within 10 days of receipt of the other health insurance, and the Department, upon receipt of notice, shall disenroll the child from the Program. As used in this paragraph, the term "responsible parent" means a person who is under a court order to pay child support.

(4) Except as otherwise provided in this section, enrollment shall be continuous for one year. At the end of each year, applicants may reapply for Program benefits.

(b) Benefits. – Except as otherwise provided for eligibility, fees, deductibles, copayments, and other cost-sharing charges, health benefits coverage provided to children eligible under the Program shall be equivalent to coverage provided for dependents under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan, including optional prepaid plans. Prescription drug providers shall accept as payment in full, for outpatient prescriptions filled, ninety percent (90%) of the average wholesale price for the prescription drug or the amounts published by the ~~Health Care Financing Administration~~ Centers for Medicare and Medicaid Services plus a ~~fee established by the provider not to exceed the amount authorized under subdivision (d)(3) of this section.~~ dispensing fee of five dollars and sixty cents ($5.60) per prescription for generic drugs and four dollars ($4.00) per prescription for brand name drugs. Health care providers providing vision and dental services to Program enrollees shall accept as payment in full for services rendered the maximum allowable charges under the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan less any copayments assessed under this Part. All other health care

providers providing services to Program enrollees shall accept as payment in full for services rendered an amount equivalent to the maximum allowable charges under the ~~North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan~~ Medicaid Program for services less any copayments assessed to enrollees under this Part. No child enrolled in the Plan's self-insured indemnity program shall be required by the Plan to change health care providers as a result of being enrolled in the Program.

In addition to the benefits provided under the Plan, the following services and supplies are covered under the Health Insurance Program for Children established under this Part:

(1) Dental: Oral examinations, teeth cleaning, and scaling twice during a 12-month period, full mouth X rays once every 60 months, supplemental bitewing X rays showing the back of the teeth once during a 12-month period, fluoride applications twice during a 12-month period, sealants, simple extractions, therapeutic pulpotomies, prefabricated stainless steel crowns, and routine fillings of amalgam or other tooth-colored filling material to restore diseased teeth. No benefits are to be provided for services under this subsection that are not performed by or upon the direction of a dentist, doctor, or other professional provider approved by the Plan nor for services and materials that do not meet the standards accepted by the American Dental Association.

(2) Vision: Scheduled routine eye examinations once every 12 months, eyeglass lenses or contact lenses once every 12 months, routine replacement of eyeglass frames once every 24 months, and optical supplies and solutions when needed. Optical services, supplies, and solutions must be obtained from licensed or certified opthamologists, optometrists, or optical dispensing laboratories. Eyeglass lenses are limited to single vision, bifocal, trifocal, or other complex lenses necessary for a Plan enrollee's visual welfare. Coverage for oversized lenses and frames, designer frames, photosensitive lenses, tinted contact lenses, blended lenses, progressive multifocal lenses, coated lenses, and laminated lenses is limited to the coverage for single vision, bifocal, trifocal, or other complex lenses provided by this subsection. Eyeglass frames are limited to those made of zylonite, metal, or a combination of zylonite and metal. All visual aids covered by this subsection require prior approval of the Plan. Upon prior approval by the Plan, refractions may be covered more often than once every 12 months.

(3) Hearing: Auditory diagnostic testing services and hearing aids and accessories when provided by a licensed or certified audiologist, otolaryngologist, or other hearing aid specialist approved by the Plan. Prior approval of the Plan is required for hearing aids, accessories, earmolds, repairs, loaners, and rental aids.

(c) Annual Enrollment Fee. – There shall be no enrollment fee for Program coverage for enrollees whose family income is at or below one hundred fifty percent (150%) of the federal poverty level. The enrollment fee for Program coverage for enrollees whose family income is above one hundred fifty percent (150%) of the federal poverty level shall be fifty dollars ($50.00) per year per child with a maximum annual enrollment fee of one hundred dollars ($100.00) for two or more children. The enrollment fee shall be collected by the county department of social services and retained to cover the cost of determining eligibility for services under the Program. County departments of social services shall establish procedures for the collection of enrollment fees.

(d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-sharing charges for families covered under the Program whose family income is at or below one hundred fifty percent (150%) of the federal poverty level.~~

(1) Families covered under the Program whose family income is at or below one hundred fifty percent (150%) of the federal poverty level shall be responsible for copayments to providers as follows:

a. Five dollars ($5.00) per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;

b. Five dollars ($5.00) per child for each outpatient hospital visit;

c. One dollar ($1.00) for each outpatient generic prescription drug purchased;

d. Three dollars ($3.00) for each outpatient brand-name prescription drug purchased;

e. Ten dollars ($10.00) for each emergency room visit unless:

1. The child is admitted to the hospital, or

2. No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

(2) Families covered under the Program whose family income is above one hundred fifty percent (150%) of the federal poverty level shall be responsible for copayments to providers as follows:

~~(1)~~a. ~~Five dollars ($5.00)~~ Ten dollars ($10.00) per child for each visit to a provider, except that there shall be no copayment required for well-baby, well-child, or age-appropriate immunization services;

~~(2)~~b. ~~Five dollars ($5.00)~~ Ten dollars ($10.00) per child for each outpatient hospital visit;

~~(3)~~c. A ~~six dollar ($6.00)~~ five-dollar ($5.00) fee for each outpatient generic prescription drug purchased;

d. A ten-dollar ($10.00) fee for each outpatient brand-name prescription drug purchased;

~~(4)~~e. ~~Twenty dollars ($20.00)~~ Thirty dollars ($30.00) for each emergency room visit unless:

~~a.~~1. The child is admitted to the hospital, or

~~b.~~2. No other reasonable care was available as determined by the Claims Processing Contractor of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.

Copayments required under this subsection for prescription drugs apply only to prescription drugs prescribed on an outpatient basis.

(e) Cost-Sharing Limitations. – The total annual aggregate cost-sharing, including fees, with respect to all children in a family receiving Program benefits under this Part shall not exceed five percent (5%) of the family's income for the year involved. To assist the Department in monitoring and ensuring that the limitations of this subsection are not exceeded, the Executive Administrator and Board of Trustees of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan shall provide data to the Department showing cost-sharing paid by Program enrollees.

(f) Coverage From Private Plans. – The Department shall, from funds available for the Program, pay the cost for dependent coverage provided under a private insurance plan for persons eligible for coverage under the Program if all of the following conditions are met:

(1) The person eligible for Program coverage requests to obtain dependent coverage from a private insurer in lieu of coverage under the Program and shows proof that coverage under the private plan selected meets the requirements of this subsection;

(2) The dependent coverage under the private plan is actuarially equivalent to the coverage provided under the Program and the private plan does not engage in the exclusive enrollment of children with favorable health care risks;

(3) The cost of dependent coverage under the private plan is the same as or less than the cost of coverage under the Program; and

(4) The total annual aggregate cost-sharing, including fees, paid by the enrollee under the private plan for all dependents covered by the plan, do not exceed five percent (5%) of the enrollee's family income for the year involved.

The Department may reimburse an enrollee for private coverage under this subsection upon a showing of proof that the dependent coverage is in effect for the period for which the enrollee is eligible for the Program.

(g) Purchase of Extended Coverage. – An enrollee in the Program who loses eligibility due to an increase in family income above two hundred percent (200%) of the federal poverty level and up to and including two hundred twenty-five percent (225%) of the federal poverty level may purchase at full premium cost continued coverage under the Program for a period not to exceed one year beginning on the date the enrollee becomes ineligible under the income requirements for the Program. The same benefits,

copayments, and other conditions of enrollment under the Program shall apply to extended coverage purchased under this subsection.

(h) No State Funds for Voluntary Participation. – No State or federal funds shall be used to cover, subsidize, or otherwise offset the cost of coverage obtained under subsection (g) of this section."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS

SECTION 10.21. The Department of Health and Human Services may rewrite and submit to the federal government the State Plan for the North Carolina Health Choice Program solely for the purpose of incorporating amendments enacted by the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the 2001 General Assembly, and to otherwise comply with applicable federal requirements. Nothing in this section authorizes the Department to make amendments to the State Plan for the North Carolina Health Choice Program not otherwise authorized by the General Assembly. Amendments to the State Plan required by the federal government to be implemented after the effective date of this section, other than those authorized by this section, shall comply with G.S. 108A-70.25.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NC HEALTH CHOICE BENEFITS AND CLAIMS PROCESSING ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

SECTION 10.21A.(a) G.S. 108A-70.20 reads as rewritten:

"**§ 108A-70.20. Program established.**

The Health Insurance Program for Children is established. The Program shall be administered by the Department of Health and Human ~~Services~~ Services, including administration of Program benefits and claims processing, in accordance with this Part and as required under Title XXI and related federal rules and regulations. ~~Administration of Program benefits and claims processing shall be as provided under Part 5 of Article 3 of Chapter 135 of the General Statutes.~~"

SECTION 10.21A.(b) G.S.108A-70.22 reads as rewritten:

"**§ 108A-70.22. Allocation of federal and State funds for Program; consultation with Joint Legislative Health Care Oversight Committee.**

The Department of Health and Human Services, after having consulted with and received advice from the Joint Legislative Health Care Oversight Committee established under G.S. 120-70.110, shall from total funds available to the Department for Program implementation, allocate and adjust, as needed, funds to pay ~~the North Carolina Teachers' and State Employees' Major Medical Plan in accordance with G.S. 108A-70.23 and Part 5 of Article 3 of Chapter 135 of the General Statutes, and funds to pay~~ for eligible services provided for children with special needs in accordance with G.S. 108A-70.23."

SECTION 10.21A.(c) G.S. 108A-70.23 reads as rewritten:

"**§ 108A-70.23. Services for children with special needs established; definition; eligibility; services; limitation; recommendations; no entitlement.**

(a) Special Needs Services Authorized. – The Department shall, from federal funds received and State funds appropriated for the Program, pay for services for children with special needs as authorized under this section. As used in this section, the term "children with special needs" or "special needs child" means children who have been diagnosed as having one or more of the following conditions which in the opinion of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily routine, and (iii) require extensive medical intervention and extensive family management:

(1) Birth defect, including genetic, congenital, or acquired disorders;
(2) Developmental disability as defined under G.S. 122C-3;
(3) Mental or behavioral disorder; or
(4) Chronic and complex illnesses.

(b) Eligibility for Services. – In order to be eligible for services under this section a special needs child must be enrolled in the Program.

(c) Services Provided. – The services authorized to be provided to children eligible under this section are as follows:

(1) The same level of services as provided for special needs children under the Medical Assistance Program as authorized in the Current Operations Appropriations Act except that no services for long-term care shall be provided under this section, and except that services for respite care shall be provided only under emergency circumstances; and
(2) Only those services eligible under this section that are not covered or otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the General Statutes.~~this Part.

(d) Limitation. – Funds may be expended for services under this section only if the special needs child is enrolled in the Program, the services provided under this section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General Statutes,~~this Part, and the child meets the definition of a special needs child under this section.

(e) Case Management Services. – The Department shall develop procedures for the provision of case management services by the Department to eligible special needs children. Case management services shall be developed to ensure to the maximum extent possible that services are provided in the most efficient and effective manner considering the special needs of the child. The cost of providing case management services for children with special needs shall be paid from funds available for services under this section.

(f) Recommendations by Commission on Children With Special Health Care Needs. – In implementing this section the Department shall consider the recommendations of the Commission on Children With Special Health Care Needs established under Article 71 of Chapter 143 of the General Statutes. The Department, in

consultation with the Commission on Children With Special Health Care Needs shall develop procedures for providing respite care services under emergency circumstances.

(g) No Entitlement. – Nothing in this section shall be construed as entitling any person to services under this section."

SECTION 10.21A.(d) G.S. 108A-70.24 is repealed.

SECTION 10.21A.(e) G.S. 108A-70.27(c) is repealed.

SECTION 10.21A.(f) G.S. 108A-25 is amended by adding the following new subsection to read:

"(b2) The Health Insurance Program for Children is a program of public assistance and shall be supervised and administered as provided in Part 8 of this Article."

SECTION 10.21A.(g) G.S. 108A-80(d) reads as rewritten:

"(d) The Social Services Commission may adopt rules governing access to case files for social services and public assistance programs, except the Medical Assistance ~~Program.~~Program and the Health Insurance Program for Children. The Secretary of the Department of Health and Human Services shall have the authority to adopt rules governing access to medical assistance case ~~files.~~files and Health Insurance Program for Children case files."

SECTION 10.21A.(h) G.S. 120-70.111(c) reads as rewritten:

"(c) The Committee may use employees of the Legislative Services Office and may employ contractual services as approved by the Legislative Services Commission to review and monitor, on a continuing basis, the implementation of the Health Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A of the General Statutes. The Committee shall have access to all records of the Department of Health and Human Services pertaining to the Health Insurance Program for ~~Children~~ Children, except for confidential case files, and shall be kept apprised by the Department of communications between the Department and the ~~Health Care Financing Administration~~ Centers for Medicare and Medicaid Services with respect to development, submission, and approval of and amendments to the State Plan for the Health Insurance Program for Children. ~~The Committee and its employees shall also be entitled to attend all meetings and have access to all records of the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan pertaining to the Health Insurance Program for Children that are not confidential in accordance with G.S. 135-37. G.S. 135-37 shall be applicable to the Health Insurance Program for Children to the same extent that is applicable to teachers and State employees.~~"

SECTION 10.21A.(i) Part 5 of Article 3 of Chapter 135 of the General Statutes is repealed.

SECTION 10.21A.(j) G.S. 135-39.6(d) and G.S. 135-39.6A(c) are repealed.

SECTION 10.21A.(k) G.S. 58-50-75(b) reads as rewritten:

"(b) This Part applies to all insurers that offer a health benefit plan and that provide or perform utilization review pursuant to G.S. 58-50-61, and the Teachers' and State Employees' Comprehensive Major Medical ~~Plan, and the Health Insurance Program for Children.~~ Plan. With respect to second-level grievance review decisions, this Part applies only to second-level grievance review decisions involving noncertification decisions."

SECTION 10.21A.(l) G.S. 90-21.50(1) reads as rewritten:

"(1) 'Health benefit plan' means an accident and health insurance policy or certificate; a nonprofit hospital or medical service corporation contract; a health maintenance organization subscriber contract; a self-insured indemnity program or prepaid hospital and medical benefits plan offered under the Teachers' and State Employees' Comprehensive Major Medical Plan and subject to the requirements of Article 3 of Chapter 135 of the General Statutes, a plan provided by a multiple employer welfare arrangement; or a plan provided by another benefit arrangement, to the extent permitted by the Employee Retirement Income Security Act of 1974, as amended, or by any waiver of or other exception to that act provided under federal law or regulation. ~~Except for the Health Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A of the General Statutes,~~ 'Health benefit plan' does not mean any plan implemented or administered by the North Carolina or United States Department of Health and Human Services, or any successor agency, or its representatives. 'Health benefit plan' does not mean any of the following kinds of insurance:

a. Accident.
b. Credit.
c. Disability income.
d. Long-term or nursing home care.
e. Medicare supplement.
f. Specified disease.
g. Dental or vision.
h. Coverage issued as a supplement to liability insurance.
i. Workers' compensation.
j. Medical payments under automobile or homeowners.
k. Hospital income or indemnity.
l. Insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability policy or equivalent self-insurance.
m. Short-term limited duration health insurance policies as defined in Part 144 of Title 45 of the Code of Federal Regulations."

SECTION 10.21A.(m) G.S. 90-21.50(7) reads as rewritten:

"(7) 'Managed care entity' means an insurer that:

a. Delivers, administers, or undertakes to provide for, arrange for, or reimburse for health care services or assumes the risk for the delivery of health care services; and
b. Has a system or technique to control or influence the quality, accessibility, utilization, or costs and prices of health care services delivered or to be delivered to a defined enrollee population.

Except for the Teachers' and State Employees' Comprehensive Major Medical ~~Plan and the Health Insurance Program for Children,~~ Plan, 'managed care entity' does not include: (i) an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer, or (ii) a health care provider."

SECTION 10.21A.(n) This section becomes effective October 1, 2002. The Teachers' and State Employees' Comprehensive Major Medical Plan shall complete processing of claims under the Health Insurance Program for Children filed prior to and pending on and after October 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NC HEALTH CHOICE PROGRAM ENROLLMENT MANAGEMENT

SECTION 10.21B. The Department of Health and Human Services shall manage NC Health Choice program enrollment through attrition and, as necessary, by imposing a freeze on the enrollment of children in order to achieve and maintain a sustainable per member per month enrollment within the 2002-2003 budget. In the current State fiscal year one-time matching funds in an amount not to exceed three million dollars ($3,000,000) may be transferred to support State fiscal year 2002-2003 program expenditures that are attributable to excess program enrollment. No funds may be transferred until a freeze on enrollment has been imposed. Any funds transferred into the NC Health Choice program pursuant to this section shall be used to pay current year program costs only. In addition, the Department shall manage enrollment in the NC Health Choice program so as to ensure that total program enrollment at the end of State fiscal year 2002-2003 does not exceed a level that is sustainable within the certified budget for State fiscal year 2002-2003.

SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ALLOCATION OF REDUCTIONS IN FUNDS FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROGRAMS

SECTION 10.23.(a) The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall allocate reductions to Division central administration to items of expenditures which have the least impact on:

(1) The support of direct services to individuals served in State facilities and local programs;

(2) The Division's ability to reorganize and continue implementation of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services; and

(3) The Division's ability to meet State and federal requirements such as monitoring, program oversight, and reporting.

SECTION 10.23.(b) All reductions designated for Division-operated State facilities shall be allocated as follows:

(1) In a manner that has the least impact possible on the State's ability to comply with Olmstead v. L.C. & E.W. and The Civil Rights of Institutionalized Persons Act (CRIPA);

(2) Maximum resources shall be retained for the purpose of transfer to local programs for community capacity building as the population in State facilities decreases and the principal focus of services transitions to community-based programs;

(3) As deemed essential by the Secretary of the Department of Health and Human Services for compliance with implementation of the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction amounts and total number of positions reduced may be shifted among facilities so long as the aggregate reduction in State appropriations is achieved.

SECTION 10.23.(c) The Department shall report not later than October 1, 2002, on a plan for allocating the reductions required under this section. The plan shall describe each reduction allocation demonstrating compliance with this section. The Department shall submit the report to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SUBSTANCE ABUSE PREVENTION SERVICES

SECTION 10.24.(a) In order to ensure that individuals receive effective substance abuse prevention services, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these individuals:

(1) Designate an Office of Substance Abuse Prevention within the Department as outlined in the North Carolina Comprehensive Strategic Plan for Substance Abuse Prevention. This Office shall be responsible for the implementation of the goals in the Comprehensive Strategic Plan for Substance Abuse Prevention. The Office shall also maintain the Interagency Agreement for Substance Abuse Prevention Services and ensure continuing collaboration between agencies that are parties to the Agreement.

(2) Provide only those prevention services that are evidence-based and have been determined to be effective in preventing alcohol and other drug problems.

(3) Propose rules for the licensure of prevention programs to ensure quality of service delivery in local communities. Rules shall be subject to review and adoption by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.

(4) Ensure that services are provided by qualified prevention professionals.

(5) Implement an outcome-based system utilizing standard risk assessments and data elements consistent with appropriate evaluation of prevention programs.

SECTION 10.24.(b) The Department shall report on its activities under this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT

SECTION 10.25. Section 21.56 of S.L. 2001-424, as amended by S.L. 2001-513, reads as rewritten:

"**SECTION 21.56.(a)** To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Health and Human Services may require a private agency that provides services under contract with ~~two or more area programs,~~ an area program or county program, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

SECTION 21.56.(b) If a private agency fails to timely and accurately complete the required agency-wide uniform cost finding in a manner acceptable to the Department's controller's office, the Department may suspend all Department funding and payment to the private agency until such time as an acceptable cost finding has been completed by the private agency and approved by the Department's controller's office."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

WHITAKER SCHOOL

SECTION 10.26. Section 21.61(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.61.(a)** The Department of Health and Human Services shall work with families and guardians, the Department of Public Instruction, the Department of Juvenile Justice and Delinquency Prevention, and appropriate local education agencies, area mental health, developmental disabilities, and substance abuse programs, and local departments of social services to develop a plan for the transition of children from the Whitaker School to their homes or alternative facilities. The Plan shall ensure appropriate and safe placement for those children who, in accordance with the

assessment, need an institutional setting. The Plan shall also include transition plans that facilitate and support children living in their natural environments and utilizing existing resources and natural supports. Assessments and service planning alternatives shall also be undertaken for children on the waiting list for placement at Whitaker School to ensure appropriate and safe placement for those children. The Department shall report on the status of its compliance with this section on April 1, 2002 and again on ~~October 1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

AREA MENTAL HEALTH ADMINISTRATIVE COSTS

SECTION 10.27. Section 21.65 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.65.(a)** Area mental health, developmental disabilities, and substance abuse authorities or counties administering mental health, developmental disabilities, and substance abuse services shall develop and implement plans to reduce local administrative costs. The plans shall be developed in accordance with guidelines adopted by the Secretary, in consultation with the Local Government Commission and the North Carolina Association of County Commissioners, and in accordance with the following:

(1) For the 2001-2002 fiscal year, administrative costs for:
   a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed fifteen percent (15%).
   b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed fifteen percent (15%).

(2) For the 2002-2003 fiscal year, administrative costs for:
   a. Area mental health, developmental disabilities, and substance abuse services programs shall not exceed thirteen percent (13%).
   b. Counties administering mental health, developmental disabilities, and substance abuse services through a county program shall not exceed thirteen percent (13%).

SECTION 21.65.(b) The Department of Health and Human Services shall report its progress in complying with this section not later than January 1, 2002, and April 15, 2002. The reports shall be submitted to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division and shall include:

(1) A description of the process used and the participants involved in complying with subsection (a) of this section.

(2) The guidelines developed under subsection (a) of this section.

(3) A description of local compliance initiatives and efforts including program or function consolidation.

(4) A list of area programs at or below the targeted thirteen percent (13%) for the 2000-2001 fiscal year.

(5) Projected savings in administrative costs as a result of implementation of the targeted limits required under this section.

SECTION 21.65.(c) Beginning in the 2002-2003 fiscal year, the Department may implement alternative approaches to establish reasonable administrative cost limitations for Local Management Entities (LMEs), including both county programs and area authority models, and service providers in accordance with system reform and changes in system funding structures."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

MENTAL RETARDATION CENTER DOWNSIZING

SECTION 10.28. Section 21.67 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.67.(a)** In accordance with the Department of Health and Human Services' plan for downsizing the State's regional mental retardation facilities by four percent (4%) each year, the Department shall implement cost-containment and reduction strategies to ensure the corresponding financial and staff downsizing of each facility. The Department shall manage the client population of the mental retardation centers in order to ensure that placements for ICF/MR level of care shall be made in non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last resort and only upon approval of the Department. The corresponding budgets for each of the State mental retardation centers shall be reduced, and positions shall be eliminated as the census of each facility decreases. At no time shall mental retardation center positions be transferred to other units within a facility or assigned nondirect care activities such as outreach.

SECTION 21.67.(a1) Any savings in State appropriations in excess of two million nine hundred thousand dollars ($2,900,000) in each year of the 2001-2003 fiscal biennium that result from reductions in beds or services shall be applied as follows:

(1) Nonrecurring savings shall be placed in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs and shall be used to facilitate the transition of clients into appropriate community-based services and support in accordance with Section 21.58 of this act, and

(2) Recurring savings realized through implementation of this section shall be retained by the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services to support the recurring costs of additional community-based placements from Division facilities in accordance with Olmstead vs. L.C. & E.W. In determining the savings in this section, savings shall include all savings realized from the downsizing of the State mental retardation centers including both the savings in

direct State appropriations in the budgets of the State mental retardation centers as well as the savings in the State matching portion of reduced Medicaid payments associated with downsizing.

SECTION 21.67.(b) The Department of Health and Human Services shall report on its progress in complying with this section to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The progress report shall be submitted not later than January 15, 2002, and a final report submitted not later than ~~May 1, 2002.~~October 1, 2002.

SECTION 21.67.(c) Downsizing of mental retardation centers which occurs in the 2001-2002 fiscal year shall be maintained for the 2002-2003 fiscal year. Effective July 1, 2002, downsizing shall be accomplished in accordance with this section and the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. All savings resulting from downsizing occurring on and after July 1, 2002, shall be utilized as set forth in subsection (a1) of this section."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN

SECTION 10.29. Section 21.68A of S.L. 2001-424 reads as rewritten:

"**SECTION 21.68A.** The Department of Health and Human Services shall develop and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~ bed days among counties served by the State's regional psychiatric hospitals. The Plan shall incorporate policies that take into consideration State and county fiscal responsibilities and capacity, cost efficiency, and the principles and guidance embodied in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the implementation of this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division, on ~~March 1, 2002.~~November 1, 2002."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY

SECTION 10.30. Section 4 of S.L. 2001-437 reads as rewritten:

"**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1, 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~ only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2 of this act becomes effective July 1 of the fiscal year for which funds are appropriated by the 2003 General Assembly for that purpose. The remainder of this act is effective when it becomes law."

Requested by: Representatives Earle, Nye, Alexander, Insko, Easterling, Oldham, Redwine, Thompson

DHHS COORDINATION OF RULES

SECTION 10.31.(a) The Secretary of the Department of Health and Human Services and the Chairs of the Commissions listed in this section shall collaborate in the development of a process for identifying and resolving issues pertaining to duplication and conflict of rules adopted by the Secretary and each Commission that affect the area of mental health, developmental disabilities, and substance abuse services. The process shall address the following:

(1) How to identify on a routine basis proposed rules that duplicate in whole or in part other rules proposed or adopted and ways of avoiding the duplication without interfering with the agency's statutory duty to adopt the rule and without impairing the effectiveness of the rule in carrying out the statutory mandate.

(2) How to identify on a routine basis adopted rules that are in conflict, proposed rules that conflict with other proposed or adopted rules, and ways of addressing the conflict without interfering with the agency's statutory duty to adopt the rule and without impairing the effectiveness of the rule in carrying out the statutory mandate.

The following Commissions shall collaborate with the Secretary on the development of this process: the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, the Social Services Commission, the Commission for Health Services, the Medical Care Commission, and other Commissions that adopt rules affecting the area of mental health, developmental disabilities, and substance abuse services that the Secretary has a duty to implement. The Secretary shall also involve a representative of the Division of Medical Assistance in this effort.

SECTION 10.31.(b) The Secretary and the Commissions shall implement the process required by Section 1 of this act not later than October 1, 2002. Not later than October 15, 2002, the Secretary shall report to the Joint Legislative Commission on Mental Health, Developmental Disabilities, and Substance Abuse Services the following:

(1) The status of the review of rules conducted by the Department for determining the existence of ambiguity, duplication, or conflict.

(2) Specific rules identified that are in conflict and the recommended action for resolving the conflict.

(3) Statutory changes necessary to accomplish the purposes of the rules review process required by Section 1 of this act.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PATIENT ADVOCATE POSITIONS ORGANIZATIONAL CHANGE

SECTION 10.31A. In order to better achieve the purposes of patient advocate positions, the Department of Health and Human Services shall develop a plan

for restructuring the organizational framework for patient advocate positions such that patient advocates in the State psychiatric hospitals and mental retardation centers are under the supervision of and report directly to Department officials rather than to the Directors of these facilities. In developing the plan, the Department shall not relocate the patient advocates nor change their duties and responsibilities, but shall determine the best organizational structure within the Department for these positions. In developing the plan the Department shall also consider contracting for patient advocate services. The Department shall report on the development of the plan to restructure the patient advocate position organizational framework. The report shall include the following information:

(1) The various potential organizational structures under the Department's organizational framework considered for the patient advocate positions.

(2) The organizational framework recommended by the Department.

(3) The Department officials responsible for supervision of the patient advocates under the new organizational framework.

(4) Whether the Department considered contracting for patient advocate services and the reasons for its decision about contracting for these services.

The Department shall submit the report not later than December 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

SUBPART 4. DIVISION OF SOCIAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE

SECTION 10.32. Section 21.42(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.42.(d)** The Department of Health and Human Services shall report on the use of these funds no later than April 1, ~~2002~~2003, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD WELFARE SYSTEMS PILOTS REPORTS

SECTION 10.33.(a) Section 21.46(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.46.(a)** The Department of Health and Human Services, Division of Social Services, shall develop a plan, working with local departments of social services, to implement an alternative response system of child protection in no fewer than two and no more than 10 demonstration areas in this State. The plan should provide for the

pilots to implement an alternative response system in which local departments of social services utilize family assessment tools and family support principles when responding to selected reports of suspected child ~~neglect.~~neglect and dependency."

SECTION 10.33.(b) The Department of Health and Human Services shall report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than April 1, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT

SECTION 10.34. Section 21.48(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.48.(e)** The Department shall report on activities under this section. This report is due to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on May 1, ~~2002.~~2003."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES

SECTION 10.35. Section 21.54A of S.L. 2001-424 reads as rewritten:

"**SECTION 21.54A.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of one million five hundred thousand dollars ($1,500,000) for the 2001-2002 fiscal ~~year, and one million five hundred thousand dollars ($1,500,000) for the 2002-2003 fiscal year,~~year shall be used to contract for additional child support services in urban counties demonstrating significant caseload backlogs. The additional support to urban counties shall address the backlog of cases and emphasize the establishment of paternities and the location of absent parents."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE/COUNTY SPECIAL ASSISTANCE

SECTION 10.36. Section 21.44(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.44.(d)** Effective October 1, 2002, the maximum monthly rate for residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars ($1,120) per month per resident.~~one thousand ninety-one dollars ($1,091) per month per resident."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ELECTING COUNTY TANF FUNDS REVERT

SECTION 10.37. G.S. 108A-27.11(c) reads as rewritten:

"(c) Each Electing County's allocation for Work First Family Assistance shall be computed based on the percentage of each Electing County's total expenditures for cash assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting percentage shall be applied to the federal TANF block grant funds appropriated for cash assistance by the General Assembly each fiscal year. The Department shall transmit the federal funds contained in the county block grants to Electing Counties as soon as practicable after they become available to the State and in accordance with federal cash management laws and regulations. The Department shall transmit one-fourth of the State funds contained in county block grants to Electing Counties at the beginning of each quarter. ~~Once paid, the county block grant funds shall not revert.~~"

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES

SECTION 10.38. Section 21.54(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.54.(b)** The Department shall submit a progress report on the development of the model to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on or before January 1, 2002, and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the following:

(1) The proposed time and location for implementation of the pilot.
(2) Proposed number of residents to be placed and services to be provided directly by the facility or under contract with the facility.
(3) Method for evaluating the pilot, including services provided, on a regular basis.
(4) A description of the living environment for each resident and a comparison of how the living environment compares to that of other residents in the adult care home.
(5) Changes to State law necessary to implement the pilot.
(6) Projected cost to the State for pilot and statewide implementation."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM REPEALED

SECTION 10.39. Section 21.35 of S.L. 2001-424 is repealed.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY

SECTION 10.40.(a) The Department of Health and Human Services shall develop a plan to address the short-term and long-term recommendations of the report

titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special Assistance Rate Methodology, May, 2002." The plan shall include:

(1) Setting the rate at the median plus a percentage;

(2) Excluding low-occupancy facilities from the rate-setting methodology; and

(3) Adjusting fixed costs for inflation.

SECTION 10.40.(b) The Department shall implement the following changes to the adult care home cost reports:

(1) Revise the Direct Cost category to exclude personal care and medical related transportation;

(2) Revise the Indirect Cost category to exclude property/ownership/use;

(3) Revise the category of other Cost centers to include: personal care, medically related transportation, and mental health services;

(4) Create a capital cost center category to include property/ownership/use;

(5) Create a nonreimbursable cost category; and

(6) Define allowable and nonallowable expenditures.

The Department of Health and Human Services shall make the new cost report format available to each facility 90 days prior to implementation.

SECTION 10.40.(c) The Department shall expand current audit policies and procedures for auditing provider costs. The Department shall create an audit function that is directly answerable to the State and involves fewer but more detailed audits. All providers of services to State/County Special Assistance recipients shall be subject to a State audit if selected. The specific audit requirements shall be based on auditing requirements of governmental programs providing similar services. The Department shall combine Division of Medical Assistance audits for personal care services and audits for State/County Special Assistance. The Department shall use the sum of three hundred thousand dollars ($300,000) in available resources for State/County Special Assistance and Medicaid funds to cover the additional auditing costs. The Department in consultation with the Office of the State Auditor shall contract with an independent consultant for this service.

SECTION 10.40.(d) The Department shall apply for federal waivers to pay facilities directly for residential services for State/County Special Assistance recipients.

SECTION 10.40.(e) The Department shall report on the progress of the implementations of the requirements of this section no later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

SPECIAL CHILDREN ADOPTION FUND

SECTION 10.41. Section 21.40(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.40.(b)** Of the total funds appropriated for the Special Children Adoption Fund, each year ~~one million dollars ($1,000,000)~~twenty percent (20%) of the total funds available shall be reserved for payment to participating private adoption agencies. If the funds reserved in this subsection for payments to private adoption agencies have not been spent on or before March 31, ~~2002,~~2003, the Division of Social Services may reallocate those funds, in accordance with this section, to other participating adoption agencies."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

BOYS AND GIRLS CLUBS

SECTION 10.41A. The sum of five hundred fifty thousand dollars ($550,000) appropriated in this act to the Department of Health and Human Services for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youths and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate.

SUBPART 5. DIVISION OF AGING

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

ALZHEIMER'S ASSOCIATION FUNDS FY 2001-2002

SECTION 10.42. Section 21.31 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.31.** Of the funds appropriated in this act to the Department of Health and Human Services, Division of Aging, the sum of one hundred fifty thousand dollars ($150,000) for the 2001-2002 fiscal year ~~and the sum of one hundred fifty thousand dollars ($150,000) for the 2002-2003 fiscal year~~ shall be allocated as follows:

(1) $75,000 ~~in each fiscal year~~ for the Western Carolina Alzheimer's Chapter; and

(2) $75,000 ~~in each fiscal year~~ for the Eastern NC Alzheimer's Chapter.

Before funds may be allocated to any chapter under this section, the Chapter shall submit to the Division of Aging, for its approval, a plan for the use of the funds."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

HOME AND COMMUNITY CARE BLOCK GRANT SERVICES

SECTION 10.42A. The Department of Health and Human Services, Division of Aging, shall allocate reductions to the Home and Community Care Block Grant for the 2002-2003 fiscal year. The Department shall ensure, to the maximum

extent possible, that the allocation of reductions does not promote or directly result in placement in long-term care residential facilities. To this end, the Department shall consider for reduction such services as senior center development and outreach, disease prevention and health promotion, and information assistance and training, among others.

SUBPART 6. OFFICE OF EDUCATIONAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

RESIDENTIAL SCHOOLS REPORTING

SECTION 10.44. The Office of Education Services shall report not later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities of the Eastern North Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at Morganton, and the Governor Morehead School for the Blind. The report shall include enrollment numbers at the schools, the budgets, and the academic status of the schools as defined under the ABC's program.

SUBPART 7. DIVISION OF PUBLIC HEALTH

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

HEART DISEASE AND STROKE PREVENTION TASK FORCE

SECTION 10.45. Section 21.95 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report to the Governor and the General Assembly by June 30, 2003. ~~by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.~~"

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

NEWBORN HEARING SCREENING PROGRAM REPORT

SECTION 10.46. Section 21.96 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.96.** The Department of Health and Human Services shall report the following information on the newborn hearing screening program:

(1) Unduplicated number of infants screened.

(2) Number of infants who failed the second hearing screening.

(3) Number of infants receiving the diagnostic evaluation.
(4) Number and types of services provided.
(5) Number and types of follow-up services provided to children.

The Department shall submit the report not later than May 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall report not later than January 1, 2003, on its activities to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

INTENSIVE HOME VISITING

SECTION 10.47. Section 21.97(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.97.(b)** The Division shall require in-home visitors to collect data on program participants as a condition of participation. This requirement shall include six-month periodic assessments and completion of the questionnaires. The Department shall ensure that the collection, maintenance, use, and disclosure of data complies with applicable State and federal law protecting privacy of health and other individual information. By April 1, ~~2002,~~ 2003, the Division shall report to the Senate Appropriations Committee on Health and Human Services and the House of Representatives Appropriations Subcommittee on Health and Human Services on the following items:

(1) Number of clients/families enrolled per county.
(2) Attrition and reasons why families leave the program.
(3) Average number of home visits per month.
(4) Average time involved per home visit.
(5) Baseline family characteristics.
(6) Health behaviors.
(7) Perinatal and birth outcomes.
(8) Other relevant outcome information.

All program information shall include the identification of the model used in order to compare these models in the future."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 10.48.(a) Section 21.90(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.90.(b)** For the 2001-2002 fiscal year and for the 2002-2003 fiscal year, HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of~~

~~State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (a) of this section. Until the Office of State Budget and Management makes this certification, eligibility~~Eligibility for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. ~~Following six months of increased eligibility at one hundred fifty percent (150%) of the federal poverty level, eligibility for participation in ADAP shall be extended to individuals with incomes up to one hundred seventy-five percent (175%) of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals with incomes up to two hundred percent (200%) of the federal poverty level.~~"

SECTION 10.48.(b) The Department of Health and Human Services shall develop a plan to manage costs in ADAP and to serve additional participants within additional resources. The plan shall include an assessment of the following, including, where applicable, a review of other states' actions in these areas:

(1) Limiting the drug formulary.

(2) Capping expenditures on a per participant/per month basis.

(3) Providing financial assistance to participants for health care program premiums.

SECTION 10.48.(c) The Department shall report on activities conducted under this section and under Section 21.90 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division. The Department shall submit an interim report not later than December 1, 2002, and a final report not later than May 1, 2003.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

PRESCRIPTION DRUG ASSISTANCE PROGRAM

SECTION 10.49.(a) Section 21.88 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.88.** Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for persons:

(1) Over the age of 65 years and not eligible for full Medicaid benefits;

(2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and

(3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs."

SECTION 10.49.(b) It is the intent of the General Assembly that funding for prescription drug assistance provided by the Health and Wellness Trust Fund shall include funds for the transition of benefits formerly provided under the Prescription Drug Assistance Program.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT

SECTION 10.52. The Department of Health and Human Services shall report on the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

DEVELOPMENTAL EVALUATION CENTERS

SECTION 10.53.(a) The Department of Health and Human Services, Division of Public Health, shall administer the reduction in funds for the 2002-2003 fiscal year of two million seventy-six thousand four hundred twenty-six dollars ($2,076,426) to all Developmental Evaluation Centers (DECs) based upon the following:

(1) Prior years' expenditures of the DEC,
(2) Elimination of vacant positions, and
(3) Overall needs of the DEC.

The reduction shall not result in the entire closure of an individual DEC and the implementation of the reduction should seek to minimize the loss of direct services to children, looking first at administrative reductions.

SECTION 10.53.(b) The Division of Public Health shall prepare a plan for the future of Developmental Evaluation Centers that will involve a needs-assessment of services and geographical needs. The plan shall also include an assessment of the number of DECs needed and recommendations for future downsizing or growth based on data to be provided in the report. The plan will augment the Early Intervention Services Plan submitted to the General Assembly. The Division shall report on its plan not later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

STATE LABORATORY COST ANALYSIS

SECTION 10.53A.(a) The Fiscal Research Division of the Legislative Services Office shall contract with an independent consultant to conduct a cost identification and fully allocated cost analysis of services provided by the North

Carolina State Laboratory, Division of Public Health of the Department of Health and Human Services. The identification and analysis shall include at least the following services: cancer cytology, environmental sciences, newborn screening testing, and infectious and communicable disease testing. The Fiscal Research Division shall issue a Request for Proposal to obtain the services of the independent consultant, shall manage the contract, and shall consult with the Division of Public Health in the development of the Request for Proposal.

SECTION 10.53A.(b) The Department of Health and Human Services shall transfer not more than fifty thousand dollars ($50,000) to the General Assembly, Fiscal Research Division of the Legislative Services Office. These funds shall be used to conduct the identification and analysis required in subsection (a) of this section.

SECTION 10.53A.(c) The contractor conducting the analysis shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services no later than May 1, 2003, on the results of the analysis and recommendations.

SUBPART 8. DIVISION OF CHILD DEVELOPMENT

Requested by: Representatives Earle, Nye, Baddour, Easterling, Oldham, Redwine

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS

SECTION 10.55.(a) Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.75.(d)** The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal ~~year~~ years 2001-2002 and 2002-2003 shall be administered and distributed in the following manner:

(1) The North Carolina Partnership for Children, Inc., shall develop a policy to allocate the reduction of funds for Early Childhood Education and Development Initiatives for the 2001-2002 and 2002-2003 fiscal ~~year.~~years.

(2) The North Carolina Partnership for Children, Inc., administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

(3) The Department of Health and Human Services Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.

(4) Capital expenditures and playground equipment expenditures are prohibited for fiscal ~~year 2001-2002.~~years 2001-2002 and 2002-2003. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.

(5) Promotional items that specifically advertise Smart Start or the local Partnership may not be purchased with State funds appropriated for fiscal year 2002-2003."

SECTION 10.55.(b) Section 21.75(f) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.75.(f)** For the 2001-2002 and 2002-2003 fiscal ~~year,~~years, the North Carolina Partnership for Children, Inc., shall not approve local partnership plans that allocate State funds to child care providers for one-time quality improvement initiatives in the following circumstances:

(1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.

(2) Child care facilities that do not accept child care subsidy funds.

(3) Child care facilities that previously received quality improvement grants whose quality initiatives failed to increase licensure."

SECTION 10.55.(c) For the 2002-2003 fiscal year, the local partnerships shall spend an amount for child care subsidies that provides at least fifty-two million dollars ($52,000,000) for the TANF maintenance of effort requirement and the Child Care Development Fund and Block Grant match requirement.

SECTION 10.55.(d) G.S. 143B-168.12 is amended by adding a new subsection to read:

"(e) The North Carolina Partnership shall develop guidelines for local partnerships to follow in selecting capital projects to fund. The guidelines shall include assessing the community needs in relation to the quantity of child care centers, assessing the cost of purchasing or constructing new facilities as opposed to renovating existing facilities, and prioritizing capital needs such as construction, renovations, and playground equipment and other amenities."

SECTION 10.55.(e) G.S. 143B-168.13(a)(1a) reads as rewritten:

"(1a) Develop and conduct a statewide needs and resource assessment every third year, beginning in the 1997-98 fiscal year. This needs assessment shall be conducted in cooperation with the North Carolina Partnership and with the local partnerships. This needs assessment shall include a statewide assessment of capital needs. The data and findings of this needs assessment shall form the basis for annual program plans developed by local partnerships and approved by the North Carolina Partnership."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

MORE AT FOUR PROGRAM

SECTION 10.56.(a) Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.76B.(d)** In development of the "More At Four" pilot, the Department of Health and Human Services, in consultation with the Department of Public Instruction and the Task Force, shall:

(1) Contract with an independent research organization, outside the Department of Health and Human Services and the Department of Public Instruction, with proven expertise in evaluation of prekindergarten programs, for ~~the design of an evaluation component. The evaluation component shall facilitate longitudinal review of the program and child-specific outcomes to include, at a minimum, participants' readiness for kindergarten, percentage of participants~~

~~scoring at or above grade level on the third grade end-of-grade test, and high school graduation rates.~~pre- and post-assessments of children participating in the More At Four program. Of the funds appropriated in this act, the Department shall not spend more than three hundred thousand dollars ($300,000) on this contract.

(2) Collaborate in the development of a system to collect and maintain child-specific information to provide for the long-term evaluation of the pilot. The system shall be developed in a manner which ~~builds upon~~utilizes existing State and local systems and ~~which facilitates the interface with~~ the N.C. Student Information Management System."

SECTION 10.56.(b) Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.76B.(f)** In order to maximize and coordinate funding for prekindergarten programs for ~~four-year-olds~~ at-risk preschoolers with demonstrated educational needs, the Department of Health and Human Services, the Department of Public Instruction, ~~and~~ the Task ~~Force~~ Force, and the North Carolina Partnership for Children, Inc., shall identify and make recommendations on the ~~reallocation~~ most efficient and effective use of funds from existing State and local programs providing prekindergarten related care and services, including child care subsidies. All potential funding sources, including federal as well as State-funded efforts, shall be identified. The report required under subsection (g) of this section shall include recommendations on strategies to ensure coordination between the Partnership, More At Four, and other prekindergarten programs in addressing the academic and cognitive needs of at-risk preschoolers. The report shall include recommendations on structural changes to Smart Start, More At Four, and other related programs, including consolidation, that may be beneficial in encouraging this coordination. The report shall include a plan and a timetable for implementation of the recommendations."

SECTION 10.56.(c) Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.76B.(g)** The Department of Health and Human Services, the Department of Public Instruction, and the Task Force shall report by January 1, 2002, and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Health and Human Services, and the House of Representatives Appropriations Subcommittee on Health and Human Services on the progress in complying with this section. A final report along with recommendations for changes or expansion of the program shall be presented to the ~~2003 General Assembly.~~ Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than December 1, 2002. This final report shall include the following:

(1) The number of children participating in the program.

(2) The number of children participating in the program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected expenditures for the fiscal year.

(4) The location of program sites and the corresponding number of children participating in the program at each site.

(5) Recommendations regarding most efficient and effective use of State, local, and federal funds to maximize the provision of services to at-risk preschoolers and to eliminate duplication of efforts."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

CHILD CARE SUBSIDY RATES

SECTION 10.57.(a) Section 21.73(f) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.73.(f)** Provision of payment rates for child care providers in counties that do not have at least ~~75~~ 50 children in each age group for center-based and home-based care are as follows:

(1) Payment rates ~~shall~~ may be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than ~~75~~ 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied."

SECTION 10.57.(b) Section 21.73(d) of S.L. 2001-424 reads as rewritten:

"**SECTION 21.73.(d)** Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective ~~October 1, 2001,~~ October 1, 2002, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	~~10%~~10.5%
4-5	~~9%~~ 9.5%
6 or more	~~8%.~~ 8.5%."

Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine, Thompson

REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL REPAYMENT REQUIREMENTS

SECTION 10.58. G.S. 110-108 is repealed.

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

CLOSE ROBBINS DIAGNOSTIC LABORATORY

SECTION 11.1. The Department of Agriculture and Consumer Services shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in

Moore County and reassign one veterinarian position and one medical laboratory technician position to the Rollins Animal Disease Diagnostic Laboratory located in Raleigh. In order to preserve current laboratory capability, poultry diagnostic services currently performed at the Poultry Disease Diagnostic Laboratory located in the Town of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory located in Raleigh or at other animal disease diagnostic laboratories of the Department of Agriculture and Consumer Services.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING

SECTION 11.2.(a) The Office of State Budget and Management shall, in accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues within the Department of Agriculture and Consumer Services to more accurately reflect actual revenues.

SECTION 11.2.(b) Notwithstanding G.S. 143-23, the Division of Research Stations of the Department of Agriculture and Consumer Services shall not spend more during the 2002-2003 fiscal year than is appropriated under this act for the Division of Research Stations of the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

TRANSFER MOUNTAIN STATE FAIR RECEIPTS

SECTION 11.3. The Department of Agriculture and Consumer Services shall transfer the sum of seventy thousand dollars ($70,000) from the Mountain State Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development Association, Inc., to be used to promote agricultural development in the western part of the State.

Requested by: Representatives Nye, Easterling, Oldham, Redwine, Thompson

NC FARMERS' MARKETS/ANALYZE CERTAIN OPERATIONAL GUIDELINES AND ENFORCEMENT OF GUIDELINES

SECTION 11.4.(a) It is the intent of the General Assembly to support small farms that are family farms and that farmers' markets operated by the Department of Agriculture and Consumer Services are operated in a manner that provides retail outlets for these farmers to sell the farm products they produce on these farms.

SECTION 11.4.(b) The Department of Agriculture and Consumer Services shall analyze the operational guidelines of the farmers' markets operated by the Department of Agriculture and Consumer Services with respect to the current requirements for the percentage of farm products that a farmer must produce on the farmer's own farm to be eligible to sell farm products at retail in the main areas of these farmers' markets. The Department of Agriculture and Consumer Services also shall analyze the current enforcement of the operational guidelines of the farmers' markets

operated by the Department of Agriculture and Consumer Services. No later than December 1, 2002, the Department of Agriculture and Consumer Services shall report any recommendations concerning the matters analyzed under this section to the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham, Redwine, Thompson

GRASSROOTS SCIENCE PROGRAM

SECTION 12.1. Section 19.2 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.2.** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred twenty thousand dollars ($3,120,000) for fiscal year 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars ($3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars ($2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	$58,733	~~$58,733~~	$57,535
Cape Fear Museum	$209,018	~~$209,018~~	$187,205
Catawba Science Center	$167,833	~~$167,833~~	$151,669
Colburn Gem and Mineral Museum, Inc.	$71,336	~~$71,336~~	$68,409
Discovery Place	$699,985	~~$699,985~~	$610,826
Granville County Museum Commission, Inc. - Harris Gallery	$61,553	~~$61,553~~	$59,968
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	$157,305	~~$157,305~~	$142,585
Imagination Station	$94,815	~~$94,815~~	$88,668
Iredell County Children's Museum	$58,342	~~$58,342~~	$57,198
Museum of Coastal Carolina	$64,141	~~$64,141~~	$62,201
Natural Science Center of Greensboro	$250,850	~~$250,850~~	$223,299
North Carolina Museum of Life and Science	$445,843	~~$445,843~~	$391,545
Rocky Mount Children's Museum	$88,855	~~$88,855~~	$83,525
Schiele Museum of Natural History	$348,433	~~$348,433~~	$307,496
Sci Works Science Center and Environmental Park of Forsyth County	$178,947	~~$178,947~~	$161,259

Western North Carolina Nature Center	$164,011	~~$164,011~~	$148,372
Total	$3,120,000	~~$3,120,000~~	$2,801,760"

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS

SECTION 12.2. Section 19.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five hundred thousand dollars ($500,000) for the 2001-2002 fiscal year and the sum of ~~five hundred thousand dollars ($500,000)~~ four hundred forty-nine thousand dollars ($449,000) for the 2002-2003 fiscal year shall be used to provide the State share necessary to support the beaver damage control program established in G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars ($25,000) in federal funds is available each fiscal year of the biennium to provide the federal share."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REORGANIZATION OF DENR/CONFORMING CHANGES

SECTION 12.3.(a) The positions of Division Director and of Administrative Assistant I within the Division of Radiation Protection of the Department of Environment and Natural Resources are eliminated. All other positions within the Division of Radiation Protection of the Department of Environment and Natural Resources are reassigned to the Division of Environmental Health of the Department of Environment and Natural Resources. All functions, powers, duties, and obligations of the Division of Radiation Protection of the Department of Environment and Natural Resources shall be performed by the Division of Environmental Health of the Department of Environment and Natural Resources. The Division of Radiation Protection of the Department of Environment and Natural Resources is abolished.

SECTION 12.3.(b) G.S. 104E-8(c) reads as rewritten:

"(c) The 10 ex officio members shall be appointed by the Governor, shall be members or employees of the following State agencies or their successors, and shall serve at the Governor's pleasure:

(1) The Utilities Commission;
(2) The Commission for Health Services;
(3) The Environmental Management Commission;
(4) The Board of Transportation;
(5) The Division of Emergency Management of the Department of Crime Control and Public Safety;
(6) The Division of ~~Radiation Protection~~ Environmental Health of the Department;
(7) The Department of Labor;
(8) The Industrial Commission;
(9) The Department of Insurance;

(10) The Medical Care Commission."

SECTION 12.3.(c) G.S. 104E-9(b) reads as rewritten:

"(b) The ~~Radiation Protection~~ Division of Environmental Health of the Department of Environment and Natural Resources shall develop a training program for tanning equipment operators that meets the training rules adopted by the North Carolina Radiation Protection Commission. If the training program is provided by the Department, the Department may charge each person trained a reasonable fee to recover the actual cost of the training program."

SECTION 12.3.(d) G.S. 120-70.33 reads as rewritten:

"**§ 120-70.33. Powers and duties.**

The Joint Select Committee shall have the following powers and duties:

(1) To study alternatives available to the State for dealing with low-level radioactive waste and the ramifications of each of those alternatives;

(2) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(3) To evaluate actions of the Radiation Protection Commission, the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, and of any other board, commission, department, or agency of the State or local government as such actions relate to low-level radioactive waste management;

(4) Repealed by Session Laws 2001-474, s. 12, effective November 29, 2001.

(5) To review and evaluate changes in federal law and regulations, relevant court decisions, and changes in technology affecting low-level radioactive waste management;

(6) To review existing and proposed State law and rules affecting low-level radioactive waste management and to determine whether any modification of law or rules is in the public interest;

(7) To make reports and recommendations, including draft legislation, to the General Assembly from time to time as to any matter relating to the powers and duties set out in this section; and

(8) To undertake such additional studies as it deems appropriate or as may from time to time be requested by the President Pro Tempore of the Senate, the Speaker of the House of Representatives, either house of the General Assembly, the Legislative Research Commission, the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, or the Joint Legislative Utility Review Committee, and to make such reports and recommendations to the General Assembly regarding such studies as it deems appropriate."

SECTION 12.3.(e) G.S. 143B-279.3(c)(1) is repealed.

SECTION 12.3.(f) G.S. 166A-6.1(b) reads as rewritten:

"(b) Every person, firm, corporation or municipality who is licensed to construct or who is operating a fixed nuclear facility for the production of electricity shall pay to

the Department of Crime Control and Public Safety, for the use of the Division of ~~Radiation Protection~~Environmental Health of the Department of Environment and Natural Resources, an annual fee of thirty-six thousand dollars ($36,000) for each fixed nuclear facility that is located within this State or has a Plume Exposure Pathway Emergency Planning Zone of which any part is located within this State. This fee shall be applied to the costs of planning and implementing emergency response activities as are required by the Federal Emergency Management Agency for the operation of nuclear facilities. This fee is to be paid no later than July 31 of each year."

SECTION 12.3.(g) This section is effective when it becomes law.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

DENR POSITION FOR SCRAP TIRE PROGRAM

SECTION 12.5.(a) Section 19.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites."

SECTION 12.5.(b) G.S. 130A-309.63 reads as rewritten:

"**§ 130A-309.63. Scrap Tire Disposal Account.**

(a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting account within the Department. The Account consists of revenue credited to the Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of Chapter 105 of the General Statutes. The Department may use revenue in the Account only as authorized by this section.

(b) Use. – The Department may use revenue in the Account only as authorized by this section.

(1) The Department may use up to fifty percent (50%) of the revenue in the Account to make grants to units of local government to assist them in disposing of scrap tires. To administer the grants, the Department shall establish procedures for applying for a grant and the criteria for selecting among grant applicants. The criteria shall include the financial ability of a unit of local government to provide for scrap tire disposal, the severity of a unit of local government's scrap tire disposal problem, the effort made by a unit of local government to ensure that only tires generated in the normal course of business in this State are provided free disposal, and the effort made by a unit of local government to provide for scrap tire disposal within the resources available to it.

(2) The Department may use up to forty percent (40%) of the revenue in the Account to make grants to encourage the use of processed scrap tire materials. These grants may be made to encourage the use of tire-derived fuel, crumb rubber, carbon black, or other components of tires for use in products such as fuel, tires, mats, auto parts, gaskets, flooring material, or other applications of processed tire materials. These grants shall be made in consultation with the Department of Commerce, the Division of ~~Environmental Assistance and~~ Pollution Prevention and Environmental Assistance of the Department, and, where appropriate, the Department of Transportation. Grants to encourage the use of processed scrap tire materials shall not be used to process tires.

(3) The Department may use revenue in the Account to support a position to provide local governments with assistance in developing and implementing scrap tire management programs designed to complete the cleanup of nuisance tire collection sites and prevent scrap tires generated from outside of the State from being presented for free disposal in the State.

(4) The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.

(c) Eligibility. – A unit of local government is not eligible for a grant for scrap tire disposal unless its costs for disposing of scrap tires for the six-month period preceding the date the unit of local government files an application for a grant exceeded the amount the unit of local government received during that period from the proceeds of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for scrap tire disposal may not exceed the unit of local government's unreimbursed cost for the six-month period.

~~(d) Cleanup of Nuisance Tire Sites. – The Department may use the remaining revenue in the Account only to clean up scrap tire collection sites that the Department has determined are a nuisance. The Department may use funds in the Account to clean up a nuisance tire collection site only if no other funds are available for that purpose.~~

(e) Reporting. – The Department shall include in the report to be delivered to the Environmental Review Commission on or before 15 January of each year pursuant to G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of the implementation of the North Carolina Scrap Tire Disposal Act shall include the beginning and ending balances in the Account for the reporting period, the amount credited to the Account during the reporting period, and the amount of revenue used for grants and to clean up nuisance tire collection sites."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

FUNDS FOR CLEANUP OF WARREN COUNTY PCB LANDFILL

SECTION 12.6. The Department of Environment and Natural Resources may use up to two million five hundred thousand dollars ($2,500,000) from the Inactive Hazardous Sites Cleanup Fund established in G.S. 130A-310.11 for the 2002-2003 fiscal year for the detoxification and remediation of the landfill located in Warren County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated materials.

Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham, Redwine, Thompson

DIVISION OF ENVIRONMENTAL HEALTH POSITION RECLASSIFIED

SECTION 12.7. The vacant position of Applications Analyst Programmer I in the Division of Environmental Health of the Department of Environment and Natural Resources is reclassified as the position of Environmental Engineer II and is assigned to the On-Site Wastewater Section of the Division of Environmental Health of the Department of Environment and Natural Resources.

PART XIII. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

OREGON INLET FUNDS

SECTION 13.1. Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for legal costs associated with the Project. This section becomes effective June 30, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

COUNCIL OF GOVERNMENT FUNDS

SECTION 13.2.(a) Section 20.12(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of Commerce, nine hundred thirty-five thousand dollars ($935,000) for the 2001-2002 fiscal year and ~~nine hundred thirty-five thousand dollars ($935,000)~~ eight hundred thirty-two thousand one hundred fifty dollars ($832,150) for the 2002-2003 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to ~~fifty-five thousand dollars ($55,000)~~ forty-eight thousand nine hundred fifty dollars ($48,950) for ~~each~~ the 2002-2003 fiscal ~~year, with the actual amount calculated as provided in subsection (b) of this section.~~year."

SECTION 13.2.(b) Section 20.12(b) of S.L. 2001-424 is repealed.

SECTION 13.2.(c) Section 20.12 of S.L. 2001-424 is amended by adding a new subsection to read:

"**SECTION 20.12.(c1)** The funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than September 1, 2002, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15, 2003, as specified in subdivision (f)(2) of this section."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 13.3.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million three hundred thousand dollars ($6,300,000) for the 2002-2003 fiscal year for the operation of local offices.

SECTION 13.3.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 2002-2003 fiscal year for the following purposes:

(1) Nine hundred eleven thousand one hundred twenty-one dollars ($911,121) for the 2002-2003 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;

(2) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Community Colleges System Office for customized training of the unemployed and the working poor for specific jobs needed by employers through the Training Initiatives Program;

(3) One million four hundred fifty thousand dollars ($1,450,000) for the 2002-2003 fiscal year to the Community Colleges System Office to continue the Focused Industrial Training Program;

(4) Two hundred one thousand nine hundred fifty-seven dollars ($201,957) for the 2002-2003 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;

(5) Three hundred fifty-nine thousand thirty-five dollars ($359,035) for the 2002-2003 fiscal year to the Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

(6) Fifty-three thousand eight hundred fifty-six dollars ($53,856) for the 2002-2003 fiscal year to the Employment Security Commission to maintain compliance with Chapter 96 of the General Statutes, which directs the Commission to employ the Common Follow-Up

Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs;

(7) Eight hundred ninety-seven thousand five hundred eighty-seven dollars ($897,587) for the 2002-2003 fiscal year to the Department of Labor to continue the Apprenticeship Program; and

(8) Two hundred fifty thousand dollars ($250,000) for the 2002-2003 fiscal year to the Community Colleges System Office for the operation of the Hosiery Technology Center.

SECTION 13.3.(c) North Carolina REAL Enterprises and the other agencies listed in subsections (a) and (b) of this section shall do the following for the programs for which funds are appropriated in this section:

By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) State fiscal year 2002-2003 program activities, objectives, and accomplishments;

(2) State fiscal year 2002-2003 itemized expenditures and fund sources;

(3) State fiscal year 2003-2004 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

(4) State fiscal year 2003-2004 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.

SECTION 13.3.(d) North Carolina REAL Enterprises shall, in addition to satisfying the reporting requirements in subsection (c) of this section, provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS

SECTION 13.4.(a) During the interim between the end of the 2002 Regular Session of the 2001 General Assembly and the beginning of the 2003 General Assembly, the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources may study the feasibility and desirability of designating the Small Business and Technology Development Center (SBTDC), the Department of Commerce, the Community Colleges System Office, or any other government or nonprofit entity as the State's presumptive provider of small business development assistance, including: (i) promoting the development of small business incubators; and (ii) investing in early-stage technology-based businesses.

SECTION 13.4.(b) The subcommittees shall report their recommendations, including any proposed changes to the General Statutes, to the 2003 General Assembly no later than January 15, 2003. The subcommittees may seek and obtain assistance

from any agencies and resources outside the General Assembly that the subcommittees determine are needed to adequately perform the study.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REPORT ON TDA

SECTION 13.4A. By January 15, 2003, the Attorney General shall report to the Senate and House of Representatives Appropriations Subcommittees on Natural and Economic Resources, the chairs of the Senate and House Appropriations Committees, and to the Joint Commission on Governmental Operations regarding any expenditure of funds by the Technological Development Authority, Inc., for purposes outside the scope of activities for which they were appropriated by the General Assembly. The report shall include legal recommendations for the recovery of any misspent funds and a proposed course of action designed to prevent future misuse of State appropriated funds.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

ONE NORTH CAROLINA FUND

SECTION 13.4B.(a) Funds appropriated to the Department of Commerce for the 2001-2002 fiscal year for the One North Carolina Fund that are unexpended and unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30, 2002, but shall remain available to the Department for providing financial assistance to those businesses and industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina.

SECTION 13.4B.(b) This section becomes effective June 30, 2002.

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

SECTION 13.6. Section 20.10 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.10.(a)** Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following ~~commissions~~ Commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

SECTION 20.10.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each ~~regional economic development commission~~ Regional Economic Development Commission as follows:

(1) First, the Department shall establish each ~~commission's~~Commission's allocation by determining the sum of allocations to each county that is

a member of that ~~commission.~~ Commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under ~~G.S. 105-129.3;~~ G.S. 105-129.3.

(2) Next, the Department shall subtract from funds allocated to the Global TransPark Development ~~Zone~~Commission the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year,~~the 2001-2002 fiscal year and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars ($7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session ~~Laws; and~~ Laws.

(3) Next, the Department shall redistribute the sum of two hundred four thousand four hundred thirty-three dollars ($204,433) in ~~each fiscal year~~ the 2001-2002 fiscal year and the sum of one hundred seventy-one thousand nine hundred seventy-nine dollars ($171,979) in the 2002-2003 fiscal year to the seven ~~regional economic development commissions~~ Regional Economic Development Commissions named in subsection (a) of this section. Each ~~commission's~~Commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each ~~commission's~~Commission's allocation determined under subdivision (1) of this subsection.

(4) For the 2002-2003 fiscal year, the reduction in appropriation of funds allocated pursuant to subdivisions (1), (2), and (3) of this subsection was managed by first using the formula applied against the amount appropriated for the 2001-2002 fiscal year and then reducing by the sum of seventy-five thousand dollars ($75,000) the allocation for each of the Regional Economic Development Commissions listed in subsection (a) of this section.

(5) Funds appropriated in this act to the Department of Commerce for the Regional Economic Development Commissions shall be budgeted in Budget Code 14601 (Commerce-State Aid)."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

NONPROFIT REPORTING REQUIREMENTS

SECTION 13.10. Section 20.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc., Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families, Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development Initiative, Inc., North Carolina Association of Community Development Corporations, Inc., and Partnership for the Sounds, Inc., shall do the following:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;
   b. State fiscal year 2000-2001 itemized expenditures and fund sources;
   c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments including actual results through December 31, 2001; and
   d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001;

(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
   a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;
   b. State fiscal year 2001-2002 itemized expenditures and fund sources;
   c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and
   d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002; and

(3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

SECTION 20.14.(b) No funds appropriated under this act shall be released to a nonprofit organization listed in subsection (a) of this section until the organization has satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall not be released to any nonprofit organization that does not satisfy the reporting requirements ~~for~~ by January 15, 2002, or January 15, 2003."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty-eight thousand seven hundred forty-nine dollars ($1,788,749)~~one million seven hundred forty-four thousand seven hundred forty-nine dollars ($1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	$444,000	~~$444,000~~$400,000
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION 13.11.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars ($2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars ($2,902,000)~~two million five hundred forty-two thousand one hundred forty-nine dollars ($2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $1,124,000 ~~in each~~for the 2001-2002 fiscal year and $1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:

a. $837,720 ~~in each~~for the 2001-2002 fiscal year and $810,000 for the 2002-2003 fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

b. $236,280 ~~in each~~for the 2001-2002 fiscal year and $207,800 for the 2002-2003 fiscal year for direct grants to local community

development corporations that have not previously received State funds; and

c. $50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.

(2) $234,000 ~~in each~~for the 2001-2002 fiscal year and $210,600 for the 2002-2003 fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

(3) $1,344,000 ~~in each~~for the 2001-2002 fiscal year and $1,063,749 for the 2002-2003 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall allocate these funds as follows:

a. $1,094,000 ~~in each~~for the 2001-2002 fiscal year and $838,749 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

1. Necessary economic development projects and activities in economically distressed areas;
2. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low-pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or
3. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.

b. $250,000 ~~in each~~for the 2001-2002 fiscal year and $225,000 for the 2002-2003 fiscal year to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants related to water, sewer, or business development projects.

(4) $200,000 in each fiscal year for the Agricultural Advancement Consortium. These funds shall be placed in a reserve and allocated as follows:

a. $75,000 in each fiscal year for operating expenses associated with the Consortium; and

b. $125,000 in each fiscal year for research initiatives funded by the Consortium.

The Consortium shall facilitate discussions among interested parties and shall develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this subsection shall be selected on the basis of need."

Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine, Thompson

OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

SECTION 13.12. Section 20.16(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of four hundred thousand dollars ($400,000) for the 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars ($400,000)~~three hundred eighty thousand dollars ($380,000) for the 2002-2003 fiscal year shall be allocated as follows:

(1) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;

(2) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;

(3) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Centers Kinston and Lenoir County, North Carolina, Inc.; and

(4) $100,000 ~~in each~~for the 2001-2002 fiscal year and $95,000 for the 2002-2003 fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc."

Requested by: Representative Owens

TIME LIMITS CONCERNING VIOLATIONS OF STATUTES OR RULES

SECTION 13.13. Article 1 of Chapter 150B of the General Statutes is amended by adding a new section to read:

"**§ 150B-5. Time limits concerning violations of statutes or rules.**

(a) Unless a shorter time period is otherwise provided by statute or rule, an agency shall notify a person that the agency determines is in violation of a statute or rule within 180 days of the agency obtaining actual knowledge of the person being in violation of the statute or rule.

(b) Unless a shorter time period is otherwise provided by statute or rule, the person notified under subsection (a) of this section shall commence to take action that corrects the violation within 180 days of receiving the notice under subsection (a) of this section.

(c) Unless a shorter time period is otherwise provided by statute or rule, the agency that gave notice under subsection (a) of this section shall impose any remedies available to the agency for the violation within 180 days of the person completing the action to correct the violation, and if the agency fails to impose these remedies within

this time period, the agency is barred from taking any action otherwise available to it with respect to that person being in violation of the statute or rule.

(d) This section does not apply when a longer time period than the time period under subsection (a), (b), or (c) of this section is specified by federal law or regulation."

PART XIV. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SPECIAL SUPERIOR COURT JUDGES

SECTION 14.1.(a) Effective August 27, 2002, G.S. 7A-45.1(a2) is repealed.

SECTION 14.1.(b) G.S. 7A-45.1 is amended by adding a new section to read:

"(a6) Effective July 1, 2003, the Governor may appoint four special superior court judges to serve terms expiring five years from the date that each judge takes office. Successors to the special superior court judges appointed pursuant to this subsection shall be appointed to five-year terms. A special judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

RESTRICT DISTRICT COURT MANDATORY ARBITRATION

SECTION 14.3. G.S. 7A-37.1(c) reads as rewritten:

"(c) This procedure may be employed in civil actions where claims do not exceed fifteen thousand dollars ~~($15,000).~~ ($15,000), except that it shall not be employed in actions in which the sole claim is an action on an account, including appeals from magistrates on such actions."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FEDERAL GRANT FUNDS

SECTION 14.4. The Judicial Department shall use up to the sum of eight hundred seventy-five thousand dollars ($875,000) from funds available to the Department to provide the State match needed in order to receive federal grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Commission on Governmental Operations on the grants to be matched using these funds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine

TRANSFER SENTENCING SERVICES PROGRAM TO OFFICE OF INDIGENT DEFENSE SERVICES

SECTION 14.7.(a) The statutory authority, powers, duties, and functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and purchasing, of the Administrative Office of the Courts to conduct the Sentencing Services Program, as provided by Article 61 of Chapter 7A of the General Statutes, are transferred to the Office of Indigent Defense Services.

SECTION 14.7.(b) G.S. 7A-498.2(a) reads as rewritten:

"(a) The Office of Indigent Defense Services, which is administered by the Director of Indigent Defense Services and includes the Commission on Indigent Defense ~~Services,~~ Services and the Sentencing Services Program established in Article 61 of this Chapter, is created within the Judicial Department. As used in this Article, "Office" means the Office of Indigent Defense Services, "Director" means the Director of Indigent Defense Services, and "Commission" means the Commission on Indigent Defense Services."

SECTION 14.7.(c) G.S. 7A-498.6(b) reads as rewritten:

"(b) The Director shall:

(1) Prepare and submit to the Commission a proposed budget for the Office of Indigent Defense Services, an annual report containing pertinent data on the operations, costs, and needs of the Office, and such other information as the Commission may require;

(2) Assist the Commission in developing rules and standards for the delivery of services under this Article;

(3) Administer and coordinate the operations of the Office and supervise compliance with standards adopted by the Commission;

(4) Subject to policies and procedures established by the Commission, hire such professional, technical, and support personnel as deemed reasonably necessary for the efficient operation of the Office of Indigent Defense Services;

(5) Keep and maintain proper financial records for use in calculating the costs of the operations of the Office of Indigent Defense Services;

(6) Apply for and accept on behalf of the Office of Indigent Defense Services any funds that may become available from government grants, private gifts, donations, or bequests from any source;

(7) Coordinate the services of the Office of Indigent Defense Services with any federal, county, or private programs established to provide assistance to indigent persons in cases subject to this Article and consult with professional bodies concerning improving the administration of indigent services;

(8) Conduct training programs for attorneys and others involved in the legal representation of persons subject to this Article; ~~and~~

(8a) Administer the Sentencing Services Program established in Article 61 of this Chapter; and

(9) Perform other duties as the Commission may assign."

SECTION 14.7.(d) G.S. 7A-771(2a) reads as rewritten:

"(2a) "Director" means the Director of ~~the Administrative Office of the Courts.~~ Indigent Defense Services."

SECTION 14.7.(e) G.S. 7A-772(b) reads as rewritten:

"(b) The Director may establish local sentencing services programs and appoint those staff as the Director deems necessary. These personnel may serve as full-time or part-time State employees or may be hired on a contractual basis when determined appropriate by the director. Contracts entered under the authority of this subsection shall be exempt from the competitive bidding procedures under Chapter 143 of the General Statutes. The ~~Administrative Office of the Courts~~ Office of Indigent Defense Services shall adopt rules necessary and appropriate for the administration of the program. Funds appropriated by the General Assembly for the establishment and maintenance of sentencing services programs under this Article shall be administered by the ~~Administrative Office of the Courts.~~ Office of Indigent Defense Services."

SECTION 14.7.(f) Each Sentencing Services Program shall review its procedures and implement methods of (i) minimizing the frequency with which plans are prepared but not presented to the court, and (ii) ensuring the efficient management of probation revocation cases when they are referred by a judge.

SECTION 14.7.(g) As of July 1, 2002, the number of State positions assigned as administrative staff is reduced from 11 to three. Notwithstanding the provisions of G.S. 7A-772(b), the number of State positions shall not exceed 26. The Office of Indigent Defense Services may reallocate State employee positions in order to provide sentencing services in any of the districts formerly served by non-State agencies. The Office of Indigent Defense Services shall renegotiate contractual arrangements with some of the highest performing nonprofits that have administered sentencing services program to date. Within existing funding, the Office of Indigent Defense Services may also contract with individuals or organizations to provide additional sentencing services.

SECTION 14.7.(h) The Office of Indigent Defense Services shall report by November 1, 2002, to the Chairs of the Senate and House Appropriations Committees and the Senate and House Appropriations Subcommittees on Justice and Public Safety on the reorganization of the Sentencing Services Program pursuant to this section. The report shall include the specific assignments for the State positions, the districts in which sentencing services will be available, the means by which those services will be provided, and an estimated number of plans and cost per plan for the 2002-2003 fiscal year.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

DRUG TREATMENT COURT PROGRAM

SECTION 14.8.(a) The Drug Treatment Court Program shall maintain the existing State-funded programs in Districts 5, 9, 9A, 10, 14, 21, and 26 during the 2002-2003 fiscal year.

SECTION 14.8.(b) It is the intent of the General Assembly that State Drug Treatment Court funds not be used to fund case manager positions when those services

can be reasonably provided by the Treatment Alternatives to Street Crime (TASC) program in the Department of Health and Human Services or by other existing resources. The Drug Treatment Court Program shall identify areas of potential cost savings in the local programs that would result from reducing the number of case manager positions. The Program shall also identify areas in which federal funding might absorb administrative costs.

The Drug Treatment Court Program shall report by February 1, 2003, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the savings identified.

SECTION 14.8.(c) Prior to the establishment of any new local drug treatment court programs, the local drug treatment court management committee shall consult with the TASC program as to the availability of case management services in that community.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SUPERIOR COURT JUDGES' SUBSISTENCE ALLOWANCE

SECTION 14.10. Notwithstanding the provisions of G.S. 7A-44(a), during the 2002-2003 fiscal year each superior court judge shall be allowed three thousand five hundred dollars ($3,500) per year in lieu of necessary subsistence expenses while attending court or transacting official business at a place other than in the county of the judge's residence and in lieu of other professional expenses incurred in the discharge of the judge's official duties.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ADDITIONAL PUBLIC DEFENDER OFFICE

SECTION 14.11.(a) G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
3A	Pitt
3B	Carteret
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth

26	Mecklenburg
27A	Gaston
28	Buncombe

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 14.11.(b) The Office of Indigent Defense Services may use up to the sum of one million two hundred twenty-five thousand dollars ($1,225,000) in funds appropriated to create new positions for the Forsyth County Public Defender's office. These positions shall include the public defender, up to 13 assistant public defenders, and up to 7 support positions.

SECTION 14.11.(c) This section becomes effective September 1, 2002.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

APPELLATE COURTS PRINTING AND COMPUTER OPERATIONS

SECTION 14.12. Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

The Appellate Courts Printing and Computer Operations Fund is established within the Judicial Department as an interest-bearing special revenue account. Accordingly, interest and other investment income earned by the Fund shall be credited to it. All moneys collected through charges to litigants for the reproduction of appellate records and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to support the print shop operations of the Supreme Court and the Court of Appeals, including personnel, maintenance, and capital costs. The Judicial Department may create and maintain receipt-supported positions for these purposes. Revenue in the Fund at the end of each fiscal year shall be transferred to the Court Information Technology Fund established in G.S. 7A-343.2."

PART XV. DEPARTMENT OF JUSTICE

Requested by: Representatives Baddour, Easterling, Oldham, Redwine

NO-CALL REGISTRY AUTHORIZATION

SECTION 15.2.(a) The Department of Justice may use funds available to the Department up to seven hundred thousand dollars ($700,000) during the 2002-2003 fiscal year to establish and implement a no-call registry to stop unwanted telemarketing calls and to increase protections for consumers in transactions initiated by telemarketers. These funds shall also be used to develop programs to protect citizens from improper electronic invasions of privacy.

SECTION 15.2.(b) This section becomes effective only when legislation authorizing the Department of Justice to establish and implement a no-call registry becomes law.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

INSURANCE REGULATORY FUND REIMBURSEMENT

SECTION 15.5. G.S. 58-6-25(d) reads as rewritten:

"(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State treasury, under the control of the Office of State Budget and Management. The proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund. Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly and in accordance with the line item budget enacted by the General Assembly. The Fund is subject to the provisions of the Executive Budget Act, except that no unexpended surplus of the Fund shall revert to the General Fund. All money credited to the Fund shall be used to reimburse the General Fund for the following:

(1) Money appropriated to the Department of Insurance to pay its expenses incurred in regulating the insurance industry and other industries in this State.

(2) Money appropriated to State agencies to pay the expenses incurred in regulating the insurance industry, in certifying statewide data processors under Article 11A of Chapter 131E of the General Statutes, and in purchasing reports of patient data from statewide data processors certified under that Article.

(3) Money appropriated to the Department of Revenue to pay the expenses incurred in collecting and administering the taxes on insurance companies levied in Article 8B of Chapter 105 of the General Statutes.

(4) Money appropriated for the office of Managed Care Patient Assistance Program established under G.S. 143-730 to pay the actual costs of administering the program.

(5) Money appropriated to the Department of Insurance for the implementation and administration of independent external review procedures required by Part 4 of Article 50 of this Chapter.

(6) Money appropriated to the Department of Justice to pay its expenses incurred in representing the Department of Insurance in its regulation of the insurance industry and other related programs and industries in this State that fall under the jurisdiction of the Department of Insurance."

PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF FUNDS FOR YOUTH DEVELOPMENT CENTER AND MULTIPURPOSE BEDS

SECTION 16.1.(a) The Department of Juvenile Justice and Delinquency Prevention may use funds available during the 2002-2003 fiscal year to (i) establish new Youth Development Center beds, (ii) reestablish one multipurpose group home, and (iii) convert one of the 50-bed modular camps in the Eckerd Wilderness Camp Program for use as a Youth Development Center, as defined in G.S. 7B-1501. Any conversion shall be effectuated with existing contract funds.

SECTION 16.1.(b) The Department shall consult with the Joint Legislative Commission on Governmental Operations and the Corrections, Crime Control, and Juvenile Justice Oversight Committee prior to:

(1) Converting any Eckerd Wilderness Camp beds to secure confinement beds during the 2002-2003 fiscal year;

(2) Establishing bed capacity at the standard or expanded capacity level greater than 730 beds, including beds converted at Eckerd Wilderness Camps, during the 2002-2003 fiscal year; or

(3) Reestablishing one multipurpose group home during the 2002-2003 fiscal year.

The report shall include the sources of funding for any additional beds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FUNDING OF TEEN COURT PROGRAMS

SECTION 16.2.(a) Of the funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year, the sum of four hundred eighty-eight thousand six hundred sixty dollars ($488,660) shall be used to continue the operations of teen court programs which received direct State appropriations from the Department in the 2001-2002 fiscal year. For the 2002-2003 fiscal year, the Department shall allocate funds to the Juvenile Crime Prevention Councils in the counties in which those teen court programs are located. For each teen court program, the allocation shall be in an amount equal to the appropriation received by that program in the 2001-2002 fiscal year. The allocations authorized by this subsection are in addition to the formula allocations for the applicable counties.

SECTION 16.2.(b) G.S. 143B-520(b) reads as rewritten:

"(b) Every teen court program that receives ~~State funds, including~~ funds from Juvenile Crime Prevention ~~Councils,~~ Councils shall comply with rules and reporting requirements of the Department of Juvenile Justice and Delinquency Prevention. ~~In particular, teen court programs receiving State funds shall report to the Department on the expenditure of State funds and the number of cases served each year.~~"

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COMMUNITIES IN SCHOOLS REDUCTIONS

SECTION 16.3. The General Fund appropriation to the Department of Juvenile Justice and Delinquency Prevention for Communities in Schools of North Carolina, Inc., is reduced by the sum of one hundred two thousand five hundred dollars ($102,500) for the 2002-2003 fiscal year. This reduction in funding shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FUNDING FOR ECKERD WILDERNESS CAMP

SECTION 16.4. For each youth admitted to the Eckerd Wilderness Camp program from an area mental health authority or a local education agency, the referring authority or agency shall pay the costs associated with the support and treatment of that youth in the program. The Department of Juvenile Justice and Delinquency Prevention shall continue to administer the contract for services with the Eckerd Wilderness Camp program and local education agencies and local mental health authorities shall reimburse the Department at the rates of forty dollars ($40.00) per day for basic camp slots and sixty dollars ($60.00) per day for modular camp slots.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

SECTION 16.5. Section 24.4 of S.L. 2001-424 reads as rewritten:

"**SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile Justice and Delinquency Prevention for the ~~2001-2002~~ 2002-2003 fiscal year may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission shall consult with the Department of Juvenile Justice and Delinquency Prevention regarding the criteria for awarding federal funds. The Office of State Budget and Management, the Governor's Crime Commission, and the Department of Juvenile Justice and Delinquency Prevention shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the ~~2001-2002~~ 2002-2003 fiscal year, the amount of funds anticipated for the ~~2002-2003~~ 2003-2004 fiscal year, and the allocation of funds by program and purpose."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PLANNING FOR NEW YOUTH DEVELOPMENT CENTER

SECTION 16.6. The Department of Juvenile Justice and Delinquency Prevention may initiate the planning and design of a new 300- to 500-bed youth development center using funds allocated to the Department of Administration for the planning and design of juvenile justice facilities. The Department shall report by November 1, 2002, to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on its progress in the planning and design phase. The Department shall also provide a preliminary report on how its plan for a new center will ensure effective security and programming while achieving staffing efficiencies.

PART XVII. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ALL COUNTIES TRANSFERRING SAFEKEEPERS TO THE DEPARTMENT OF CORRECTION TO REIMBURSE DEPARTMENT REGARDLESS OF SAFEKEEPERS' RESIDENCY

SECTION 17.1. G.S. 162-39(c) reads as rewritten:

"(c) The sheriff of the county from which the prisoner is removed shall be responsible for conveying the prisoner to the jail or prison unit where he is to be held, and for returning him to the common jail of the county from which he was transferred. The return shall be made at the expiration of the time designated in the court order directing the transfer unless the judge, by appropriate order, shall direct otherwise. The sheriff or keeper of the jail of the county designated in the court order, or the officer in charge of the prison unit designated by the Secretary of Correction, shall receive and release custody of the prisoner in accordance with the terms of the court order. If a prisoner is transferred to a unit of the State prison system, the county from which the prisoner is transferred shall pay the Department of Correction for maintaining the prisoner for the time designated by the court at the per day, per inmate rate at which the Department of Correction pays a local jail for maintaining a prisoner. The county shall also pay the Department of Correction for the costs of extraordinary medical care incurred while the prisoner was in the custody of the Department of Correction, defined as follows:

(1) Medical expenses incurred as a result of providing health care to a prisoner as an inpatient (hospitalized);

(2) Other medical expenses when the total cost exceeds thirty-five dollars ($35.00) per occurrence or illness as a result of providing health care to a prisoner as an outpatient (nonhospitalized); and

(3) Cost of replacement of eyeglasses and dental prosthetic devices if those eyeglasses or devices are broken while the prisoner is incarcerated, provided the prisoner was using the eyeglasses or devices at the time of his commitment and then only if prior written consent of the county is obtained by the Department.

~~However, a county is not required to reimburse the State for maintaining a prisoner who was a resident of another state or county at the time he committed the crime for which he is imprisoned.~~ If the prisoner is transferred to a jail in some other county, the county from which the prisoner is transferred shall pay to the county receiving the prisoner in its jail the actual cost of maintaining the prisoner for the time designated by the court. Counties are hereby authorized to enter into contractual agreements with other counties to provide jail facilities to which prisoners may be transferred as deemed necessary under this section.

Whenever prisoners are arrested in such numbers that county jail facilities are insufficient and inadequate for the safekeeping of such prisoners, the resident judge of the superior court or any superior or district court judge holding court in the district may order the prisoners transferred to a unit of the State Department of Correction designated by the Secretary of Correction or his authorized representative, where the prisoners may be held for such length of time as the judge may direct, such detention to be in cell separate from that used for imprisonment of persons already convicted of crimes, except when admission to an inpatient prison medical or mental health unit is required to provide services deemed necessary by a prison health care clinician. The sheriff of the county from which the prisoners are removed shall be responsible for conveying the prisoners to the prison unit or units where they are to be held, and for returning them to the common jail of the county from which they were transferred. However, if due to the number of prisoners to be conveyed the sheriff is unable to provide adequate transportation, he may request the assistance of the Department of Correction, and the Department of Correction is hereby authorized and directed to cooperate with the sheriff and provide whatever assistance is available, both in vehicles and manpower, to accomplish the conveying of the prisoners to and from the county to the designated prison unit or units. The officer in charge of the prison unit designated by the Secretary of Correction or his authorized representative shall receive and release the custody of the prisoners in accordance with the terms of the court order. The county from which the prisoners are transferred shall pay to the Department of Correction the actual cost of transporting the prisoners and the cost of maintaining the prisoners at the per day, per inmate rate at which the Department of Correction pays a local jail for maintaining a prisoner, provided, however, that a county is not required to reimburse the State for transporting or maintaining a prisoner who was a resident of another state or county at the time he was arrested. However, if the county commissioners shall certify to the Governor that the county is unable to pay the bill submitted by the State Department of Correction to the county for the services rendered, either in whole or in part, the Governor may recommend to the Council of State that the State of North Carolina assume and pay, in whole or in part, the obligation of the county to the Department of Correction, and upon approval of the Council of State the amount so approved shall be paid from Contingency and Emergency Fund to the Department of Correction.

When, due to an emergency, it is not feasible to obtain from a judge of the superior or district court a prior order of transfer, the sheriff of the county and the Department of Correction may exercise the authority hereinafter conferred; provided, however, that the

sheriff shall, as soon as possible after the emergency, obtain an order from the judge authorizing the prisoners to be held in the designated place of confinement for such period as the judge may direct. All provisions of this subsection shall be applicable to municipalities whenever prisoners are arrested in such numbers that the municipal jail facilities and the county jail facilities are insufficient and inadequate for the safekeeping of the prisoners. The chief of police is hereby authorized to exercise the authority herein conferred upon the sheriff, and the municipality shall be liable for the cost of transporting and maintaining the prisoners to the same extent as a county would be unless action is taken by the Governor and Council of State as herein provided for counties which are unable to pay such costs."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

SECTION 17.2. Section 25.4 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.4.** The Department of Correction may use funds ~~appropriated~~ available to the Department for the ~~2001-2002 fiscal year~~ 2001-2003 biennium to pay the sum of forty dollars ($40.00) per day as reimbursement to counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee, the Chairs of the Senate and House of Representatives Appropriations Committees, and the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REPORT ON INMATES ELIGIBLE FOR PAROLE

SECTION 17.3. Section 25.21 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.21.** The Post-Release Supervision and Parole Commission shall ~~provide quarterly reports~~ report by January 15 and July 15 of each year to the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on inmates eligible for parole. These reports shall include at least the following:

(1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates that were parole-eligible during the previous quarter and the total number of those inmates that were paroled. The report should group

these inmates by offense ~~type and custody classification;~~ type, custody classification, and type of parole;

~~(2)~~ ~~A list of all those inmates paroled or released by category of parole or release, including each inmate's offense and custody classification at the time of the parole or release;~~

~~(3)~~(2) The average time served, by offense class, of Fair Sentencing and Pre-Fair Sentencing inmates compared to inmates sentenced under Structured Sentencing; and

~~(4)~~(3) The projected number of parole-eligible inmates to be paroled or released by the end of the ~~2001-2002~~ 2002-2003 fiscal year and by the end of the ~~2002-2003~~ 2003-2004 fiscal year."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SHIFT PAY AND HOLIDAY PAY FOR SECURITY STAFF

SECTION 17.4. The Department of Correction may use funds appropriated for the 2002-2003 fiscal year for the payment to security staff of (i) special premium holiday pay that exceeds standard holiday pay by up to twenty-five percent (25%) or (ii) special supplemental weekend shift premium pay that exceeds standard weekend shift pay by up to ten percent (10%). The Department shall also continue to take steps to hold down the cost of shift pay by converting prisons from three eight-hour shifts to two 12-hour shifts whenever practical.

The Department of Correction shall report to the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003, on the benefits to recruitment and retention of correctional staff as a result of the use of special holiday pay and shift premium pay, as well as its progress in converting prison work shifts from eight hours to 12 hours. The report shall include information on savings generated to date and potential future savings, as well as any changes in employee morale and leave usage, as a result of converting to 12-hour shifts.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS

SECTION 17.5.(a) The Department of Correction shall conduct security staffing post-audits of each prison at least biannually, the first such audit to be completed during the 2002-2003 fiscal year. The initial post-audit shall be conducted jointly by Department staff and a consultant, external to the Department, and shall include analysis of the staffing levels assigned for supervision of correctional officers.

SECTION 17.5.(b) The Department of Correction shall update the security staffing relief formula biannually, the first update to be completed during the 2002-2003 fiscal year. Each update shall include a review of all annual training requirements for security staff to determine which of these requirements should be mandatory and the appropriate frequency of the training.

SECTION 17.5.(c) The Department of Correction shall report the results of the initial security staffing post-audits and relief formula update to the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COMMUNITY WORK CREWS

SECTION 17.6.(a) The Department of Correction shall implement a reduction in inmate community work crews systemwide, but work crews shall not be reduced at any locations that have fewer than three work crews.

The Department of Correction may use up to 39 work crews for Department of Transportation litter control projects. The Department of Transportation shall transfer at least one million three hundred thousand dollars ($1,300,000) from the Highway Fund to the Department of Correction during the 2002-2003 fiscal year to cover the cost of those work crews. Should the two departments determine that the actual cost of operating 39 work crews exceeds that amount, the Department of Transportation shall transfer an additional amount as agreed upon by the two departments and the Office of State Budget and Management.

SECTION 17.6.(b) The Department of Correction shall identify locations where the number of inmate work crews is being reduced or diverted to perform litter control for the Department of Transportation and, to the extent possible, arrange for community service work program placements so that the affected work projects for State and local government can be maintained. The Department shall report by March 1, 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on all projects formerly performed by inmate work crews that have been continued through the community service work program.

SECTION 17.6.(c) The Department of Correction shall identify all inmate labor supplied to public agencies for which the Department does not receive reimbursement for the costs of the labor and the supervision of the labor. The Department shall report by March 1, 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the type of labor provided, the number of security positions assigned for that labor, and the actual costs of providing the labor and supervision. The report shall also identify alternative methods for charging public agencies for the costs of inmate labor and the supervision of that labor.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

SUBSTANCE ABUSE PROGRAMS

SECTION 17.7. G.S. 143B-262.1 reads as rewritten:

"**§ 143B-262.1. Department of Correction – Substance Abuse Program.**

(a) The Substance Abuse Program established by subsection (d) of § 143B-262 shall be offered in a ~~medium custody~~ correctional facility, or a portion of a ~~medium custody~~ correctional facility that is self-contained, so that the residential and program

space is separate from any other programs or inmate housing, and shall be operational by January 1, 1988, at such unit as the Secretary may designate.

(b) An Assistant Secretary for Substance Abuse shall be employed and shall report directly to the Office of the Secretary of Correction. ~~A Correctional Administrator I shall be employed to manage programs for offenders with substance abuse problems in the Department of Correction and its divisions. The Correctional Administrator I shall report to the Assistant Secretary for Substance Abuse. A Secretary IV shall be employed to assist the Correctional Administrator I. An Administrative Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and work under his direction and management.~~ The duties of the Assistant Secretary shall include the following:

(1) Administer and coordinate all substance abuse programs, grants, contracts, and related functions in the Department of Correction;

(2) Develop and maintain working relationships and agreements with agencies and organizations that will assist in developing and operating a Substance Abuse Program in the Department of Correction;

(3) Develop and coordinate the use of volunteers in the Substance Abuse Program;

(4) Develop and present training programs related to substance abuse for employees and others at all levels in the agency;

(5) Develop programs that provide effective treatment for inmates, probationers, and parolees with substance abuse problems;

(6) Maintain contact with key leaders in the substance abuse field and active supporters of the Correction Program;

(7) Supervise directly the directors of treatment units, specialized personnel, and programs that exist or may be developed in the Department of Correction; and

(8) Develop employee assistance programs for employees with substance abuse problems.

~~(c) Ten additional program staff shall be employed. There shall be a Correctional Program Director II who is responsible to the Assistant Secretary for Substance Abuse. This employee shall be responsible for managing and implementing the inpatient treatment program. Also employed will be a Correctional Program Director I, two Correctional Program Supervisors, four Correctional Program Assistant II's, one Correctional Program Assistant I, and one Clerk Stenographer IV.~~

~~(d) The duties of the Program Director shall include the following:~~

~~(1) Implement and manage the inpatient treatment program for inmates with substance abuse problems;~~

~~(2) Supervise personnel assigned to the inpatient treatment program;~~

~~(3) Assist in developing the treatment program for inmates with substance abuse problems;~~

~~(4) Recruit and develop staff for the inpatient program and other staff as required;~~

~~(5) Assist in developing linkage and follow-up of inmates between the inpatient program, related agencies, organizations, and other facilities of the Department of Correction;~~

~~(6) Be responsible for treatment plans and daily activities and schedules for all assigned inmates;~~

~~(7) Develop methods for involving families of inmates in the program to the extent deemed appropriate and useful; and~~

~~(8) Other duties as required.~~

~~Preference shall be accorded to qualified recovering alcoholics and substance abusers in the employment of treatment counselors.~~

(e) In the unit there shall be a unit superintendent under the Division of Prisons and other custodial, administrative, and support staff as required for a medium custody facility for approximately 100 inmates. The unit superintendent shall be responsible for all matters pertaining to custody and administration of the unit. The ~~Correctional Program Director II will~~ Assistant Secretary shall designate an employee to administer the inpatient treatment program under the direction of the Assistant Secretary for Substance Abuse.

(f) Extensive use may be made of inmates working in the role of ancillary staff, peer counselors, role models, or group leaders as the program manager determines. Additional resource people who may be required for specialized treatment activities, presentations, or group work may be employed on a fee or contractual basis.

~~(g) The Program in each unit shall be structured such that approximately 25 offenders will enter the Program on a weekly basis.~~

(h) Admission priorities shall be established as follows:

(1) Court recommendation.

(2) Evaluation and referral from reception and diagnostic centers.

(3) General staff referral.

(4) Self-referral.

The Program shall include extensive follow-up after the period of intensive treatment. There will be specific plans for each departing inmate for follow-up, including active involvement with Alcoholics Anonymous, community resources, and personal sponsorship."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

USE OF CLOSED PRISON FACILITIES

SECTION 17.8. Section 25.5 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.5.** In conjunction with the closing of prison facilities, including small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located, with the elected State and local officials, and with State agencies about the possibility of converting that unit to other use. The Department may also consult with any private for-profit or nonprofit firm about the possibility of converting the unit to other use. In developing a proposal for

future use of each unit, the Department shall give priority to converting the unit to other criminal justice use. Consistent with existing law and the future needs of the Department of Correction, the State may provide for the transfer or the lease of any of these units to counties, municipalities, State agencies, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from ~~medium security to minimum security,~~one security custody level to another, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Health and Human Services pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee. The Department of Correction shall also provide annual summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

MEDICAL BUDGET FOR PRESCRIPTION DRUGS

SECTION 17.9. Section 25.6(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the ~~2001-2002 fiscal year~~ 2001-2003 biennium for the purchase of prescription drugs for inmates if expenditures are projected to exceed the Department's inmate medical continuation budget for prescription drugs. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

The Department of Administration, Purchase and Contract Division, and the Department of Correction shall review the current statewide contract for purchase of prescription drugs as it applies to the Department of Correction's purchases for inmates to determine if the Department is receiving the lowest rate available and to determine whether the Department should be authorized to issue a request for proposals for a separate vendor or purchasing consortium for the provision of prescription drugs for inmates. The Departments shall report on their findings to the Joint Legislative Commission on Governmental Operations by February 1, 2002."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELECTRONIC MONITORING COSTS

SECTION 17.10. Article 1 of Chapter 148 of the General Statutes is amended by adding a new section to read:

"**§ 148-10.3. Electronic monitoring costs.**

Personnel, equipment, and other costs of providing electronic monitoring of pretrial or sentenced offenders shall be reimbursed to the Department of Correction by the State or local agency requesting the service in an amount not exceeding the actual costs."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COLLECTION OF OFFENDER FEES

SECTION 17.11. The Department of Correction and the Judicial Department shall jointly develop a plan to improve the collection rate of offender fees for probationers and for nonprobationers sentenced to community service. The plan should address improving both the rate at which offenders are levied fees and the rate at which those offenders satisfy their obligations. The plan shall address steps to improve the overall collection rate from thirty-seven percent (37%) to forty percent (40%) during the 2002-2003 fiscal year.

The two departments shall report by April 1, 2003, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the success of their efforts to improve these collection rates. The report shall also include any recommendations for statutory changes aimed at improving the collection rates.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CRIMINAL JUSTICE PARTNERSHIP PROGRAM

SECTION 17.13.(a) Notwithstanding the provisions of G.S. 143B-273.16, Caswell, Graham, McDowell, and Union Counties shall not receive implementation funding for the Criminal Justice Partnership Program for the 2002-2003 fiscal year. However, those counties will be eligible to reapply for funding in future years.

SECTION 17.13.(b) It is the intent of the General Assembly that State Criminal Justice Partnership Program funds not be used to fund case manager positions when those services can be reasonably provided by Division of Community Corrections personnel or by the Treatment Alternatives to Street Crime (TASC) program in the Department of Health and Human Services. The Division of Community Corrections shall identify at least the sum of eight hundred fifty-two thousand dollars ($852,000) in cost savings by eliminating funding for personnel in these cases and shall reduce the amount of implementation grant funding for those affected counties. Within 20 days of the date this act becomes law, each county Criminal Justice Partnership advisory board shall review the Division's recommended modifications for providing Criminal Justice Partnership Program case management services in its jurisdiction and determine whether these services can be reasonably provided in the manner proposed. If the local board determines that the services cannot be reasonably provided, the jurisdiction may opt instead to have the designated reduction made from other items in its budget. If the

board determines that the services can be reasonably provided, the recommended modifications shall be reviewed and approved by the State Criminal Justice Partnership Advisory Board within another 10 days. Revised contracts should be sent to the counties no later than 45 days after this act becomes law. The Division of Community Corrections shall report to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the specific adjustments within 60 days of the enactment of the budget for the 2002-2003 fiscal year.

SECTION 17.13.(c) For the 2002-2003 fiscal year only, funds provided to the Criminal Justice Partnership Program for distribution as implementation grants are reduced by an additional sum of one million four hundred five thousand dollars ($1,405,000).

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CONVERSION OF CONTRACTED MEDICAL POSITIONS

SECTION 17.14.(a) The Department of Correction may convert contract medical positions to permanent State medical positions at individual correctional facilities if the Department can document that the total savings generated will exceed the total cost of the new positions for each facility. Where practical, the Department shall convert contract positions to permanent positions by using existing vacancies in medical positions.

SECTION 17.14.(b) The Department of Correction shall report by October 1, 2002, to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on all conversions made pursuant to this section, by type of position and location, and on the savings generated at each correctional facility.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

REDUCE SUMMIT HOUSE APPROPRIATION

SECTION 17.15. Subsection (a) of Section 25.14 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.14.(a)** The General Fund appropriation to the Department of Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine thousand six hundred fifty dollars ($139,650) for ~~each year of the 2001-2003 biennium. This~~ the 2001-2002 fiscal year and by the sum of two hundred sixty-three thousand three hundred dollars ($263,300) for the 2002-2003 fiscal year. The ten percent (10%) reduction in funding for the 2001-2002 fiscal year shall be accomplished by reducing expenditures at the State office and not through reductions in funding to individual sites. The additional ten percent (10%) reduction for the 2002-2003 fiscal year shall be accomplished by reducing State funding for the State office by at least sixteen and seven-tenths percent (16.7%) in order to minimize the impact on the individual sites.

The Summit House Management Team shall continue to explore ways to reduce the use of State funds at the State office, including consideration of co-locating the State office with one of the local programs and contracting for financial services in lieu of a full-time staff. As of May 1, 2003, no State funds shall be used to support the State office."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

CHARGES FOR INMATE HEALTH CARE

SECTION 17.16. UNC Health Care shall be reimbursed for medical services rendered to inmates in the custody of the Department of Correction at a rate of no more than the maximum allowable fee schedule established by the Department of Health and Human Services in accordance with Title XIX of the Social Security Act (Medicaid).

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

PRISON CHAPLAIN STUDY

SECTION 17.17. The Department of Correction shall study the feasibility of converting its prison chaplain program into a community-based program emphasizing the use of volunteers and community funding and allowing for contracting for the services of prison chaplains in areas where such volunteers or funding are not available.

The Department shall report the results of this study to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2003. The report shall include an analysis of the cost savings to be realized through the implementation of a community-based prison chaplain program, as well as addressing the potential for securing the services of prison chaplains through a statewide contract.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

ELIMINATE IMPACT PROGRAM

SECTION 17.18.(a) G.S. 15A-1343(b1)(2a) is repealed.

SECTION 17.18.(b) G.S. 15A-1343.1 is repealed.

SECTION 17.18.(c) The Department of Correction shall study the feasibility of resuming the IMPACT program when adequate funds are available. The Department shall report the results of its study to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2003.

PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

TARHEEL CHALLENGE MATCHING FUNDS

SECTION 18.2. The North Carolina National Guard shall identify alternative sources of funding, including local and private funds, to be used to meet the forty percent (40%) match requirement for federal funds.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

FUNDING ALE OPERATIONS

SECTION 18.4.(a) G.S. 18B-805(b) reads as rewritten:

"(b) Primary Distribution. – Before making any other distribution, a local board shall first pay the following from its gross receipts:

(1) The board shall pay the expenses, including salaries, of operating the local ABC system.

(2) Each month the local board shall pay to the Department of Revenue the taxes due the Department. In addition to the taxes levied under Chapter 105 of the General Statutes, the local board shall pay to the Department one-half of both the mixed beverages surcharge required by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required by G.S. 18B-804(b)(9).

(3) Each month the local board shall pay to the Department of Health and Human Services five percent (5%) of both the mixed beverages surcharge required by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required by G.S. 18B-804(b)(9). The Department of Health and Human Services shall spend those funds for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse.

(4) Each month the local board shall pay to the county commissioners of the county where the charge is collected the proceeds from the bottle charge required by G.S. 18B-804(b)(6), to be spent by the county commissioners for the purposes stated in subsection (h) of this section.

(5) By September 30, December 31, March 31, and June 30 of each year the local board shall pay to the Department of Crime Control and Public Safety an amount determined by the Commission to support the ALE Division. The Commission shall calculate the amount owed by each local board based on the board's proportionate share of gross receipts in comparison to total statewide gross receipts for the most recent fiscal year for which figures are available and apply that percentage to the anticipated cost of operating the Division. The Commission shall certify the amount owed by each local board to that board within 60 days of each quarterly payment date."

SECTION 18.4.(b) Notwithstanding the provisions of subsection (a) of this section, the distributions made pursuant to G.S. 18B-805(e) during the 2002-2003 fiscal year shall be equal to or exceed the amounts distributed pursuant to that subsection during the 2001-2002 fiscal year.

SECTION 18.4.(c) This section expires July 1, 2003.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

EXEMPT STATE HIGHWAY PATROL FROM UMSTEAD ACT

SECTION 18.5. G.S. 66-58(b) is amended by adding a new subdivision to read:

"(22) The North Carolina State Highway Patrol."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

COMPLY WITH FEDERAL VIOLENCE AGAINST WOMEN ACT

SECTION 18.6.(a) G.S. 143B-480.2 reads as rewritten:

"**§ 143B-480.2. Victim assistance.**

(a) Eligibility for Assistance. – Sexual assault victims or victims of attempted sexual assault are eligible for assistance under this Program if the sexual assault or the attempted sexual assault is reported to a law enforcement officer within five days of the occurrence of the assault or the attempted sexual assault or if a forensic medical examination is performed within five days of the sexual assault or the attempted sexual assault. The Secretary may waive either five-day requirement for good cause. The term "sexual assault" as used in this section refers to the following crimes: ~~Only victims who have reported the following crimes are eligible for assistance under this Program:~~ first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A. ~~or attempted first-degree or second-degree rape or attempted first-degree or second-degree sexual offense as defined in G.S. 14-27.6.~~

(b) Eligible Expenses. – Assistance is limited to the following expenses incurred by the victim:

(1) Immediate~~immediate~~ and short-term medical ~~expenses,~~ expenses.

(2) Ambulance services from the place of the attack to a place where medical treatment is provided.~~ambulance services,~~

(3) ~~and mental~~ Mental health services provided by a professional licensed or certified by the State to provide such services.~~services, not to exceed one thousand dollars ($1,000) incurred by the victim for the~~

(4) A forensic medical examination. As used in this section, the term "forensic medical examination" means an examination provided to a sexual assault victim eligible for assistance under subsection (a) of this section by medical personnel who gather evidence of a sexual assault in a manner suitable for use in a court of law. The examination should include an examination of physical trauma, a patient interview, and a collection and evaluation of evidence.~~examination, medical procedures to collect evidence,~~

(5) ~~or counseling~~ Counseling treatment ~~which follow~~ following the ~~attack,~~ attack.~~or ambulance services from the place of the attack to a place where medical treatment is provided.~~

(c) Amount of Assistance. – The Program shall pay for the full out-of-pocket cost of the victim's forensic medical examination. The Program shall pay for all other eligible expenses set out in subsection (b) of this section in an amount not to exceed the difference between the full out-of-pocket cost of the forensic medical examination and one thousand dollars ($1,000). If the full out-of-pocket cost for the forensic medical examination costs more than one thousand dollars ($1,000), then the Program shall pay only for the full out-of-pocket cost of the forensic medical examination. Assistance not to exceed fifty dollars ($50.00) shall be provided to victims to replace clothing that was held for evidence tests.

~~(b)~~(d) Payment Directly to Provider. – With the exception of assistance authorized under subsection ~~(e)~~(f) of this section, assistance for expenses authorized under this section is to be paid directly to any hospital, ambulance service, attending physicians, or mental health professionals providing counseling, upon the filing of proper forms. Payment for the full out-of-pocket cost of the forensic medical examination shall be paid to the provider no later than 90 days after receiving the required written notification of the victim's expense.

~~(c) Assistance shall not be awarded unless the rape, attempted rape, sexual offense, or attempted sexual offense was reported to a law enforcement officer within 72 hours after its occurrence or the Secretary finds there was good cause for the failure to report within that time.~~

~~(d)~~(e) Judicial Review. – Upon an adverse determination by the Secretary on a claim for medical expenses, a victim is entitled to judicial review of that decision. The person seeking review shall file a petition in the Superior Court of Wake County.

~~(e)~~(f) Examinations by Licensed Registered Nurse. – If the forensic medical examination is conducted by a licensed registered nurse who has successfully completed a program approved under G.S. 90-171.38(b), payment for the full out-of-pocket cost of the forensic medical examination may be made directly to the licensed registered nurse in~~In~~ lieu of any payment which may otherwise have been made under subsection ~~(b),~~(d) of this section. Payment for the full out-of-pocket costs of a forensic medical examination under this subsection shall be paid no later than 90 days after receiving the required written notification of the victim's expense.~~assistance for expenses for services authorized under this section that are provided for the purpose of collecting evidence from victims of crimes identified in G.S. 90-171.38(b) may be paid directly to any licensed registered nurse who has successfully completed a program approved under G.S. 90-171.38(b).~~ The Secretary shall adopt rules to facilitate the payments authorized under this subsection and to encourage, whenever practical, the use of licensed registered nurses trained under G.S. 90-171.38(b) to conduct medical examinations and procedures."

SECTION 18.6.(b) The Department of Crime Control and Public Safety may use funds available to the Department in order to implement the provisions of this section.

SECTION 18.6.(c) This section becomes effective October 1, 2002.

PART XIX. DEPARTMENT OF ADMINISTRATION

Requested by: Representatives Insko, Hackney, Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OCCANEECHI BAND OF THE SAPONI NATION ON THE NORTH CAROLINA STATE COMMISSION OF INDIAN AFFAIRS

SECTION 19.1A.(a) G.S. 143B-407 reads as rewritten:

"**§ 143B-407. North Carolina State Commission of Indian Affairs - membership; term of office; chairman; compensation.**

(a) The State Commission of Indian Affairs shall consist of two persons appointed by the General Assembly, the Secretary of Health and Human Services, the Director of the State Employment Security Commission, the Secretary of Administration, the Secretary of Environment and Natural Resources, the Commissioner of Labor or their designees and ~~20~~ 21 representatives of the Indian community. These Indian members shall be selected by tribal or community consent from the Indian groups that are recognized by the State of North Carolina and are principally geographically located as follows: the Coharie of Sampson and Harnett Counties; the Eastern Band of Cherokees; the Haliwa Saponi of Halifax, Warren, and adjoining counties; the Lumbees of Robeson, Hoke and Scotland Counties; the Meherrin of Hertford County; the Waccamaw-Siouan from Columbus and Bladen Counties; the Indians of Person County; the Occaneechi Band of the Saponi Nation of Alamance and Orange Counties, and the Native Americans located in Cumberland, Guilford, Johnston, Mecklenburg, Orange, and Wake Counties. The Coharie shall have two members; the Eastern Band of Cherokees, two; the Haliwa Saponi, two; the Lumbees, three; the Meherrin, one; the Waccamaw-Siouan, two; the Indians of Person County, one; the Cumberland County Association for Indian People, two; the Guilford Native Americans, two; the Metrolina Native Americans, two; the Occaneechi Band of the Saponi Nation, one, the Triangle Native American Society, one. Of the two appointments made by the General Assembly, one shall be made upon the recommendation of the Speaker, and one shall be made upon recommendation of the President Pro Tempore of the Senate. Appointments by the General Assembly shall be made in accordance with G.S. 120-121 and vacancies shall be filled in accordance with G.S. 120-122.

(b) Members serving by virtue of their office within State government shall serve so long as they hold that office. Members representing Indian tribes and groups shall be elected by the tribe or group concerned and shall serve for three-year terms except that at the first election of Commission members by tribes and groups one member from each tribe or group shall be elected to a one-year term, one member from each tribe or group to a two-year term, and one member from the Lumbees to a three-year term. The initial appointment from the Indians of Person County shall expire on June 30, 1999. The initial appointment from the Triangle Native American Society shall expire June 30, 2003. The initial appointment of the Occaneechi Band of the Saponi Nation shall

expire June 30, 2005. Thereafter, all Commission members will be elected to three-year terms. All members shall hold their offices until their successors are appointed and qualified. Vacancies occurring on the Commission shall be filled by the tribal council or governing body concerned. Any member appointed to fill a vacancy shall be appointed for the remainder of the term of the member causing the vacancy. The Governor shall appoint a chairman of the Commission from among the Indian members of the Commission, subject to ratification by the full Commission. The initial appointments by the General Assembly shall expire on June 30, 1983. Thereafter, successors shall serve for terms of two years.

(c) Commission members who are seated by virtue of their office within the State government shall be compensated at the rate specified in G.S. 138-6. Commission members who are members of the General Assembly shall be compensated at the rate specified in G.S. 120-3.1. Indian members of the commission shall be compensated at the rate specified in G.S. 138-5."

SECTION 19.1A.(b) Any expenses incurred under this section shall be paid by the Department of Administration out of existing appropriations.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

INCREASE EFFICIENCY OF MAIL SERVICE CENTER

SECTION 19.2. G.S. 143-341(8)g. reads as rewritten:

"g. To establish and operate a central mailing system for all State agencies, and in connection therewith and in the discretion of the Secretary, to make application for and procure a post-office substation for that purpose, and to do all things necessary in connection with the maintenance of the central mailing system. The Secretary may allocate and charge against the respective departments and agencies their proportionate parts of the cost of the maintenance of the central mailing system. The Secretary shall develop a plan for the efficient operation of the center that meets the needs of State agencies and ensures timely delivery of mail, and shall present that plan to the Office of State Budget and Management and the General Assembly no later than the convening date of the 2003 General Assembly."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS AMENDMENTS

SECTION 19.3. G.S. 165-20(3) reads as rewritten:

"**§ 165-20. Definitions.**

As used in this Article the terms defined in this section shall have the following meaning:

...

(3) 'Child' means a person: (i) under 25 years of age at the time of application for a scholarship, (ii) who is a domiciliary of North

Carolina and is a resident of North Carolina when applying for a scholarship, ~~(ii) who is a senior in high school or its equivalent and who will graduate at the end of the academic year or a person~~ (iii) who has completed high school or its ~~equivalent, (iii)~~ equivalent prior to receipt of a scholarship awarded under this Article, (iv) who has complied with the requirements of the Selective Service System, if applicable, and ~~(iv)~~(v) who further meets one of the following requirements:

a. A person whose veteran parent was a legal resident of North Carolina at the time of said veteran's entrance into that period of service in the armed forces during which eligibility is established under G.S. 165-22.

b. A veteran's child who was born in North Carolina and has ~~lived in~~ been a resident of North Carolina continuously since birth. ~~Provided, that the requirement in the preceding sentence as to birth in North Carolina may be waived by the Department of Administration if it is shown to the satisfaction of the Department that the child's mother was a native born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.~~

c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

SECTION 19.3.(b) G.S. 165-21 reads as rewritten:

"**§ 165-21. Scholarship.**

~~(a)~~ A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

(1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
   a. Tuition,
   b. A reasonable board allowance,
   c. A reasonable room allowance,
   d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.

(2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).

(3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.

(4) No educational assistance shall be afforded a child under this Article after the end of ~~a 10-year~~ an eight-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, ~~1999.~~ 2010. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

~~(b) If a child is awarded a scholarship under this Article and the child is a senior in high school or its equivalent, then the scholarship shall be awarded pending the graduation of the child.~~"

SECTION 19.3.(c) G.S. 165-22 reads as rewritten:

"**§ 165-22. Classes or categories of eligibility under which scholarships may be awarded.**

A child, as defined in this Article, who falls within the provisions of any eligibility class described below shall, upon proper application be considered for a scholarship, subject to the provisions and limitations set forth for the class under which he is considered:

(1) Class I-A: Under this class a scholarship shall be awarded to any child whose veteran parent

a. Was killed in action or died from wounds or other causes not due to his own ~~wilful~~ willful misconduct while a member of the armed forces during a period of war, or

b. Has died of service-connected injuries, wounds, illness or other causes incurred or aggravated during wartime service in the armed forces, as rated by the United States Department of Veterans Affairs.

(2) Class I-B: Under this class a limited scholarship providing only those benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this Article, shall be awarded to any child whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of, is or was at the time of his death receiving compensation for a wartime service-connected disability of one hundred percent (100%) as rated by the United States Department of Veterans Affairs. Provided, that if the veteran parent of a recipient under this class should die of his wartime service-connected condition before the recipient shall have utilized all of his scholarship eligibility time, then the North Carolina Department of Administration shall amend the recipient's award from Class I-B to Class I-A for the remainder of the recipient's eligibility time. The effective date of such an amended award shall be determined by the Department of Administration, but, in no event shall it predate the date of the veteran parent's death.

(3) Class II: Under this class a scholarship may be awarded to not more than 100 children yearly, each of whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of:

a. Is or was at the time of his death receiving compensation for a wartime service-connected disability of twenty percent (20%) or more, but less than one hundred percent (100%), as rated by the United States Department of Veterans Affairs, or

b. ~~Is or was at the time of his death receiving wartime compensation for a statutory award for arrested pulmonary tuberculosis, as rated by the United States Department of Veterans Affairs.~~Was awarded a Purple Heart for wounds received as a result of an act of any opposing armed force, as a result of an international terrorist attack, or as a result of military operations while serving as part of a peacekeeping force.

(4) Class III: Under this class a scholarship may be awarded to not more than 100 children yearly, each of whose veteran parent, at the time the benefits pursuant to this Article are sought to be availed of:

a. Is or was at the time of his death drawing pension for permanent and total disability, nonservice-connected, as rated by the United States Department of Veterans ~~Affairs, or~~ Affairs.

b. Is deceased and who does not fall within the provisions of any other eligibility class described in G.S. 165-22(1), (2), (3), (4)a., nor ~~(5) provided such child is less than 23 years of age at the time of application for such scholarship.~~(5).

c. Served in a combat zone, or waters adjacent to a combat zone, or any other campaign, expedition, or engagement for which the United States Department of Defense authorizes a campaign badge or medal, who does not fall within the provisions of any other class described in G.S. 165-22(1), (2), (3), (4)a., or (5).

(5) Class IV: Under this class a scholarship as defined in G.S. 165-21 shall be awarded to any child whose parent, while serving honorably as a member of the armed forces of the United States in active federal service during a period of war, as defined in G.S. 165-20(4), was listed by the United States government as (i) missing in action, (ii) captured in line of duty by a hostile force, or (iii) forcibly detained or interned in line of duty by a foreign government or power."

SECTION 19.3.(d) G.S. 165-22.1(c) reads as rewritten:

"(c) Allowances for room and board in State educational institutions shall be at such rate as ~~the Director of the Budget may determine to be reasonable.~~ established by the Secretary of the Department of Administration."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

REGIONAL OFFICE CONSOLIDATION PLAN

SECTION 19.4. The Department of Administration, State Property Office, in consultation with all other state agencies, shall identify regional offices established throughout the State in all State agencies and shall develop a plan that provides for the consolidation of the individual regional offices into a central facility in each region, giving consideration to sharing space and utilizing vacant space, and to availability of space in all agencies, including university and community college campuses. The Department shall report its findings and recommendations to the Chairs of the Appropriations Committees of the Senate and House of Representatives and to the Fiscal Research Division by November 1, 2002.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

PETROLEUM OVERCHARGE FUNDS ALLOCATION

SECTION 19.6.(a) There is appropriated from funds and interest thereon received from the case of United States v. Exxon that remain in the Special Reserve for Oil Overcharge Funds to the Department of Health and Human Services the sum of one million dollars ($1,000,000) for the 2002-2003 fiscal year. The Department shall allocate these funds to the Weatherization Assistance Program.

SECTION 19.6.(b) Any funds remaining in the Special Reserve for Oil Overcharge funds after the allocation is made pursuant to subsection (a) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

PART XX. OFFICE OF THE STATE AUDITOR

PART XXI. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

NC ARTS COUNCIL LIMIT USE OF CONSULTANTS

SECTION 21.1. The North Carolina Arts Council shall limit the use of consultants to evaluate and approve applications for arts and cultural grants for individuals and organizations and shall conduct the grants process with the Division of Arts Council staff.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

MUSEUM ADMISSION FEE STUDY

SECTION 21.2. The Office of State Budget and Management shall study the feasibility of charging an admission fee to the State's museums and other similar

facilities open to the public. The Office of State Budget and Management shall conduct the study in consultation with the Fiscal Research Division of the Legislative Services Office. The Office of State Budget and Management shall complete this study and report to the Chairs of the Senate and House of Representatives Appropriations Committees by November 1, 2002.

PART XXII. DEPARTMENT OF REVENUE

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

LOCAL SALES TAX ADMINISTRATIVE COSTS

SECTION 22.1. To the extent the Department of Revenue's nonrecurring costs of implementing and administering Article 44 of Chapter 105 of the General Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year, the Department may pay the excess cost by withholding up to two hundred seventy-five thousand dollars ($275,000) from collections under Subchapter VIII of Chapter 105 of the General Statutes.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOR REPORTS ON DEBT COLLECTION

SECTION 22.2. G.S. 105-243.1(f) reads as rewritten:

"(f) Reports. – The Department must report to the Joint Legislative Commission on Governmental Operations and to the Revenue Laws Study Committee on its efforts to collect tax debts. Reports must be submitted quarterly beginning November 1, 2001, through ~~November 1, 2002,~~ June 30, 2005, and semiannually thereafter. Each report must include a breakdown of the amount and age of tax debts collected by collection agencies on contract, the amount and age of tax debts collected by the Department through warning letters, and the amount and age of tax debts otherwise collected by Department personnel. The report must itemize collections by type of tax. Each report must also include a long-term collection plan, a timeline for implementing each step of the plan, a summary of steps taken since the last report and their results, and any other data requested by the Commission or the Committee."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOR VACANT POSITIONS

SECTION 22.3. The Department of Revenue shall reclassify vacant positions and allocate up to eight hundred fifty-five thousand forty-seven dollars ($855,047) in recurring funds for the 2002-2003 fiscal year, and up to two hundred thousand one hundred dollars ($200,100) in nonrecurring funds for the 2002-2003 fiscal year as follows:

(1) To increase staff and provide operating costs in the Criminal Investigations Division to expand fraud investigations.

(2) To support the Department of Justice's personnel and operating expenses for legal services related to the expansion of fraud investigations.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOR DEBT COLLECTION FUNDS

SECTION 22.4. The Department of Revenue may use up to six hundred thousand dollars ($600,000) during the 2002-2003 fiscal year from the collection assistance fee account created in G.S. 105-243.1 to be allocated as follows:

(1) Two hundred thousand dollars ($200,000) for contractual services related to system changes for managing and filing bankruptcies.

(2) Four hundred thousand dollars ($400,000) for identifying delinquent taxpayers.

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOR REPORT ON LOCAL TAX ADMINISTRATION EXPENSES

SECTION 22.5. G.S. 105-256 is amended by adding a new subsection to read:

"(e) Local Tax Administration Expenses. – The Secretary must report quarterly to the chairs of the Appropriations Committees and Finance Committees of each house of the General Assembly and to the Fiscal Research Division on the Department's expenditures of funds withheld from distributions to local governments to cover its costs of administering local taxes and local programs. The report must itemize expenditures for personnel, operating expenses, and nonrecurring expenses by division and must specify the source of the withheld funds in each case. The report is due 20 days after the end of each quarter."

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

DOR TAXPAYER TELECOMMUNICATIONS SERVICE

SECTION 22.6. The Department of Revenue may draw up to three million dollars ($3,000,000) through June 30, 2004, from the collection assistance fee account created in G.S. 105-243.1 in order to pay for the costs of establishing and equipping a central taxpayer telecommunications service center for collections and assistance, and for the costs associated with aligning local field offices with the new center. Before any funds may be expended for these purposes, the Secretary of Revenue must present a detailed plan with proposed costs to the Joint Legislative Commission on Governmental Operations. This plan must be presented by October 31, 2002.

PART XXIII. RULES REVIEW COMMISSION

PART XXIIIA. OFFICE OF ADMINISTRATIVE HEARINGS

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

CONFORMING APA AMENDMENTS

SECTION 23A.1. G.S. 150B-21.24 reads as rewritten:

"**§ 150B-21.24. ~~Free copies of~~ Access to Register and Code.**

(a) Register. – The Codifier of Rules must ~~distribute copies of the North Carolina Register as soon after publication as practical, without charge, to the following:~~

~~(1) A person who receives a free copy of the North Carolina Administrative Code.~~

~~(2) Upon request, one copy to each member of the General Assembly.~~ make available the North Carolina Register on the Internet at no charge. The Codifier must provide a free copy of the current volume of the Register to any person who receives a free copy of the North Carolina Administrative Code or any member of the General Assembly, only upon request.

(b) Code. – The Codifier of Rules must make available the North Carolina Administrative Code on the Internet at no charge. The Codifier must distribute copies of the North Carolina Administrative Code as soon after publication as practical, without charge, to the following:

(1) One copy to the board of commissioners of each ~~county,~~ county that specifically requests a printed copy, to be placed at the county clerk of court's office or at another place selected by the board of commissioners. The Codifier of Rules is not required to provide a copy of the Administrative Code to any board of county commissioners unless a request is made.

(2) One copy to the Commission.

(3) One copy to the Clerk of the Supreme Court and to the Clerk of the Court of Appeals of North Carolina.

(4) One copy to the Supreme Court Library and one copy to the library of the Court of Appeals.

(5) One copy to the Administrative Office of the Courts.

(6) One copy to the Governor.

(7) ~~Five copies~~ One copy to the Legislative Services Commission for the use of the General Assembly.

~~(8) Upon request, one copy to each State official or department to whom or to which copies of the appellate division reports are furnished under G.S. 7A-343.1.~~

(9) ~~Five copies~~ One copy to the Division of State Library of the Department of Cultural Resources pursuant to G.S. 125-11.7."

PART XXIV. SECRETARY OF STATE

PART XXV. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

OVERPAYMENTS AUDIT

SECTION 25.1.(a) During the 2002-2003 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S.147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 25.1.(b) For the 2002-2003 fiscal year, two hundred thousand dollars ($200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or other information technology initiatives.

SECTION 25.1.(c) Of the unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section, the sum of up to five hundred thousand dollars ($500,000) for the 2002-2003 fiscal year may be used to continue the State Business Infrastructure Study enacted in Section 17.1 of S.L. 2001-491.

SECTION 25.1.(d) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XXVI. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 26.1. Section 27.4(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 27.4.(a)** The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	~~$1,334.6 million~~	$1,328.9 million
FY 2004-2005	~~$1,369.8 million~~	$1,374.0 million
FY 2005-2006	~~$1,406.1 million~~	$1,422.4 million
FY 2006-2007	~~$1,445.5 million~~	$1,472.6 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	~~$1,127.6 million~~	$1,019.4 million
FY 2004-2005	~~$1,176.5 million~~	$1,058.5 million
FY 2005-2006	~~$1,226.8 million~~	$1,110.2 million
FY 2006-2007	~~$1,278.4 million~~	$1,162.5 million"

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

HIGHWAY TRUST FUND STUDY COMMITTEE CONTINUED

SECTION 26.2.(a) Section 27.6(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 27.6. (b)** Membership. – The Study Committee shall be composed of ~~16~~18 members as follows:

(1) The Chairs of the Joint Legislative Transportation Oversight Committee.

(2) Four Representatives and ~~three~~ four public members appointed by the Speaker of the House of Representatives.

(3) Four Senators and ~~three~~ four public members appointed by the President Pro Tempore of the Senate.

The appointing authorities shall make their appointments to reflect the urban-rural diversity of the population of the State."

SECTION 26.2.(b) Section 27.6(c) of S.L. 2001-424 reads as rewritten:

"**SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may study all aspects of the Highway Trust Fund. The study shall include the examination of all the following:

(1) The current status, cost estimates, and feasibility of Highway Trust Fund projects currently listed in Article 14 of Chapter 136 of the General Statutes.

(2) Unanticipated problems with the structure of the Highway Trust Fund.

(3) The gap between transportation funding structures and the actual transportation needs of the State.

(4) Allocation issues raised by the structure of the transportation funding equity distribution formula in G.S. 136-17.2A.

(5) The feasibility of altering the project eligibility requirements of the Highway Trust ~~Fund.~~Fund, including permitting the Department of Transportation to add projects as long as adding those projects does not delay projects already to be funded by the Highway Trust Fund, projects scheduled under the 2002-2008 Transportation Improvement Program, and does not impair the cash-flow provisions of G.S. 136-176(a1).

(6) The feasibility of altering the funding allocation structure of the Highway Trust ~~Fund.~~Fund, including the possible use of the Highway Trust Fund to provide the State match for available federal aid highway funds as long as using the funds in this manner does not delay projects already funded by the Highway Trust Fund, projects scheduled under the 2002-2008 Transportation Improvement Program, and does not impair the cash-flow provisions of G.S. 136-176(a1).

(7) Any other issue related to the Highway Trust Fund or transportation funding."

SECTION 26.2.(c) Section 27.6(k) of S.L. 2001-424 reads as rewritten:

"**SECTION 27.6.(k)** Report. – The report of the study shall be made to the Joint Legislative Transportation Oversight Committee no later than ~~April 1, 2002.~~ the first day of the 2003 Session of the General Assembly. Upon the filing of its final report, the Study Committee shall terminate."

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

BILTMORE AVENUE AIRSPACE ENCROACHMENT

SECTION 26.3. The Department of Transportation shall permit private use of and encroachment upon the airspace above Biltmore Avenue located inside the corporate limits of the City of Asheville for the purpose of construction and maintenance of a pedestrian bridge to connect the campuses of Mission St. Joseph's Health System unless, in the opinion of the Department, the bridge will unreasonably interfere with and impair the property rights and easement of abutting owner or unreasonably interfere with or obstruct the public use of Biltmore Avenue.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

CASH MANAGEMENT PROGRAM MODIFICATION

SECTION 26.4.(a) G.S. 136-176(a2) is repealed.

SECTION 26.4.(b) The Department of Transportation is encouraged to use all existing resources including bonded indebtedness to mitigate any delays in the construction of Transportation Improvement Program projects.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION PRINTING EFFICIENCIES STUDY

SECTION 26.5. The Department of Transportation shall study, develop, and implement a more cost-effective method of providing printing services for the Division of Motor Vehicles. The Department shall report the efficiencies and projected cost savings to the Chairmen of the House Appropriations Subcommittee on Transportation and the Chairman of the Senate Appropriations on Department of Transportation Subcommittee during the 2003 General Assembly.

Requested by: Representatives Cole, J. Crawford, Bonner, Sutton, Easterling, Oldham, Redwine, Thompson

COMMERCIAL DRIVER LICENSE TRAINING STANDARDS

SECTION 26.8. By January 1, 2003, the Division of Motor Vehicles shall issue rules authorizing certified Commercial Truck Driver Training Schools to offer an 80-hour curriculum appropriate to prepare a student to meet the requirements for a Class B Commercial Drivers License. These rules shall be consistent with existing rules governing Commercial Truck Driver Training Schools as provided for in G.S. 20-320 through G.S. 20-328 and applicable administrative code sections, except for the hours of instruction required.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

SMALL URBAN AND CONTINGENCY FUNDS

SECTION 26.9. Section 27.3 of S.L. 2001-424 reads as rewritten:

"**SECTION 27.3.** Of the funds appropriated in this act to the Department of Transportation:

(1) Fourteen million dollars ($14,000,000) shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small construction projects that are located within the area covered by a ~~one-mile~~ two-mile radius of the municipal corporate limits.

(2) Fifteen million dollars ($15,000,000) in fiscal year 2001-2002 and ~~ten million dollars ($10,000,000)~~ fifteen million dollars ($15,000,000) in fiscal year 2002-2003 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division."

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

URBAN LOOP TERMINI

SECTION 26.10.(a) G.S. 136-180 reads as rewritten:

"**§ 136-180. (For contingent repeal see editor's note) Urban loops.**

(a) Funds allocated from the Trust Fund for urban loops may be used only for the following urban loops:

Loop	Description	Affected Counties
Asheville Western Loop	Multilane facility on new location from I-26 west of Asheville to US-19/23 north of Asheville for the purpose of connecting these roads. The funds may be	Buncombe

	used to improve existing corridors.	
Charlotte Outer Loop	Multilane facility on new location encircling City of Charlotte	Mecklenburg
Durham Northern Loop	Multilane facility on new location from I-85 west of Durham to US-70 east of Durham	Durham, Orange
Greensboro Loop	Multilane facility on new location encircling City of Greensboro	Guilford
Raleigh Outer Loop	Multilane facility on new location from US-1 southwest of Cary northerly to US-64 in eastern Wake County	Wake
Wilmington Bypass	Multilane facility on new location from US-17 northeast of Wilmington to US-17 southwest of Wilmington	New Hanover
Winston-Salem Northbelt	Multilane facility on new location from I-40 west of Winston-Salem northerly to I-40 in eastern Forsyth County	Forsyth

(b) The Board of Transportation may, by official resolution, accept a new interstate or freeway as the revised termini of an urban loop described in subsection (a) of this section, and the revised project shall be eligible for funding with funds described in G.S. 136-176(b)(2) if the following conditions are met:

(1) The Department of Transportation has constructed a new interstate or freeway facility since 1989 and has changed the official route designation from the termini described in subsection (a) of this section to the new facility.

(2) The Board of Transportation finds that the purposes of the urban loop facility, specifically including reduced congestion and high-speed, safe, regional through-travel service, would be enhanced by the action."

SECTION 26.10.(b) G.S. 136-180.1 is repealed.

Requested by: Representatives J. Crawford, Easterling, Oldham, Redwine, Thompson

SCHOOL SPONSORED BUS TRANSPORTATION SAFETY STUDY

SECTION 26.11. The Division of Motor Vehicles, in consultation with the Department of Public Instruction, the private motor coach industry, and other interested parties, shall study the issue of school sponsored bus transportation safety. As a part of its study, the Division is directed to study all of the following:

(1) The feasibility of increased centralized inspection of all companies that offer motor coach services to schools, and the anticipated cost of increased inspection.

(2) Appropriate use of school activity buses.

(3) Providing training and guidance to schools about school sponsored bus transportation safety.

The Division shall report its findings and recommendations to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Education Oversight Committee by December 1, 2002.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

CURRITUCK COUNTY TO NORTHERN OUTER BANKS FERRY STUDY

SECTION 26.12. The Department of Transportation shall study and determine the feasibility of establishing ferry service from Currituck County to the northern Outer Banks. The Department of Transportation shall report the results of the study to the General Assembly on or before June 1, 2003.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

DEPARTMENT OF TRANSPORTATION MAY USE RECEIPTS FOR FACILITIES IMPROVEMENTS

SECTION 26.13. The Secretary of Transportation may approve the use of receipts from the sale of Department of Transportation real property, other than right-of-way property, to make needed improvements to its facilities. Prior to the sale of the real property and the use of the funds for improvements to facilities, the Secretary shall report to the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations on the planned implementation of this section.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

PAYBACK SCHEDULE FOR TRANSFER IN EXCESS OF THAT AUTHORIZED BY THE GENERAL STATUTES FROM THE HIGHWAY TRUST FUND TO THE GENERAL FUND

SECTION 26.14. Any funds transferred from the Highway Trust Fund to the General Fund in addition to the transfer authorized by G.S. 105-187.9(b) shall be fully repaid to the Highway Trust Fund in five years beginning in the 2004-2005 fiscal year, using the sum of the digits formula, according to the following repayment schedule: FY 2004-2005 – 7%, FY 2005-2006 – 13%, FY 2006-2007 – 20%, FY 2007-2008 – 27%, and FY 2008-2009 – 33%.

Requested by: Representatives Cole, J. Crawford, Sutton, Easterling, Oldham, Redwine, Thompson

COMMISSION TO STUDY COMMISSION CONTRACTS FOR THE ISSUANCE OF MOTOR VEHICLE REGISTRATION PLATES AND CERTIFICATES

SECTION 26.15.(a) The Commission to Study Commission Contracts for the Issuance of Motor Vehicle Registration Plates and Certificates is created. The Commission shall consist of 11 members:

(1) Four Senators appointed by the President Pro Tempore of the Senate and four Representatives appointed by the Speaker of the House of Representatives.

(2) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint one person currently contracted with the Division of Motor Vehicles to issue registration plates and certificates.

(3) The Commissioner of Motor Vehicles or the Commissioner's designee shall serve as a voting member of the Commission.

SECTION 26.15.(b) The President Pro Tempore of the Senate shall designate one Senator as cochair and the Speaker of the House of Representatives shall designate one Representative as cochair.

SECTION 26.15.(c) The Commission shall:

(1) Review the history and policies that led to the enactment of G.S. 20-63(h) providing for contracts for the issuance of registration plates and certificates.

(2) Study the current implementation and consequences of the provisions of G.S. 20-63(h).

(3) Study how registration plates and certificates are issued in other states.

(4) Study the implications and potential effects on the contract agents of the authority of the Division of Motor Vehicles to use electronic applications and collections authorized in G.S. 20-63(i).

(5) Study any other factors it deems relevant related to the use of contract agents for the issuance of registration plates and certificates.

(6) Make findings and recommendations on improving the services related to the issuance of registration plates and certificates to the citizens of North Carolina while reducing the costs to the State.

SECTION 26.15.(d) The Commission shall submit a final report of its findings and recommendations on or before the first day of the 2003 Session of the

General Assembly by filing a report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Upon filing its final report, the Commission shall terminate.

SECTION 26.15.(e) The Commission, while in the discharge of its official duties, may exercise all the powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the call of the cochairs. The Commission may meet in the State Legislative Building or the Legislative Office Building.

SECTION 26.15.(f) Legislative members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3:1. Nonlegislative members shall receive subsistence and travel expenses at the rates set forth in G.S.138-5.

SECTION 26.15.(g) The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, upon the direction of the Legislative Services Commission. The expenses relating to clerical employees shall be borne by the Commission.

SECTION 26.15.(h) If a vacancy occurs in the membership of the Commission, the vacancy shall be filled by the same appointing officer who made the initial appointment.

SECTION 26.15.(i) All State departments and agencies and local governments and their subdivisions shall furnish to the Commission, upon request, any information in their possession or available to them.

SECTION 26.15.(j) The Division of Motor Vehicles, in consultation and cooperation with the Commission contract agents, shall conduct a comprehensive and updated productivity study of all transactions and other activity in contract agencies. The Division, in consultation and cooperation with the agents, shall use this data to develop a detailed proposal for compensating agents based on the tasks they undertake. The proposal shall include a mechanism to adjust the schedule periodically to account for inflation. The Division shall submit its proposal to the Commission on or before November 1, 2002.

SECTION 26.15.(k) From funds available to the Department of Transportation in this act the sum of twenty-five thousand dollars ($25,000) shall be transferred to the General Assembly for the 2002-2003 fiscal year for the expenses of the Commission.

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

TRANSPORTATION OF WOOD CHIPS AND OTHER WOOD PRODUCTS

SECTION 26.16. G.S. 20-118(c) is amended by adding a new subdivision to read:

"(c) Exceptions. – The following exceptions apply to G.S. 20-118(b) and 20-118(e).

...

(15) Subsections (b) and (e) of this section do not apply to a vehicle or vehicle combination that meets all of the conditions below, but all other enforcement provisions of this Article remain applicable:

a. Is hauling wood residuals, including wood chips, saw dust, mulch, or tree bark.

b. Does not operate on an interstate highway, a posted light-traffic road, or a posted bridge.

c. Does not exceed a maximum gross weight 4,000 pounds in excess of what is allowed in subsection (b) of this section.

d. Does not exceed a single-axle weight of more than 22,000 pounds and a tandem-axle weight of more than 42,000 pounds."

PART XXVII. INFORMATION TECHNOLOGY

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

ELECTRONIC PROCUREMENT/INFORMATION TECHNOLOGY PROCUREMENT STUDY

SECTION 27.1.(a) G.S. 143-48.3(a) reads as rewritten:

"(a) The Department of Administration ~~and the~~ shall develop and maintain electronic or digital standards for procurement. The Department of Administration shall consult with the Office of the State Controller, ~~in conjunction with~~ the Office of Information Technology Services (ITS), the Department of State Auditor, the Department of State Treasurer, The University of North Carolina General Administration, the Community Colleges System Office, and the Department of Public ~~Instruction shall collaborate to develop electronic or digital procurement standards.~~Instruction."

SECTION 27.1.(b) G.S. 143-48.3(c) reads as rewritten:

"(c) The Department of Administration shall utilize the Office of Information Technology Services ~~shall act~~ as an Application Service Provider for an electronic procurement ~~system and shall establish, manage, and~~ system. The Office of Information Technology Services shall operate this electronic procurement system, through State ownership or commercial leasing, in accordance with the requirements and operating standards developed by the Department of ~~Administration, the Office of the State Controller, and ITS.~~Administration and the financial reporting and accounting procedures of the Office of the State Controller."

SECTION 27.1.(c) G.S. 143-48.3 is amended by adding a new subsection to read:

"(a1) The Department of Administration shall comply with the State government-wide technical architecture for information technology, as required by the Information Resources Management Commission."

SECTION 27.1.(d) G.S. 143-48.3(e) is repealed.

SECTION 27.1.(e) The Joint Select Committee on Information Technology shall study and evaluate the procurement of information technology in the State. The Committee shall consider the governance of information technology procurement and associated costs, the use of appropriate procurement methodology, how to maximize the efficiency of the State's procurement process as it relates to information technology procurement, and the enterprise management of the State's information technology assets. The Office of State Budget and Management, the Department of Administration, and the Office of Information Technology Services shall provide information and data analysis for the purposes of the study. The Committee may solicit information and analysis from any other resources, as needed. The Committee shall report its findings and recommendations to the Chairs of the House of Representatives Appropriations Subcommittee on Information Technology and Senate Appropriations Committee on Information Technology by January 15, 2003.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

INFORMATION TECHNOLOGY SECURITY PRACTICES/STATE AUDITOR

SECTION 27.2.(a) G.S. 147-33.82(d) is amended by adding a new subdivision to read:

"(3) Before a State agency may enter into any contract with another party for an assessment of network vulnerability, including network penetration or any similar procedure, the State agency shall notify the State Chief Information Officer and obtain approval of the request. The State Chief Information Officer shall refer the request to the State Auditor for a determination of whether the Auditor's office can perform the assessment and testing. If the State Auditor determines that he can perform the assessment and testing, then the State Chief Information Officer shall authorize the assessment and testing by the Auditor. If the State Auditor determines that his office cannot perform the assessment and testing, then with the approval of the State Chief Information Officer and State Auditor, the State agency may enter into a contract with another party for the assessment and testing. If the State agency enters into a contract with another party for assessment and testing, the State agency shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision, but the contractor must provide the State agency with detailed reports of the security issues identified pursuant to this subdivision that shall not be disclosed as provided in G.S. 132-6.1(c). The State agency shall provide the State Chief Information Officer and the State Auditor with copies of the detailed reports."

SECTION 27.2.(b) G.S. 147-64.6(c)(18) reads as rewritten:

"(18) The Auditor shall, after consultation and in coordination with the State Chief Information Officer, assess, confirm, and report on the security

practices of information technology systems. If an agency has adopted standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in accordance with those standards. The Auditor's assessment of information security practices shall include an assessment of network vulnerability. The Auditor may conduct network penetration or any similar procedure as the Auditor may deem necessary. The Auditor may enter into a contract with a State agency under G.S. 147-33.82(d)(3) for an assessment of network vulnerability, including network penetration or any similar procedure. Any contract with the Auditor for the assessment and testing shall be on a cost-reimbursement basis. The Auditor may investigate reported information technology security breaches, cyber attacks, and cyber fraud in State government. The Auditor shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision but may provide agencies with detailed reports of the security issues identified pursuant to this subdivision which shall not be disclosed as provided in G.S. 132-6.1(c). For the purposes of this subdivision only, the Auditor is exempt from the provisions of Article 3 of Chapter 143 of the General Statutes in retaining contractors."

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

OFFICE OF ADMINISTRATIVE HEARINGS/AUTOMATION REVIEW

SECTION 27.3. By February 15, 2003, the Office of Administrative Hearings, in consultation with the Office of Information Technology Services, shall report to the Chairs of the Joint Select Committee on Information Technology, to the Chairs of the Joint Legislative Administrative Procedure Oversight Committee, and to the Fiscal Research Division on the cost and feasibility of developing or acquiring an enterprise-wide automated system for the rule-making process. The report shall include an estimate, based on an agency survey, of the costs incurred by State agencies in the current rule-making process. The Office of Administrative Hearings shall contact the rule-making agencies in other states to determine best practices in automating this process, and may present options for automating the State's rule-making process, including costs. The Office of Information Technology Services shall assist in the survey process on technical issues.

Requested by: Representatives Tucker, Tolson, Easterling, Oldham, Redwine, Thompson

HIPAA IMPLEMENTATION

SECTION 27.4.(a) The Office of State Budget and Management ("Office") shall coordinate the State's implementation of the federal Health Insurance Portability and Accountability Act ("HIPAA"), Title II Subtitle F (Administrative Simplification). Specifically, the powers and duties of coordination shall include:

(1) Initiating and responding to all correspondence between the State and the United States government on all matters relating to HIPAA Administrative Simplification requirements under Subtitle F of Title II of HIPAA.

(2) Coordinating official State comments on proposed federal regulations and the federal rule-making process pertaining to HIPAA Administrative Simplification.

(3) Obtaining from the North Carolina Attorney General legal interpretations of federal rules pertaining to HIPAA Administrative Simplification compliance, implementation, and enforcement.

(4) Reviewing State agency requests for funds to comply with HIPAA requirements.

(5) Contracting for consultative and other professional services necessary to carry out the State's HIPAA implementation effort.

(6) Obtaining from State agencies the necessary data on a regular basis to effectively review and monitor compliance with HIPAA Administrative Simplification requirements and to comply with reporting requirements.

(7) Coordinating with the Information Resource Management Commission to ensure that its policies and activities and those of the Office are complementary to ensure effective and efficient implementation and monitoring of HIPAA Administrative Simplification requirements.

SECTION 27.4.(b) The University of North Carolina system and the Teachers' and State Employees' Comprehensive Major Medical Plan may develop and implement HIPAA Administrative Simplification compliance efforts independently of the Office, except that each of these entities shall report bimonthly to the Office on its implementation status and activities, and shall comply with requests from the Office for additional information and reports.

SECTION 27.4.(c) Funds appropriated to the Reserve for Health Insurance Portability and Accountability Compliance that are unexpended and unencumbered at the end of the fiscal year shall not revert to the General Fund but shall remain in the Reserve for use in accordance with the purposes of the Reserve.

Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine, Thompson

STATE HUMAN RESOURCE AND RETIREMENT SYSTEMS INFORMATION TECHNOLOGY LRC STUDY

SECTION 27.5.(a) The Legislative Research Commission shall:

(1) Examine how information technology is used in the administration of the State's human resource systems, including personnel, benefits, leave reporting, and payroll.

(2) Consider how information technology solutions can streamline human resource management processes and eliminate unnecessary or duplicative paperwork.

(3) Review how an enterprise approach will improve the effectiveness and efficiency of the State's human resource management system and the State's administration of retirement and employee benefits. In making this inquiry, the Commission shall take into account and coordinate efforts with the State Business Infrastructure Study authorized by Section 17.1 of S.L. 2001-491, without duplicating the work of that study.

(4) Review any other matter that relates to the State's use of information technology for personnel, retirement, and benefits administration.

SECTION 27.5.(b) The Legislative Research Commission shall report its findings to the 2003 Regular Session of the General Assembly, along with any legislative recommendations.

PART XXVIII. SALARIES AND EMPLOYEE BENEFITS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

FUND PAYROLL AND RELATED EMPLOYMENT CONTRIBUTIONS AT NINETY-EIGHT PERCENT OF BUDGETED REQUIREMENTS

SECTION 28.2. The purpose of the payroll turnover adjustment set out in Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund for State-paid salaries and wages to more accurately reflect actual salary and wage requirements for full-time and part-time State-paid personnel. The Office of State Budget and Management shall allocate to State departments and agencies funds necessary to support salaries and wages and related employer contributions for social security and retirement at an average rate of ninety-eight percent (98%) of budgeted requirements for salaries and related employer contributions. The provisions of this section shall not apply to salary and related employer contributions funded by the State for the community colleges and the public school system.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ESTABLISH SEVERANCE EXPENDITURE RESERVE

SECTION 28.3.(a) Section 32.19 of S.L. 2001-424 is repealed.

SECTION 28.3.(b) There is established in the Office of State Budget and Management a General Fund reserve budget code for the purpose of funding severance-related obligations to employees subject to the State Personnel Act, and to exempt State employees, who are separated from State service due to a reduction-in-force action. Severance-related expenditures from this reserve shall include obligations to fund (i) an employee's severance salary continuation with an age adjustment factor as defined by the State Personnel Commission in State Personnel Manual Section 11, Revision No. 7, 9/22/2000, (ii) noncontributory health premiums for up to 12 months, (iii)

employer-related contributions for social security, and (iv) payment of an employee's unused vacation leave not to exceed 240 hours.

SECTION 28.3.(c) The Director of the Budget shall allocate funds appropriated in Section 2.1. of this act to the Reserve for Severance Benefits to State agencies to fund severance-related obligations incurred by the agencies as a result of reduction-in-force actions taken by the Director of the Budget that cause State employees to be terminated from State employment. Funds appropriated to the Reserve for Severance Benefits shall be expended in their entirety before funds appropriated to a State agency for personal services expenditures may be used to fund any severance-related obligations.

SECTION 28.3.(d) The provisions of this section shall not apply to local school administrative units, to community colleges, or to The University of North Carolina.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SPECIAL ANNUAL LEAVE BONUS

SECTION 28.3A. Any person who is a full-time permanent employee of the State on September 30, 2002, who is eligible for annual leave shall have a one-time additional 10 days of annual leave credited on that date. That leave shall be accounted for separately, and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees shall receive a pro rata amount of the 10 days.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADDITIONAL FAMILY AND MEDICAL LEAVE

SECTION 28.3B. A State employee is entitled to take up to 52 weeks of leave without pay during a five-year period in order to care for the employee's child, spouse, or parent, where that child, spouse, or parent has a serious health condition. For State employees subject to the State Personnel Act, this leave shall be administered under the Family and Medical Leave procedures of the State Personnel Commission. Benefits under this section for employees not subject to the State Personnel Act shall be administered under the Family and Medical Leave procedures applicable to those employees. Benefits under this section are supplemental to any benefit an employee may otherwise be entitled to.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

SECTION 28.5. Section 32.21(b) of S.L. 2001-424 reads as rewritten:

"**SECTION 32.21.(b)** The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for ~~the 2001-2002 fiscal year and~~ the 2002-2003 fiscal year are (i) ~~five percent (5.00%)~~ three and three one-hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent (10.00%)~~ eight and three one-hundredths percent (8.03%) – State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University

Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty hundredths percent (16.40%)~~ fourteen and twenty-seven hundredths percent (14.27%) – Consolidated Judicial Retirement System; and (vi) ~~twenty-five and fifty-five hundredths percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PUBLIC EMPLOYEE SPECIAL PAY PLAN STUDY

SECTION 28.6.(a) There is established the Special Pay Plan Study Commission, to be composed of 11 members, as follows:

(1) Three members appointed by the Speaker of the House of Representatives.
(2) Three members appointed by the President Pro Tempore of the Senate.
(3) Three members appointed by the Governor
(4) The State Treasurer, ex officio.
(5) The Secretary of the Department of Administration, ex officio.

SECTION 28.6.(b) The Commission shall study establishment of a Special Pay Plan for State employees, which shall enhance, and not diminish, existing Special Pay benefits. A Special Pay Plan is a qualified retirement plan, approved by the Internal Revenue Service, that reduces the federal tax burden on special compensation paid to State employees, including bonuses, accumulated sick leave, accumulated vacation leave, and any other payment or benefit designated as special pay by the Internal Revenue Code. The Commission shall examine issues such as:

(1) The extent of coverage of State employees based on their age or amount of special compensation.
(2) The extent to which the program would be mandatory.
(3) How the program would be administered.
(4) The extent to which it would apply to persons subject to a Reduction in Force (RIF).
(5) The financial advantages and disadvantages to the employer and employee, including savings of employer and employee taxes, and the effect on social security and State retirement benefits.

SECTION 28.6.(c) The Commission shall report to the 2003 General Assembly within 60 days after its convening, and shall terminate upon such report.

SECTION 28.6.(d) The Legislative Services office may provide professional and support staff assistance to the Commission.

Requested by: Representatives Baddour, Barefoot, Cox, Easterling, Oldham, Redwine, Thompson

INCREASE FIRE AND RESCUE PENSION BENEFITS

SECTION 28.7. G.S. 58-86-55 reads as rewritten:

"**§ 58-86-55. Monthly pensions upon retirement.**

Any member who has served 20 years as an "eligible fireman" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of ~~one hundred fifty-one dollars ($151.00)~~ one hundred fifty-six dollars ($156.00) per month. Any retired fireman receiving a pension shall, effective ~~July 1, 2000,~~ July 1, 2002, receive a pension of ~~one hundred fifty-one dollars ($151.00)~~ one hundred fifty-six dollars ($156.00) per month.

Members shall pay ten dollars ($10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.

A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred fifty-one dollars ($151.00)~~ one hundred fifty-six dollars ($156.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ten dollars ($10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars ($10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

A member who, because his residence is annexed by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A

of the General Statutes, and because of such annexation is unable to perform as a fireman of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars ($10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Barefoot, Cox

PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM AND THE LEGISLATIVE RETIREMENT SYSTEM.

SECTION 28.8.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(jjj) From and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2001, and June 30, 2002."

SECTION 28.8.(b) G.S. 128-27 is amended by adding a new subsection to read:

"(bbb) From and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2001, and June 30, 2002."

SECTION 28.8.(c) G.S. 135-65 is amended by adding a new subsection to read:

"(w) From and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002. Furthermore, from and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2001, and June 30, 2002."

SECTION 28.8.(d) G.S. 120-4.22A is amended by adding a new subsection to read:

"(q) In accordance with subsection (a) of this section, from and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2002, shall be increased by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002. Furthermore, from and after July 1, 2002, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2002, but before June 30, 2002, shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2002, and June 30, 2002."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Barefoot, Cox

ENHANCE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

SECTION 28.9.(a) G.S. 135-5(b18) reads as rewritten:

"(b18) Service Retirement Allowance of Members Retiring on or After July 1, ~~2000.~~ 2000, but Before July 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member shall receive the following service retirement allowance.

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and

prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 135-5(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
2. The service retirement allowance as computed under G.S. 135-5(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of membership service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 135-5(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday

precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 135-5(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b18)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

SECTION 28.9.(b) G.S. 135-5 is amended by adding a new subsection to read:

"(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2002, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 135-5(b19)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or

2. The service retirement allowance as computed under G.S. 135-5(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of membership service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of his average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 135-5(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 135-5(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b19)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

SECTION 28.9.(c) G.S. 135-5 is amended by adding a new subsection to read:

"(kkk) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. – From and after July 1, 2002, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on the allowance payable and in effect on June 30, 2002, so as not to be compounded on any other increase granted by act of the 2002 Regular Session of the 2001 General Assembly."

SECTION 28.9.(d) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~ G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding the requirement of obtaining age 50.

(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who was living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection to apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase. The term "in service" as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter."

SECTION 28.9.(e) G.S. 128-27(b19) reads as rewritten:

"(b19) Service Retirement Allowance of Member Retiring on or After July 1, ~~2001.~~ 2001, But Before July 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2001, but before July 1, 2002, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b19)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b19)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S.

128-27(b19)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b19)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b19)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 28.9.(f) G.S. 128-27 is amended by adding a new subsection to read:

"(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2002, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of his average final

compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b20)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday;

2. The service retirement allowance as computed under G.S. 128-27(b20)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-two hundredths percent (1.82%) of average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b20)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b20)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each

month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b20)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b20)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 28.9.(g) G.S. 128-27 is amended by adding a new subsection to read:

"(ccc) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. – From and after July 1, 2002, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on the allowance payable and in effect on June 30, 2002, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2002 Regular Session of the 2001 General Assembly."

SECTION 28.9.(h) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

(1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)c.,~~ G.S. 128-27(b20)(1)b. or G.S. 128-27(b20)(2)c., notwithstanding the requirement of obtaining age 50.

(2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.

(3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

SECTION 28.9.(i) This section becomes effective July 1, 2002.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RETIREMENT INCENTIVE

SECTION 28.15.(a) Any member of the Teachers' and State Employees' Retirement System, except for employees of the community colleges and the public schools, with 25 or more years of creditable service and who is a minimum of age 55 who retires between September 1, 2002, and March 1, 2003, shall be eligible for a Separation Allowance for State Employees as provided in this section.

SECTION 28.15.(b) Notwithstanding any other provision of law, every State employee (except law enforcement officers), employed by a State department, agency, or institution, except for employees of the community colleges and the public schools, who qualifies under this section shall receive, beginning on the last day of the month in which he retires from active employment on a basic early or service retirement under the provisions of G.S. 135-5(a) or G.S. 135-5(a1), an annual separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation most recently applicable to him for each year of creditable service. The allowance shall be paid in 12 equal installments on the last day of each month. To qualify for the allowance the employee shall:

(1) Have attained 55 years of age and completed 25 or more years of creditable service;

(2) Not have attained 62 years of age; and

(3) Has been actively employed during the 12 months immediately prior to the retirement date.

SECTION 28.15.(c) As used in this section, "creditable service" means the service for which credit is allowed under the retirement system.

SECTION 28.15.(d) Payment to a retired employee under the provisions of this section shall be made monthly on a continuous basis and shall not cease until the earlier of (i) the death of the individual, (ii) the last day of the month in which the individual attains 62 years of age, or (iii) the first day of reemployment by any State

department, institution, agency, public school, board, or commission on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise.

SECTION 28.15.(e) This section does not affect the benefits to which an individual may be entitled from State, federal, or private retirement systems. The benefits payable under this section shall not be subject to any increases in salary or retirement allowances that may be authorized by the General Assembly for employees of the State or retired employees of the State.

SECTION 28.15.(f) The head of each State department, agency, or institution shall determine the eligibility of employees in accordance with this section for the benefits provided herein.

SECTION 28.15.(g) The Director of the Budget may authorize from time to time the transfer of funds within the budgets of each State department, agency, or institution necessary to carry out the purposes of this Article. These funds shall be taken from those appropriated to the department, agency, or institution for salaries and related fringe benefits. The payment of the allowance shall be from the same source of funds from which the employee was paid.

SECTION 28.15.(h) The head of each State department, agency, or institution shall make the payments set forth in subsection (b) of this section to those persons certified under subsection (f) of this section from funds available under subsection (g) of this section.

SECTION 28.15.(i) The Director of the Budget shall reduce the personal services budget of each State department, agency, or institution by the difference between the budgeted salary and benefits for that position and the amount paid under this section as a retirement incentive.

Requested by: Representatives Redwine, Easterling, Oldham, Thompson

EMPLOYEE HEALTH PLAN TRUSTEES AND COMMITTEES

SECTION 28.16.(a) G.S. 135-39 reads as rewritten:

"**§ 135-39. Board of Trustees established.**

(a) There is hereby established the Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan.

(a1) The Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall consist of ~~nine~~ 15 members.

(b) ~~Three~~ Five members shall be appointed by the Governor. Of the initial members, one shall serve a term to expire June 30, 1983, and two shall serve terms to expire June 30, 1984. Subsequent terms shall be for two years. Vacancies shall be filled by the Governor. ~~The member appointed by the Governor to serve a term beginning July 1, 1985, shall be an employee enrolled in the Plan. Any successor to such member shall also be an employee enrolled in the Plan.~~ Of the members appointed by the Governor, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed by a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

(c) ~~Three~~ Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance with G.S. 120-122. Of these members, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed in a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

~~One of the members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives may be a retired employee enrolled in the Plan.~~

(d) ~~Three~~ Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance with G.S. 120-122. Of these members, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed in a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

~~One of the members appointed by the General Assembly upon the recommendation of the President of the Senate for a term beginning July 1, 1985, shall be an employee enrolled in the Plan. Any successor to such member shall also be an employee enrolled in the Plan.~~

(d1) Repealed by Session Laws 1985, c. 732, s. 60.

(e) The Governor shall have the power to remove any member appointed by him under subsection (b). The General Assembly may remove any member appointed under subsections (c) or (d).

(f) The members of the Board of Trustees shall receive one hundred dollars ($100.00) per day, except employees eligible to enroll in the Plan, whenever the full Board of Trustees holds a public session, and travel allowances under G.S. 138-6 when traveling to and from meetings of the Board of Trustees or hearings under G.S. 135-39.7, but shall not receive any subsistence allowance or per diem under G.S. 138-5, except when holding a meeting or hearing where this section does not provide for payment of one hundred dollars ($100.00) per day.

~~(g) No State employee, member of the General Assembly, State officer, or anyone who is receiving benefits under the Plan or who is eligible to receive benefits under the Plan or who provides services, equipment or supplies under the Plan shall be eligible for membership on the Board of Trustees, except for the designated employees and retired employee appointed under subsections (b) through (d) of this section, provided that such designated persons may not serve on the executive committee.~~

(h) No member of the Board of Trustees may serve more than three consecutive two-year terms.

(i) Meetings of the Board of Trustees may be called by the Executive Administrator, the Chairman, or by any three members."

SECTION 28.16.(b) G.S. 135-39.4A(f) reads as rewritten:

"(f) The Executive Administrator may employ such clerical and professional staff, and such other assistance as may be necessary to assist the Executive Administrator and the Board of Trustees in carrying out their duties and responsibilities under this Article. The Executive Administrator may also negotiate, renegotiate and execute contracts with third parties in the performance of his duties and responsibilities under this Article; provided any contract negotiations, renegotiations and execution with a Claims Processor or with an optional prepaid hospital and medical benefit plan or with a preferred provider of institutional or professional hospital and medical care or with a pharmacy benefit manager shall be done only after consultation with the Committee on Employee Hospital and Medical Benefits. Any committee or other group appointed or used by the Executive Administrator for the purpose of formulating any policies, rules, regulations, recommendations to the General Assembly or the Governor, or in any other way affecting the operations or decisions of the Plan, including the pharmacy and therapeutics committee pursuant to G.S. 135-40.5(g), shall include at least the following:

(1) An employee of a State department, agency, or institution,

(2) A teacher employed in a North Carolina public school system, and

(3) A retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system."

SECTION 28.16.(c) G.S. 135-39.10 reads as rewritten:

"~~**§ 135-39.10. Meaning of "Executive Administrator and Board of Trustees".**~~

~~Whenever in this Article the words "Executive Administrator and Board of Trustees" appear, they mean that the Executive Administrator shall have the power, duty, right, responsibility, privilege or other function mentioned, after consulting with the Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan.~~"

SECTION 28.16.(d) Subsection (a) of this section becomes effective October 1, 2002, and applies to appointments and reappointments made on and after that date. The remainder of this section becomes effective when this act becomes law.

Requested by: Representatives Redwine, Easterling, Oldham, Thompson, Wright, Nye

STATE EMPLOYEE HEALTH PLAN COVERAGE FOR SERVICES OF CLINICAL PHARMACIST PRACTITIONERS

SECTION 28.17. G.S. 135-40.6 is amended by adding the following new subdivision to read:

"(12) Coverage for services of Clinical Pharmacist Practitioners. – Notwithstanding any other provision of this section or the Plan, benefits shall be payable for services performed by a Clinical Pharmacist Practitioner subject to the following limitations:

a. The service performed is within the Clinical Pharmacist Practitioner's limitations pursuant to G.S. 90-18.4.

b. The Plan currently provides reimbursement for identical services provided by other health care providers.

c. The reimbursement shall be at the discretion of the Executive Administrator regarding services covered and compensation.
d. The reimbursement is made to the Clinical Pharmacist Practitioner.
e. Nothing in this subdivision authorizes payment to more than one provider for the same service."

PART XXIX. CAPITAL APPROPRIATIONS

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 29.1. Appropriations are made from the General Fund of the State for the 2002-2003 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements -General Fund	**2002-2003**
Department of Environment and Natural Resources	31,248,000

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECTS/USE DREDGE SPOILS TO NOURISH BEACH

SECTION 29.2.(a) The General Assembly finds that North Carolina is the tenth largest exporting state in the nation and that water resources development projects are vital to the economy of the State. North Carolina State Ports facilities, notably those in Wilmington, provide gateways to the global marketplace for North Carolina's importers and exporters. The State's ports annually generate thousands of jobs and millions of dollars in State and local taxes.

The General Assembly further finds that the ports are also invaluable assets to the communities that each serves. For example, according to the North Carolina State Ports Authority, nearly seven billion dollars ($7,000,000,000) worth of goods, or nineteen million dollars ($19,000,000) a day, were handled at the Port of Wilmington in 1997. The harbor improvements in Wilmington, provided for in subsection (b) of this section, are projected to add thirty-four million dollars ($34,000,000) in annual regional benefits.

The General Assembly also finds that particularly in times of heightened national and local security, the water resources projects provide strategic mobilization benefits to the Port of Wilmington and to the Military Ocean Terminal at Sunny Point.

SECTION 29.2.(b) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

Name of Project	**2002-2003**

(1)	Wilmington Harbor Deepening	$20,100,000
(2)	Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
(3)	Wilmington Harbor Maintenance	500,000
(4)	B. Everett Jordan Lake Water Supply	90,000
(5)	John H. Kerr Reservoir Operations Evaluation	800,000
(6)	Oregon Inlet Jetties	70,000
(7)	Silver Lake Harbor Maintenance	600,000
(8)	West Onslow Beach (Topsail Beach) Nourishment	203,000
(9)	Wanchese Marsh Creation	180,000
(10)	Bogue Banks Shore Protection Study	315,000
(11)	Surf City/North Topsail Beach Protection Study	200,000
(12)	Walter Slough Maintenance Dredging	58,000
(13)	Currituck Sound Water Management Study	400,000
(14)	Deep Creek (Yadkin County) Watershed Management	500,000
(15)	State Local Projects	2,900,000
(16)	Aquatic Weed Control, Lake Gaston and Statewide	300,000
(17)	Swan Quarter (Hyde County) Flood Control Dikes	100,000
(18)	North Topsail Beach Feasibility Study (nonfederal)	250,000
(19)	Neuse River Basin Feasibility Study	100,000
(20)	Edgewater Canal (Camden County) Drainage	25,000
(21)	Emergency Flood Control Projects	187,000
(22)	Projected Feasibility Studies	120,000
(23)	Planning Assistance to Communities	150,000
TOTAL		**$31,248,000**

SECTION 29.2.(c) Where the actual costs are different from the estimated costs under subsection (b) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (b) of this section are delayed and the budgeted State funds cannot be used during the 2002-2003 fiscal year, or if the projects listed in subsection (b) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2002-2003.

(3) State-local water resources development projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2003-2004 fiscal year.

SECTION 29.2.(d) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects that receive funding.

(2) The estimated cost of each project.
(3) The date that work on each project began or is expected to begin.
(4) The date that work on each project was completed or is expected to be completed.
(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 29.2.(e) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach nourishment projects for the 2002-2003 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

SECTION 29.2.(f) G.S. 113A-118.1 is amended by adding a new subsection to read:

"(e) The Commission shall allow the use of riprap in the construction of groins in estuarine and public trust waters on the same basis as the Commission allows the use of wood."

SECTION 29.2.(g) The Coastal Resources Commission shall not enforce any provision of any rule that is inconsistent with G.S. 113A-118.1(e), as enacted by this act, and the Commission shall amend its rules as may be required to conform with G.S. 113A-118.1(e), as enacted by this act.

SECTION 29.2.(h) G.S. 113-229(h1) reads as rewritten:

"(h1) ~~All~~ Except as provided in subsection (h2) of this section, all construction and maintenance dredgings of beach-quality sand may be placed on the affected downdrift ocean beaches or, if placed elsewhere, an equivalent quality and quantity of sand from another location shall be placed on the downdrift ocean beaches."

SECTION 29.2.(i) G.S. 113-229 is amended by adding a new section to read:

"(h2) Clean, beach quality material dredged from navigational channels within the active nearshore, beach or inlet shoal systems shall not be removed permanently from the active nearshore, beach or inlet shoal system. This dredged material shall be disposed of on the ocean beach or shallow active nearshore area where it is environmentally acceptable and compatible with other uses of the beach."

SECTION 29.2.(j) G.S. 113-229(i) reads as rewritten:

"(i) Subject to ~~subsection (h1)~~ subsections (h1) and (h2) of this section, all materials excavated pursuant to such permit, regardless of where placed, shall be encased or entrapped in such a manner as to minimize their moving back into the affected water."

PART XXX. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 30.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 30.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated August 6, 2002,which was distributed in the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 30.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2002-2003 fiscal year is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the requested adjustments to the budgets submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets.

SECTION 30.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO 2002-2003

SECTION 30.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2002-2003 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2002-2003 fiscal year.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 30.4.(a) Except where expressly repealed or amended by this act, the provisions of S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 remain in effect.

SECTION 30.4.(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 30.5. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 30.6. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 30.7. Except as otherwise provided, this act becomes effective July 1, 2002.

JBS
CPS

Adopted Voice Vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S1115-ALM-14 [v.1]

Date 8-6 ,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Redwine

moves to amend the bill on page 142, line 42,
by adding on that line the following:

"**SECTION 15.6.** Funds in the amount of one hundred twenty-five thousand dollars ($125,000) are appropriated by this act to the Department of Justice for the 2002-2003 fiscal year for the America's Missing Broadcast Emergency Response (AMBER) Alert program. The Department of Justice shall use these funds to assist the Department of Crime Control and Public Safety to expand statewide the AMBER Alert program. AMBER is a voluntary cooperative program between law-enforcement agencies between law-enforcement agencies and local broadcasters to send an emergency alert to the public when a child has been abducted and it is believed that the child's life is in grave danger. Under the AMBER plan, area radio and television stations interrupt programming to broadcast information about the missing child using the Emergency Alert System.

The purpose of the AMBER plan is to provide a rapid response to the most serious child-abduction cases. When an alert is activated, law-enforcement agencies immediately gain the assistance of thousands of broadcast and cable listeners and viewers throughout the area. The plan relies on the community to safely recover the abducted child. Currently, the North Carolina Child Alert Notification (NC CAN) system is housed under the North Carolina Center for Missing Persons, a section of the North Carolina Department of Crime Control and Public Safety. The Attorney

adopted VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

S1115-ALM-14 [v.1]

General's Office is working with the NC CAN system to raise awareness and find financial resources in order to implement the program statewide."; and

Further moves to amend the Money Report on page I-7, Item #34,
By rewriting that item to read:
"34 Vehicle Replacement
Reduce vehicle replacement budget by $475,000 ($475,000) NR;
and
On page I-7 of the Money Report by adding a new item to read as follows:
"39A AMBER Alert program
Fund the program statewide. $125,000;
and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

S1115-ALR-49 [v.3]

by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%)."

SECTION 28.13.(c) This section does not apply during the 2002-2003 fiscal year to any person who prior to September 1, 2002, entered into an employment contract or commitment for some or all of that year."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

retirement incentive Salaries + Benefits

SP

Adopted V

② Displaced

Division

8-7-02 V Adopt vs amdt by #32 Warwick

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 2
(to be filled in by Principal Clerk)

S1115-ALR-49 [v.3]

Date 8-6 ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Redwine

moves to amend the bill on page 194, line 15, by inserting the following:

"Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RETIRED TEACHERS RETURNING TO THE CLASSROOM WITHOUT LOSS OF RETIREMENT BENEFITS/OPTION EXTENDED

SECTION 28.10.(a) Subsection (d) of Section 28.24 of S.L. 1998-212 reads as rewritten:

"(d) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~ June 30, 2004."

SECTION 28.10.(b) The catch line to Section 67 of S.L. 1998-217 reads as rewritten:

"**SECTION 67.** Effective January 1, 1999, through ~~June 30, 2003,~~ June 30, 2004, G.S. 135-3(8)c., as rewritten by Section 28.24(a) of ~~Senate Bill 1366 of the 1997 General Assembly, as enacted,~~ S.L. 1998-212 reads as rewritten:"

SECTION 28.10.(c) Subsection (b) of Section 67.1 of S.L. 1998-217 reads as rewritten:

"(b) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~ June 30, 2004."

SECTION 28.10.(d) Subsection (c) of Section 32.25 of S.L. 2001-424 reads as rewritten:

1st

"**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires ~~June 30, 2003.~~ June 30, 2004."

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MODIFY BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND IN THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM

SECTION 28.13.(a) G.S. 135-3(8)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12-month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least six months and has not been employed in any

capacity, except as a substitute teacher or a part-time tutor, with a public school for at least six months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach on a substitute, interim, or permanent basis in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

SECTION 28.13.(b) G.S. 128-24(5)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12-month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars ($20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year

adopted voice vote

52 ED
DPI
new provision
Personnel files not
subj to inspection

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

S1115-ALE-117 [v.4]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]

Representative Redwine

moves to amend the bill on page 59, line 30, by adding a new section after the line to read:

"Requested by: Representatives Easterling, Oldham, Redwine, Thompson

AVAILABILITY OF INFORMATION ON EMPLOYEE QUALIFICATIONS

SECTION 7.36. G.S. 115C-319 reads as rewritten:

"**§ 115C-319. Personnel files not subject to inspection.**

Personnel files of employees of local boards of education, former employees of local boards of education, or applicants for employment with local boards of education shall not be subject to inspection and examination as authorized by G.S. 132-6. For purposes of this Article, a personnel file consists of any information gathered by the local board of education which employs an individual, previously employed an individual, or considered an individual's application for employment, and which information relates to the individual's application, selection or nonselection, promotion, demotion, transfer, leave, salary, suspension, performance evaluation, disciplinary action, or termination of employment wherever located or in whatever form.

Adopted
voice
vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

S1115-ALE-117 [v.4]

Nothing in this section shall be construed to prevent local boards of education from disclosing the certification status and other information about employees as required by Section 1111(h)(6) of P.L. 107-110."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

50 ED1

reduces #23 $21,203,575 increases Item #19 $21,203,575 Put in Effective Change date on class size

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 4
(to be filled in by Principal Clerk)

S1115-ALE-129 [v.1]

Date 8/16/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Thompson

moves to amend the money report on page F5, Item #23, by reducing the amount by "$21,203,572" and by modifying the item to make the class size reduction effective January 1, 2003; and

on page F4, Item #19, by increasing the amount by "$21,203,572" and by modifying the item accordingly; and

moves to amend the bill on page 50, line 23, by deleting the language, "for kindergarten for the 2002-2003 fiscal year" and substituting "for kindergarten, effective January 1, 2003, for the 2002-2003 fiscal year"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 4
(to be filled in by
Principal Clerk)

S1115-ALE-129 [v.1]

on page 50, line 27, by deleting the language, "for first grade for the 2002-2003 fiscal year" and substituting "for first grade, effective January 1, 2003, for the 2002-2003 fiscal year".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

perfecting Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 5A
(to be filled in by
Principal Clerk)

S1115-ALH-68 [v.3]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Haire

moves to amend the bill on page 63, line 42,
by adding the following:

"SECTION 9.1.(c) The Board of Governors of The University of North Carolina shall establish a bachelor of science degree in electrical and computer engineering at Western Carolina University no later than the 2004-2005 academic year.

SECTION 9.1.(d) The Board of Governors of The University of North Carolina shall establish a bachelor of arts degree in engineering at the University of North Carolina at Asheville no later than the 2004-2005 academic year."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

EP UNC SR.

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

S1115-ALR-51 [v.4]

Date 8/15 ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Thompson

moves to amend the bill on page 63, lines 28-31, by rewriting the lines to read:
"Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson, Haire
ELIZABETH CITY STATE UNIVERSITY PHARMACY SCHOOL/EAST CAROLINA UNIVERSITY ENGINEERING SCHOOL/ENGINEERING PROGRAMS AT WESTERN CAROLINA UNIVERSITY AND THE UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE";

and further moves to amend the bill on page 63, line 42, by inserting the following:

"**SECTION 9.1.(c)** The Board of Governors of The University of North Carolina shall establish a single accredited engineering degree program at Western Carolina University no later than the 2004-2005 academic year. The Board of Governors of The University of North Carolina shall establish a single accredited

A W

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

S1115-ALR-51 [v.4]

engineering degree program at the University of North Carolina at Asheville no later that the 2004-2005 academic year."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

63

Gen Fund
Tobacco Trust

passed V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 6
(to be filled in by
Principal Clerk)

S1115-ALR-55 [v.2]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Tucker

moves to amend the bill on page 6, line 22,
by deleting the amount on that line and substituting "150,000,000";

and on page 10, lines 8-9,
by deleting "thirty-two million dollars ($32,000,000)" and substituting "thirty million dollars ($30,000,000)", and by adjusting the appropriate totals accordingly.

SIGNED Russell Tucker
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

36 S+B Special Annual Leave Bonus

DISPUTED With Drawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 7
(to be filled in by Principal Clerk)

S1115-ALE-121 [v.3]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Tucker

moves to amend the bill on page 181, lines 17-22, by deleting the lines and substituting:

"**SECTION 28.3A.** Any person who is a full-time permanent employee of (i) the State, (ii) a community college, or (iii) a local board of education except for an employee who receives a salary increment pursuant to section 7.1 or 7.2 of this act, on September 30, 2002, who is eligible for annual leave shall have a one-time additional 10 days of annual leave credited on that date. That leave shall be accounted for separately, and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees and 10-month employees shall receive a pro rata amount of the 10 days."

SIGNED Russell Tucker
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Salaries Benefits
Reduce Legis pay

Adopted Passed 49/43
roll call

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. $-$
(to be filled in by Principal Clerk)

S1115-ALB-213 [v.2]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [~~NO~~] [YES]
Third Edition

Representative Fox

moves to amend the bill on page 180, line 32, by adding the following:
"Requested by: Representative Fox
TEMPORARY REDUCTION IN LEGISLATIVE COMPENSATION.
SECTION 28.2A.(a) G.S. 120-3(a) reads as rewritten:
"(a) The Speaker of the House shall be paid an annual salary of ~~thirty-eight thousand one hundred fifty-one dollars ($38,151)~~ thirty-four thousand three hundred thirty-five dollars ($34,335) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars ($1,413) per month. The President Pro Tempore of the Senate shall be paid an annual salary of ~~thirty-eight thousand one hundred fifty-one dollars ($38,151)~~ thirty-four thousand three hundred thirty-five dollars ($34,335) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars (1,413) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of ~~twenty-one thousand seven hundred thirty-nine dollars ($21,739)~~ nineteen thousand five hundred sixty-five dollars ($19,565) payable monthly, and an expense allowance of eight hundred thirty-six dollars (836.00) per month. The Deputy President Pro Tempore of the Senate shall be paid an annual salary of ~~twenty-one thousand seven hundred thirty-nine dollars ($21,739)~~ nineteen thousand five hundred sixty-five dollars ($19,565) payable monthly, and an expense allowance of eight hundred thirty-six dollars ($836.00) per month. The majority and minority leaders in the House and the majority and minority leaders in the Senate shall be paid an annual salary of ~~seventeen thousand forty-eight dollars ($17,048)~~ fifteen thousand three hundred

Adopted roll call 49/43

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 8
(to be filled in by Principal Clerk)

S1115-ALB-213 [v.2]

forty-three dollars ($15,343) payable monthly, and an expense allowance of six hundred sixty-six dollars ($666.00) per month."

SECTION 28.2A.(b) G.S. 120-3(b) reads as rewritten:

"(b) Every other member of the General Assembly shall receive increases in annual salary only to the extent of and in the amounts equal to the average increases received by employees of the State, effective upon convening of the next Regular Session of the General Assembly after enactment of these increased amounts, except no such increase is granted upon the convening of the 1997 Regular Session of the General Assembly. Accordingly, ~~upon convening of the 1997 Regular Session of the General Assembly,~~ every other member of the General Assembly shall be paid an annual salary of ~~thirteen thousand nine hundred fifty-one dollars ($13,951)~~ twelve thousand five hundred fifty-six dollars ($12,556) payable monthly, and an expense allowance of five hundred fifty-nine dollars ($559.00) per month."

SECTION 28.2A(c). This section is effective when it becomes law, and expires June 30, 2003."

Further moves to amend the bill on page 1, line 3, by adding the following after "2001": ", TO PROVIDE FOR A TEN PERCENT (10%) REDUCTION IN THE SALARY OF MEMBERS OF THE GENERAL ASSEMBLY FOR THE REMAINDER OF THE 2002-2003 FISCAL YEAR,"

SIGNED Stan Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

ALB 213 v2

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Fox

Date: 8-6 , 2002 (50)

AMENDMENT NO. 8
Rep. Fox

Total: Yes 49 **No** 33

Bill Number: S. 1115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair	✓		Church
	✓	Oldham, Chair	✓		Clary
✓		Redwine, Chair	✓		Coates
✓		Thompson, Chair	✓		Cole
✓		Owens, Vice-Chair	✓		Crawford, Mark
✓		Crawford, Jim Vice-Chair		✓	Creech
				✓	Culp
	✓	Adams	✓		Culpepper
✓		Allred	✓		Daughtry
	✓	Arnold		✓	Davis
✓		Baker	✓		Dockham — did not hear
	✓	Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
	✓	Barnhart	✓		Esposito
	✓	Bell	✓		Fox
		Blue	✓		Gillespie
✓		Bonner	✓		Goodwin
		Bowie			Grady
	✓	Boyd-McIntyre		✓	Gulley
		Brubaker	✓		Haire
	✓	Carpenter		✓	Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

roll #8

YES	NO	NAME	YES	NO	NAME
✓		Harrington	✓		Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
	✓	Holmes		✓	Sexton
	✓	Howard, Julia	✓		Sherrill
	✓	Hunter, Howard	✓		Shubert
✓		Insko	✓		Smith
✓		Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser	✓		Tolson
	✓	Lucas	✓		Tucker
		McAllister	✓		Underhill
✓		McLawhorn		✓	Walend
	✓	Michaux	✓		Walker
	✓	Miller	✓		Warner
✓		Miner	✓		Warren
	✓	Mitchell	✓		Warwick
✓		Morgan		✓	Weatherly
	✓	Nesbitt		✓	West
✓		Nye	✓		Wilson, G
✓		Preston		✓	Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

amdt #8

YES	NO	NAME	YES	NO	NAME
✓		Hackney, Spkr Pro Tem	✓		Dedmon, Maj. Leader
✓		Baddour, Maj. Leader		✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

Sub
2 w/K-12 Public School

Original

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 9
(to be filled in by
Principal Clerk)

S1115-ALE-131 [v.3]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representatives Baddour and Nesbitt

move to amend the bill on page 181, lines 17-22, by deleting the lines and substituting:

"**SECTION 28.3A.** Any person who is a full-time permanent employee on September 30, 2002, of (i) a local board of education, except for an employee who receives a salary increment pursuant to section 7.1 or 7.2 of this act, or (ii) the State, who is eligible for annual leave shall have a one-time additional 10 days of annual leave credited on that date. That leave shall be accounted for separately, and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees and 9- or 10-month employees shall receive a pro rata amount of the 10 days.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 9
(to be filled in by
Principal Clerk)

S1115-ALE-131 [v.3]

The General Assembly encourages the State Board of Community Colleges to adopt rules authorizing the colleges to provide special annual leave bonuses, compensation bonuses, or other employee benefits to their employees."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

154
154 & B
Gen Provisions
Deduction Flexibility
to Assns.

Adopted, Roll Call
43/37

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 10
(to be filled in by
Principal Clerk)

S1115-ARH-91 [v.1]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Arnold

moves to amend the bill on page 27, lines 15-44, and page 28, lines 1-37, by deleting those lines.

SIGNED Gene Arnold
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8-6 **, 2002**

AMENDMENT NO. 10 Rep Arnold

Total: Yes 43 **No** 37

Bill Number: S. 1115

44

43/1/37

Vote 47

YES	NO	NAME	YES	NO	NAME
___	✓	Easterling, Chair	___	✓	Church
___	✓	Oldham, Chair	✓	___	Clary
___	✓	Redwine, Chair	✓	___	Coates
✓	___	Thompson, Chair	✓	___	Cole
✓	___	Owens, Vice-Chair	✓	___	Crawford, Mark
✓	___	Crawford, Jim Vice-Chair	✓	___	Creech
			✓	___	Culp
___	✓	Adams	___	✓	Culpepper
✓	___	Allred	✓	___	Daughtry
✓	✓	Arnold	✓	___	Davis
✓	___	Baker	✓	___	Dockham
✓	___	Barbee	___	✓	Earle
___	✓	Barefoot	✓	___	Ellis
✓	___	Barnhart	✓	___	Esposito
___	✓	Bell	✓	___	Fox
___	___	Blue	✓	___	Gillespie
___	✓	Bonner	___	✓	Goodwin
✓	___	Bowie	___	___	Grady
___	✓	Boyd-McIntyre	✓	___	Gulley
___	___	Brubaker	___	✓	Haire
✓	___	Carpenter	___	✓	Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

Amdt #10
Arnold
43/37

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
✓		Howard, Julia			Sherrill
		Hunter, Howard	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
		McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
		Michaux	✓		Walker
	✓	Miller		✓	Warner
✓		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#10 arnold

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	___	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

37 JPS Reopen Blue Ridge

~~Displaced~~ WITHDRAWN

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 11
(to be filled in by
Principal Clerk)

S1115-ALL-33 [v.8]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Thompson

moves to amend the bill on page 155, line 39,
by inserting on that line the following:

"Requested by: Representatives Thompson, Gillespie
REESTABLISH OPERATIONS AT BLUE RIDGE CORRECTIONAL CENTER

SECTION 17.19. The Department of Correction shall reestablish operations at Blue Ridge Correctional Center and, to the extent practicable, shall restore the prisoner population and staffing levels at Blue Ridge to the numbers existing on June 30, 2002. Any employee transferred from Blue Ridge since June 30, 2002 shall be transferred back to Blue Ridge at that employee's request. Any employee whose classification was reduced as a result of such a transfer shall be reinstated to that employee's classification while at Blue Ridge."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

33/
S+B
suspend
Register of Deeds
Supplemental Pension
Needs Fiscal Note
Actuary

~~Displaced~~
Failed, division
35-29

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 17
(to be filled in by
Principal Clerk)

S1115-ALM-11 [v.1]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Mitchell

moves to amend the bill on page 198, line 7,
by inserting the following:

"Requested by: Representative Mitchell
SUSPEND COUNTY COMMISSION PAYMENTS TO REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND FOR THE 2002-2003 FISCAL YEAR

SECTION 28.18. Notwithstanding the provisions of G.S. 161-50.2, each County Commission in the State may suspend making monthly payments to the Register of Deeds' Supplemental Pension Fund for the 2002-2003 fiscal year."

SIGNED W. F. Mitchell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Handout #12

HARTMAN & ASSOCIATES, LLC

ACTUARIAL CONSULTING

MARK V. HARTMAN, FSA, MAAA, MCA, EA

Phone: (336) 731-4038
Fax: (336) 731-2583

668 Link Road
Lexington, NC 27295

August 7, 2002

Mr. Stanley Moore
Fiscal Research Division
North Carolina General Assembly
300 N. Salisbury Street
Raleigh, NC 27603-5925

Re: Special Provision: Contributions to Registers of Deeds' Supplemental Pension Fund

Dear Mr. Moore:

This provision provides that notwithstanding G.S. 161-50.2, each County Commission may suspend making monthly payments to the Registers of Deeds' Supplemental Pension Fund for the 2002-03 fiscal year. Currently, each County Commission remits monthly an amount equal to 4.5% of the receipts collected pursuant to Article 1 of Chapter 161 of the General Statues.

Each register of deeds who retires from the Local Governmental Employees' Retirement System (LGERS) with at least 10 years of eligible service as a register of deeds receives a supplemental benefit from this Fund. The amount of benefit is based on a pro rata share of plan assets for each year of eligible service. The Fund provides a maximum benefit equal to 75% of a register of deed's final salary less the LGERS benefit, but in no case will the Fund provide a benefit exceeding $1,200 per month.

Based on the information you provided, current contributions to the Fund are $2.2 million per year. Fund assets are approximately $14 million, and the Fund is providing benefits of approximately $63,000 per month to retirees. Elimination of contributions for the next fiscal year is not expected to adversely impact the Fund or the beneficiaries.

If you have any questions, let me know.

Sincerely,

Mark Hartman

Mark V. Hartman, FSA, MAAA, MCA, EA
Consulting Actuary

Handout #2

BUCK CONSULTANTS
A Mellon Consulting Company
200 Galleria Parkway, N.W. Suite 1900
Atlanta, Georgia 30339-5945

August 7, 2002

Mr. Michael L. Williamson
Deputy Treasurer and Director
Retirement Systems Division
Department of State Treasurer
325 North Salisbury Street
Raleigh, NC 27603-1385

Proposed Amendment

Dear Mr. Williamson:

We have received your email of August 7 regarding a proposed amendment which affects the Registers of Deeds' Supplemental Pension Fund.

This proposed amendment appears to allow each county commission in the state to suspend making payments to the Registers of Deeds' Pension Fund for the 2002-2003 fiscal year.

The suspension of contributions to the Fund for the 2002-2003 fiscal year will not impact the Fund's ability to make benefit payments to retired registers of deeds for the 2002-2003 fiscal year. However, these contributions will need to be repaid with interest, through increased contributions to the Fund in the future.

If we can be of further assistance with regard to this legislation, please do not hesitate to contact us.

Sincerely,

Edward A. Macdonald
Principal, Consulting Actuary

EAM:sr

P:\North Carolina Teachers\2002\Documents\Correspondence\Proposed Amendment.doc
16:08 0001 RST03 1#0

Buck Consultants, Inc.
770 955-2488 Fax 770 933-8336

25
ED
Public Ed

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

S1115-ALK-98 [v.1]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Yongue

moves to amend the bill on page 57, line 41 through page 58, line 9, by rewriting those lines to read:

"Requested by: Representative Yongue

DRIVERS EDUCATION FUNDING

SECTION 7.31. From funds appropriated by this act to the Department of Transportation, the Department shall pay for the increased costs for drivers education due to the projected increase in average daily membership in the ninth grade drivers education program.

In allocating funds for driver training, the State Board of Education shall consider the needs of small and low-wealth local school administrative units."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

38

ED UNC money deletes ExplorNet adds to Intl faculty

Original Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. K
(to be filled in by Principal Clerk)

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]

Representative Yongue

moves to amend the House Appropriations/Base Budget Committee Report on the Continuation, Expansion, and Capital Budgets on page F2 item number 9 (Funding for Visiting International Faculty), by adding $625,000; and further moves to amend the report on page F4 item number 18 (ExplorNet) by subtracting $625,000.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1115-ALE-118 [v.2]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Yongue

moves to amend the bill on page 48, line 23, by adding a new section after the line to read:

"Requested by: Representative Yongue

PERFORMANCE-BASED LICENSURE PROGRAM/SUSPENSION OF PORTFOLIO REQUIREMENT AND STUDY

SECTION 7.18.(a) The State Board of Education, in consultation with the Board of Governors of The University of North Carolina and the Education Cabinet, shall review teacher preparation programs and the continuing certification process to determine how these programs can be modified to enhance the continuing teacher certification process and to reduce the burden the continuing certification process places on newly certified teachers. This evaluation shall consider strategies for streamlining the current continuing certification process and reducing the amount of documentation required in the applicant's portfolio.

The State Board of Education shall suspend the portfolio requirement for all teachers who are required, under the current law, to submit portfolios from August 1, 2002, through July 31, 2003. Teachers who are not required to submit portfolios during the period the portfolio requirement is suspended shall be subject to new requirements adopted by the State Board and shall complete the new requirements during their third year of employment.

SECTION 7.18.(b) The State Board of Education shall contract with an outside consultant to study and propose modifications to the current North Carolina

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1115-ALE-118 [v.2]

initial certification, continuing certification and recertification programs that ensure high standards, support for teachers, and high retention rates. Specifically, the contractor shall:

(1) Review the administration and implementation of the certification programs and identify significant strengths and weaknesses of the programs;
(2) Identify issues related to administration, staffing, and paperwork at the school, local, and State levels;
(3) Investigate and identify communication concerns about the certification programs between the school, local, and State levels;
(4) Randomly survey and interview participating teachers and administrators regarding key aspects of the certification programs and ways to improve them;
(5) Examine the possibility of making the programs more focused on and supportive of early teacher development and integrating them more appropriately into a teacher's daily work;
(6) Examine the portfolios previously submitted and identify the elements that are most troublesome to teachers, schools, and school systems;
(7) Identify alternatives to the portfolio approach and ways to keep paperwork requirements to a minimum;
(8) Review the State's mentor program and the mentor's role in support of certification efforts to determine whether the two programs are complementary;
(9) Examine the effect of the certification programs on teacher retention, using valid evidence; and
(10) Examine the impact the certification programs have on improving teaching practices, using valid evidence.

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1115-ALE-118 [v.2]

SECTION 7.18.(c) The State Board of Education shall use the results of the study to make recommendations to:

(1) Improve the administration and implementation of the certification programs, including improving the process for teachers;
(2) Resolve the issues surrounding the portfolio process and the collection of professional evidence during initial certification;
(3) Reduce paperwork and bureaucracy in initial certification, continuing certification, and recertification for teachers, schools, and school systems;
(4) Provide schools and districts incentives and flexibility to participate in more rigorous certification processes;
(5) Effectively use information regarding teacher supply and demand, standards and retention to inform policy decisions;
(6) Improve the relationship and coordination between the certification programs and mentoring programs;
(7) Provide appropriate sample work to teachers including lesson plans, unit plans, and other professional work required during initial certification; and
(8) Provide ongoing program evaluation to monitor the quality of the programs and to inform policymakers.

SECTION 7.18.(d) The State Board of Education shall enlist the assistance of the Southern Regional Education Board in evaluating the responses to the request for proposals. Prior to awarding the contract for the consultant study, the State Board shall consult with the Joint Legislative Education Oversight Committee.

The State Board shall use federal No Child Left Behind State Grants for Improving Teacher Quality, to the extent possible, to cover the cost of the consultant and study.

The State Board shall report the findings of the consultant and the recommendations required by this section to the Joint legislative Education Oversight Committee by March 15, 2003.

A vv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

S1115-ALE-118 [v.2]

SECTION 7.18.(e) The Joint Legislative Education Oversight Committee shall make recommendations to the General Assembly on any changes to law or policy affecting certification of teachers on or after August 1, 2003, after reviewing the findings and recommendations of the consultant and State Board of Education."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 16
(to be filled in by Principal Clerk)

S1115-ALR-50 [v.5]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Rogers

moves to amend the bill on page 71, lines 2-32, by rewriting the lines to read:

"Requested by: Representative Rogers
NCSU PROHIBITED FROM OPERATING TRANSIENT ACCOMMODATIONS EXCEPT UNDER CERTAIN CIRCUMSTANCES.

SECTION 9.15.(a) G.S. 66-58 is amended by adding a new subsection to read:

"(h) Notwithstanding the provisions of G.S. 66-58(b)(8), it is unlawful for North Carolina State University, the Centennial Campus of North Carolina State University, or a corporation or other legal entity created to benefit either of these entities to develop, construct, own, or operate a hotel, motel, or other facility for providing transient accommodations, a restaurant, or a golf course unless all of the following conditions are met:

(1) The facility is developed and constructed in conjunction with a conference center whose purpose and use is related to continuing education, degree programs, research, or other activities that support the mission of The University of North Carolina.

(2) All funding for the operation, construction, or debt service associated with the facility is from private contributions or revenues generated from the operation of the facility, exclusive of infrastructure that is ordinarily associated with such a facility.

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 16
(to be filled in by
Principal Clerk)

S1115-ALR-50 [v.5]

(3) Before the beginning of construction or the issuance of debt, the operating plans of the facility must be submitted, upon the recommendation of the Board of Governors, to the Joint Legislative Commission on Governmental Operations for review.

(4) The day-to-day business management of the facility is conducted by a private entity under contract with The University of North Carolina, North Carolina State University, or the Centennial Campus of North Carolina State University."

SECTION 9.15(b) This section does not apply to any facility owned, operated, or leased on or before July 1, 2002, by North Carolina State University, by the Centennial Campus of North Carolina State University, or by a corporation or other legal entity created to benefit either of these entities."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

59 ED

Perfecting Amdt to Rogers

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 17
(to be filled in by Principal Clerk)

S1115-ALH-75 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Nesbitt (Rogers)

moves to amend S1115-CSLR-21 as amended by amendment S1115-ALR-50 as follows:
On page 1 of amendment S1115-ALR-50, line 15,
By rewriting that line to read:
"conference center and the purpose and use of the conference center and facility is related to continuing"; and

on page 2 of amendment S1115-ALR-50, lines 3-8,
by rewriting those lines to read:
" recommendation of the Board of Governors, to the General Assembly for its approval."

Displaced

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 17
(to be filled in by
Principal Clerk)

S1115-ALH-75 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 19
(to be filled in by Principal Clerk)

S1115-ALE-124 [v.2]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Wright

moves to amend the bill on page 59, line 30, by adding a new section after the line to read:

"Requested by: Representative Wright

DUTIES OF SCHOOL COUNSELORS

SECTION 7.36.(a) Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-316.1. Duties of school counselors.**

School counselors shall implement a comprehensive developmental school-counseling program in their schools. Counselors shall spend at least eighty percent (80%) of their work time providing direct services to students. These direct services shall consist of:

(1) Delivery of the school guidance curriculum through large-group guidance, interdisciplinarily curriculum development, group activities, and parent workshops;

(2) Individual student planning through individual or small-group assistance and individual or small-group advisement; and

(3) Responsive services through consultation with students, families and staff, individual and small-group counseling, crisis counseling, referrals, and peer facilitation.

Direct services do not include the coordination of standardized testing.

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 18
(to be filled in by
Principal Clerk)

S1115-ALE-124 [v.2]

During the remainder of their work time, counselors shall spend adequate time on school-counseling program support activities that consist of professional development; consultation, collaboration, and training; and program management and operations."

SECTION 7.36.(b) Prior to the 2003-2004 school year, each local board of education shall develop a transition plan for implementing subsection (a) of this act, within existing resources, by reassigning duties within its schools.

The State Board of Education shall distribute guidelines to all school systems on the implementation of this section.

SECTION 7.36.(c) The State Board shall report to the Joint Legislative Education Oversight Committee on the implementation of this section.

SECTION 7.36.(d) Subsection (a) of this section is effective when it becomes law and applies to school years beginning with the 2003-2004 school year.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

65 Ed Com College

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 19
(to be filled in by Principal Clerk)

S1115-ALG-25 [v.3]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755

Representative Sherrill

moves to amend the bill on page 162, lines 13 and 14,
by adding the following between those lines,
"(c) If a child is awarded a scholarship under this Article, the Commission shall notify the recipient by May 1st of the year in which the recipient enrolls in college.'";

and on page 162, line 13,
by deleting the quotation mark at the end of that line.

SIGNED Dilday Sherrill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

35 ED DPI retired teacher

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 20
(to be filled in by Principal Clerk)

S1115-ARH-99 [v.1]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Creech

moves to amend the bill on page 59, line 30, by adding a new section after the line to read:

"Requested by: Representative Creech

DEFINITION OF RETIRED TEACHER MODIFIED

SECTION 7.36. G.S. 115C-325(a)(5a) reads as rewritten:

"**§ 115C-325. System of employment for public school teachers.**

(a) Definition of Terms. – As used in this section unless the context requires otherwise:

(5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least six months, has not been employed in any capacity, other than as a substitute teacher or a part-time tutor, with a local board of education for at least six months, immediately preceding the effective date of reemployment, is determined by a local board of education to have had satisfactory performance during the last year of employment by a local board of education, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher shall be treated the same as a probationary teacher except that (i) a retired teacher is not eligible for career ~~status."~~status and (ii) the performance of a retired teacher who had attained career status prior

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 20
(to be filled in by
Principal Clerk)

S1115-ARH-99 [v.1]

to retirement shall be evaluated in accordance with a local board of education's policies and procedures applicable to career teachers.'".

SIGNED Billy Creech
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 21
(to be filled in by
Principal Clerk)

S1115-ARH-90 [v.2]

Date 8/16/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Warner

moves to amend the bill on page 59, line 30, by adding a new section after the line to read:

"Requested by: Representative Warner

LIMIT CERTIFICATION RENEWAL FOR RETIRED TEACHERS

SECTION 7.36. G.S. 115C-296(b) reads as rewritten:

'(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs and school administrator programs in order to enhance the competence of professional personnel certified in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several certification requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs. The certification program shall provide for initial certification after completion of preservice training, continuing certification after three years of teaching experience, and certificate renewal every five years ~~thereafter.~~thereafter, until the retirement of the teacher. The last certificate renewal received prior to retirement shall remain in effect for seven years after retirement."

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 21
(to be filled in by
Principal Clerk)

S1115-ARH-90 [v.2]

The State Board of Education, as lead agency in coordination with the Board of Governors of The University of North Carolina and any other public and private agencies as necessary, shall continue to raise standards for entry into teacher education programs.

The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing certification. The new requirements shall reflect more rigorous standards for continuing certification and to the extent possible shall be aligned with quality professional development programs that reflect State priorities for improving student achievement.

The State Board of Education, in consultation with local boards of education and the Board of Governors of The University of North Carolina, shall reevaluate and enhance the requirements for renewal of teacher certificates. The State Board shall consider modifications in the certificate renewal achievement and to make it a mechanism for teachers to renew continually their knowledge and professional skills. The State Board shall adopt new standards for the renewal of teacher certificates by May 15, 1998.

The standards for approval of institutions of teacher education shall require that teacher education programs for students who do not major in special education include demonstrated competencies in the identification and education of children with learning disabilities. The State Board of Education shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program into its school administrator program approval standards.

All North Carolina institutions of higher education that offer teacher education programs, masters degree programs in education, or masters degree programs in school administration shall provide performance reports to the State Board of Education. The performance reports shall follow a common format, shall be submitted according to a

A vv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 21
(to be filled in by
Principal Clerk)

S1115-ARH-90 [v.2]

plan developed by the State Board, and shall include the information required under the plan developed by the State Board.'".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

38 ED DPI mentor funds

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 22
(to be filled in by
Principal Clerk)

S1115-ARH-96 [v.1]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Russell

moves to amend the bill on page 56, lines 21-43, and page 57, lines 1-6, by rewriting the lines to read:

"AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME MENTORS

`**SECTION 7.29.** Section 28.18 of S.L. 2001-424 reads as rewritten:

"**SECTION 28.18.(a)** The State Board of Education shall ~~establish a pilot program to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County School Administrative Unit, and the Wake County School Administrative Unit~~ permit all local school administrative units to use funds allocated for mentors for full-time mentors.

Funds allocated for mentors ~~in these units~~ shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

(1) Salary supplements to teachers and instructional support personnel who are serving as mentors. The amount of the salary supplement shall not be based on the number of teachers or instructional support personnel to whom the mentor is assigned; or

(2) Payments to teachers or instructional support personnel who are employed solely to serve as mentors. An individual employed solely to serve as a mentor shall receive a payment for each individual, up to 15 individuals, to whom the mentor is assigned. The amount of each such payment shall be the same as the amount of the salary supplement for a mentor.

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 22
(to be filled in by
Principal Clerk)

S1115-ARH-96 [v.1]

SECTION 28.18.(b) The ~~Charlotte-Mecklenburg Board of Education, the Forsyth County Board of Education, and the Wake County Board of Education shall report to the~~ State Board of Education shall evaluate on an annual basis on the impact that the mentor program has had on retention of teachers. The State Board shall report on this information to the Joint Legislative Education Oversight Committee."".

SIGNED C. Russell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

#9 ED Field testing

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 23
(to be filled in by Principal Clerk)

S1115-ARH-102 [v.2]

Date 8/16/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Carpenter

moves to amend the bill on page 57, line 16, by rewriting the line to read:
"at any one school, and for otherwise carrying out the provisions of this Article. These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The".

SIGNED M. Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 24
(to be filled in by
Principal Clerk)

S1115-ARH-101 [v.2]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Howard

moves to amend the Committee Report on page F4, by deleting Item 18;

and moves to amend the Committee Report on page F5, by adding after Item 26 a new section entitled "**School Breakfast Program**" to read:

"**27** **School Breakfast Program** $1,250,000 R
Provide funding to enable expansion of the program to additional schools.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 25
(to be filled in by
Principal Clerk)

S1115-ARH-98 [v.3]

Date 8/6/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Underhill

moves to amend the Committee Report on page F4, Item 18, by reducing the appropriation for fiscal year 2002-2003 by four hundred thousand dollars ($400,000);

and moves to amend the Committee Report on page F2, Item 8, by increasing the appropriation for fiscal year 2002-2003 by four hundred thousand dollars ($400,000) and by adding Craven County to the list of eligible counties in the amount of four hundred thousand dollars ($400,000).

SIGNED Alice D. Underhill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Passed, Roll Call 40/33

46 replace with ED DPI NCWISE OWL money + SP R.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 26
(to be filled in by Principal Clerk)

S1115-ARH-100 [v.1]

Date 8/16/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Howard

moves to amend the Committee Report on page F1, Item 4, by increasing the recurring reduction for fiscal year 2002-2003 by ninety-four thousand dollars ($94,000);

and moves to amend the Committee Report on page F5, by adding after Item 26, a new section to be entitled "**NCWISEOWL**" as follows:

"**27 NCWISEOWL** $94,000

Provides funds to assure NCWISEOWL's current services are available to all students in kindergarten through twelfth grades for fiscal year 2002-2003.";

and moves to amend the bill on page 59, line 30, by adding a new section after the line to read:

"Requested by: Representative Howard

ONLINE SERVICES AVAILABLE FOR ALL

SECTION 7.36. By October 1, 2002, the State Board of Education shall assure that the on-line resources of the Department of Public Instruction available to students enrolled in public schools are made available without charge to students enrolled in schools subject to Article 39 of Chapter 115C of the General Statutes. By October 1, 2002, the State Board of Education and the Board of Governors of The University of North Carolina shall assure that the on-line resources available to parents and teachers of public school students also are made available without charge to parents

Adopted
r call
40/33

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 26
(to be filled in by
Principal Clerk)

S1115-ARH-100 [v.1]

and teachers of students enrolled in schools subject to Article 39 of Chapter 115C of the General Statutes.".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8-6 **, 2002**

AMENDMENT NO. 26
Rep Howard

Total: Yes 40 **No** 33

Bill Number: _____

40/33

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair			Coates
✓		Thompson, Chair	✓		Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
✓		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
		Adams		✓	Culpepper
		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
✓		Bowie			Grady
	✓	Boyd-McIntyre	✓		Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

amdt #26
Howard

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt			Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
✓		Howard, Julia	✓		Sherrill
		Hunter, Howard	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
		McAllister			Underhill
	✓	McLawhorn	✓		Walend
		Michaux	✓		Walker
	✓	Miller		✓	Warner
✓		Miner		✓	Warren
✓		Mitchell			Warwick
✓		Morgan	✓		Weatherly
		Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
		Preston		✓	Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

amdt #24
Howard

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	___	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

43 a replacement ED H

Displaced

replaced with another #34

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 27
(to be filled in by Principal Clerk)

S1115-ALM-13 [v.1]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Nesbitt

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page F6, Item 34,
by adding at the end of the text under that item the following:
"None of this reduction shall apply to the Center for School Leadership Development programs."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

21 ED

DPI

Homeless Public Schools

~~Displaced~~ Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 28
(to be filled in by
Principal Clerk)

S1115-ALG-26 [v.1]

Date 8/6/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755

Representative Davis

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page F2, item 8,
by adding the following at the end of that item:
"Lee $375,000";

and on page F2, item 8,
by increasing the total by $375,000";

and on page F2, item 9,
by increasing the reduction by $375,000".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

45 ED DPI Text Books new item school Bldg Adm

WITHDRAWN

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 29
(to be filled in by
Principal Clerk)

S1115-ALE-127 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Arnold

moves to amend the money report on page F4, by deleting Item #19;

and on page F3, by adding a new item to read:
"11B. School Building Administration
Decrease the allotment for Assistant Principals by changing the allotment formula to one 10-month position for every 797.5 students in average daily membership. The FY 2001-2002 allotment was one position for every 725 students in ADM ($9,255,127)
-166.0";

WD

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 29
(to be filled in by
Principal Clerk)

S1115-ALE-127 [v.1]

and on page F2, by adding a new item to read:
"9A. Teacher Assistants
Reduction of 8.5% of continuation
budget funds for teacher assistants. ($29,533,950)";

and by changing the totals accordingly.

SIGNED Jane Arnold
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted, V. V.

85 ED UNC

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 30
(to be filled in by Principal Clerk)

S1115-ALH-78 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Rogers

moves to amend the bill on page 71, lines 2-32,
by rewriting those lines to read:
"Requested by: Representatives Rogers
UNC INSTITUTIONS PROHIBITED FROM OPERATING TRANSIENT ACCOMMODATIONS EXCEPT UNDER CERTAIN CIRCUMSTANCES

SECTION 9.15.(a) G.S. 66-58 is amended by adding a new subsection to read:

"(h) Notwithstanding the provisions of G.S. 66-58(b)(8), it is unlawful for The University of North Carolina, its constituent institutions, the Centennial Campus of North Carolina State University, the Horace Williams Campus of the University of North Carolina at Chapel Hill, a Millennial Campus of a constituent institution of The University of North Carolina, or any corporation or other legal entity created or directly controlled by or using land owned by The University of North Carolina to develop, construct, own, or operate a golf course or a transient accommodations facility, including a hotel or motel, unless all the following conditions are met:

(1) The facility is developed and constructed in conjunction with a conference center whose purpose and use is limited to continuing education, degree programs, research, or other activities that support the academic and research mission of The University of North Carolina.

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 30
(to be filled in by
Principal Clerk)

S1115-ALH-78 [v.3]

(2) All funding for the operation, construction, or debt service associated with the facility is from private contributions or revenues generated from actual services rendered in connection with the operation of the facility, exclusive of infrastructure that is ordinarily associated with such a facility.

(3) Before the beginning of construction or the issuance of debt, the operating plans of the facility must be submitted, upon the recommendation of the Board of Governors, to the Joint Legislative Commission on Governmental Operations for review.

(4) The day-to-day business management of the facility is conducted by a private entity under contract with The University of North Carolina, its constituent institutions, the Centennial Campus of North Carolina State University, the Horace Williams Campus of the University of North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of The University of North Carolina."

SECTION 9.15.(b) This section does not apply to any transient accommodations facility owned, operated, or leased by The University of North Carolina or one of its constituent institutions on or before July 1, 2002. This section is effective when it becomes law."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

46 ED Inc

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 31
(to be filled in by Principal Clerk)

S1115-ALH-77 [v.2]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Nesbitt

moves to amend S1115-CSLR-21 as amended by amendment S1115-ALH-78 as follows:
On page 1 of amendment S1115-ALH-78, line 17,
By rewriting that line to read:
"conference center and the purpose and use of the conference center and facility is limited to continuing"; and

on page 2 of amendment S1115-ALH-78, lines 8-15,
by rewriting those lines to read:
" recommendation of the Board of Governors, to the General Assembly for its approval."

SIGNED Martin Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, v.v.

amends #2
Red Wine and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 32
(to be filled in by
Principal Clerk)

S1115-ALB-216 [v.1]

Date 8/27/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Warwick

moves to amend the bill on page 194 by amending amendment #2A on page 1 line 9 by inserting the following between lines 9 and 10:

"**SECTION 28.10.(a1)** The State Treasurer shall seek a private letter ruling from the Internal Revenue Service that G.S. 135-3(8)c could be amended from six months to two months without adverse affect on the tax qualification of the Teachers' and State Employees' Retirement System."

SIGNED
Amendment Sponsor

SIGNED
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted, V.V.
Replaces am. 31

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 33
(to be filled in by
Principal Clerk)

S1115-ALH-80 [v.1]

Date 8/7/,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Nesbitt

moves to amend S1115-CSLR-21 as amended by amendment S1115-ALH-78 as follows:
On page 1 of amendment S1115-ALH-78, line 6,
By deleting "a new subsection" and substituting "the following subsections"; and

On page 1 of amendment S1115-ALH-78, line 17,
By rewriting that line to read:
"conference center and the purpose and use of the conference center and facility are limited to continuing"; and

On page 2 of amendment S1115-ALH-78, lines 8-19,
by rewriting those lines to read:
" recommendation of the Board of Governors, to the General Assembly for its approval.

(i) The day-to-day business management of a facility that meets the criteria of subsection (h) of this section may be conducted by a private entity under contract with The University of North Carolina, its constituent institutions, the Centennial Campus of North Carolina State University, the Horace Williams Campus of the University of North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of The University of North Carolina.'

SECTION 9.15.(b) This section does not apply to any golf course or transient accommodations facility constructed, owned, operated, or leased on or before

adopted VV
replaces 31

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 33
(to be filled in by
Principal Clerk)

S1115-ALH-80 [v.1]

July 1, 2002, by the University of North Carolina, its constituent institutions, the Centennial Campus of North Carolina State University, the Horace Williams Campus of the University of North Carolina at Chapel Hill, a Millennial Campus of a constituent institution of The University of North Carolina, or any corporation or other legal entity created or directly controlled by The University of North Carolina. This section is effective when it becomes law."

SIGNED Martha Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V.V.

replaces #27

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

34

AMENDMENT NO. ~~33~~
(to be filled in by
Principal Clerk)

S1115-ALH-79 [v.3]

Date 8 | 7 | ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Nesbitt

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page F6, Item 34,
by adding at the end of the text under that item the following:
"No more than five percent (5%) shall be taken from any component program of the Center for School Leadership Development."

SIGNED Martin Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V.V.

Phil

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 38
(to be filled in by
Principal Clerk)

S1115-ARH-105 [v.4]

Date 8-7 ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Owens

moves to amend the Committee Report on page F4, Item 19, by deleting that Item;

and moves to amend the Committee Report on page F4, Item 21, by increasing the reduction for fiscal year 2002-2003 by thirty-eight million seven hundred eighty-nine thousand seventy-seven dollars ($38,789,077).

SIGNED W. C. Owens Jr.
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

#4 ED #36 cuts 500 Voc Ed prog support + #36a NEW auth for Int'l Understg

includes handout Adopted, Roll Call 52/30

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 36
(to be filled in by Principal Clerk)

S1115-ARH-95 [v.1]

Date 8/6 ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Carpenter

moves to amend the Committee Report on page F4, Item 20, by decreasing the reduction for fiscal year 2002-2003 by five hundred thousand dollars ($500,000);

and moves to amend the Committee Report on page F7, by adding after Item 36, a new section to be entitled "**Center for International Understanding**" as follows:
"**36a Center for International Understanding** ($500,000)
Eliminate State funding for this program.".

SIGNED M. Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8-7- , 2002

AMENDMENT NO. 36
Rep Carpenter

Total: Yes 52 **No** 30

Bill Number: S 1115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair	✓		Coates
✓		Thompson, Chair	✓		Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
✓		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
✓		Adams P		✓	Culpepper
✓		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell	✓		Fox
		Blue	✓		Gillespie
	✓	Bonner	✓		Goodwin
✓	✓	Bowie	✓		Grady
	✓	Boyd-McIntyre	✓		Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

52
30

amdt #36

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
✓		Hensley	✓		Russell
		Hiatt	✓		Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
✓		Howard, Julia			Sherrill
	✓	Hunter, Howard	✓		Shubert
	✓	Insko	✓		Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
✓		McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
✓		Michaux	✓		Walker
	✓	Miller		✓	Warner
✓		Miner		✓	Warren
✓		Mitchell	✓		Warwick
✓		Morgan	✓		Weatherly
		Nesbitt	✓		West
✓		Nye		✓	Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

amdt #36

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	✓	___	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	___	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

C Center for
ıternational Understanding
ıe University of North Carolina
illie Ravenel, Director

To accompany amendment!
S115-ARH-95[v.1]

Rep. M. Carpenter
Am. 3

NC CENTER FOR INTERNATIONAL UNDERSTANDING
The University of North Carolina

Latino Initiative for Public Policy and Civic Leaders
List of Former Delegates

State-wide

Martha Alexander, Representative, NC General Assembly
Christine Alvarado, Deputy State Director, Telamon Corporation/Head Start
Philip Belcher, President, Mary Black Foundation (Formerly Associate Director, Health Care Division, The Duke Endowment)
Leslie Bevacqua, Vice President of Governmental Affairs, NC Citizens for Business and Industry
Betsy Brown, Associate Vice-President, Academic Affairs, University of North Carolina
Sharon Campbell, Managing Editor, Chapel Hill News
Charles Carter, Senator, NC General Assembly
Leslie Cox, Representative, NC General Assembly
Wib Gulley, Senator, NC General Assembly
John Herrera, Vice President of Latino/Hispanic Affairs, Center for Community Self-Help
Bobbie Holloman, Liaison to Hispanic Community and Foreign Consulates, NC Division of Motor Vehicles
Wayne Hurder, Director, Vehicle License Section, NC Department of Motor Vehicles
Verla Insko, Representative, NC General Assembly
Alice Johnson, Translation Coordinator, El Centro Hispano
Eleanor Gates Kinnaird, Senator, NC General Assembly
Matty Lazo-Chadderton, Special Assistant for Hispanic/Latino Affairs and Constituency Services, NC Senate, President Tempore's Office
Trisha Lester, Vice-President, NC Center for Nonprofits
Rich Linton, Formerly Assistant Vice President for Research and Director of Sponsored Programs, The University of North Carolina
Paul Luebke, Representative, NC General Assembly
Elaine Marshall, Secretary of State, NC Department of Secretary of State
Bill Martin, Senator, NC General Assembly
Nolo Martinez, Director of Hispanic/Latino Affairs, Governor's Office
Brad Miller, Senator, NC General Assembly
Norma Ware Mills, General Counsel, NC Senate
Tog Newman, Chairman, NC Arts Council
Janice Noffsinger, Director of Organization, North Carolina Farm Bureau
Bill Owens, Representative, NC General Assembly
Delores Parker, Vice President for Academic and Student Services, NC Community College System
Clark Plexico, North Carolina Vice President, AT&T
Katie Pomerans, Agrability Program Coordinator, NCSU Cooperative Extension Service (Formerly Hispanic Ombudsman, NC Department of Health and Human Services)

JUDGES - FEO - FUNDS?

tel 919.733.4902 toll-free 888.840.8328 fax 919.733.8578 www.aa.unc.edu/NCCIU 412 N. Wilmington Street Raleigh, NC 27601-2813

Ed Regan, Deputy Director, NC Association of County Commissioners

Tom Ross, Executive Director, Z. Smith Reynolds Foundation (Formerly Director, NC Administrative Office of the Courts)
Stephanie Scarce, Coordinator of Foreign Language Services Project, Administrative Offices of the Courts
Roger Sheats, Deputy Secretary, NC Department of Transportation (Formerly Vice President, Intergovernmental Relations, NC Rural Economic Development Center)
Carolyn Smith, District Representative, Office of US Congressman Bob Etheridge
MEDICAL Jean Spaulding, Vice Chancellor of Health Affairs, Duke University Health System
BUS. Nancy Temple, Vice-President, Corporate Communications, Progress Energy
Brad Thompson, State Director, Office of US Senator John Edwards
Thomas Thornburg, Associate Director of Programs, Institute of Government
Rogelio Valencia, Hispanic Ombudsman, NC Department of Health and Human Services
Joy Vermillion, Program Officer, Z. Smith Reynolds Foundation
Mike Ward, State Superintendent, Department of Public Education
Jennifer Weiss, Representative, NC General Assembly
Allen Wellons, Senator, NC General Assembly

Foundation Leaders

Christina Anderson, Director, Rex Healthcare Foundation
Beth Briggs, President, Creative Philanthropy
R. Frank Davis, Assistant Executive Director, The Cannon Foundation
Jean Gossett, Vice President, Sales and Mortgages Department, Charlotte Mecklenburg Housing Partnership
Karen Johnson-Webb, PhD Student, Department of Geography, UNC-Chapel-Hill
Valeria Lee, Executive Director, The Golden LEAF Foundation (Formerly Program Officer, Z. Smith Reynolds Foundation)
Tom McGuire, Director, A.J. Fletcher Foundation
MED Peter Morris, Chairperson, NC Farm Worker Health Alliance
Rod O'Connor, Regional Director, Catholic Social Ministries
Tony Pipa, Executive Director, D. Michael Warner Foundation
Val Rosenquist, Director, Rural Church Division, The Duke Endowment

Buncombe

Marla Adams, Partner, Van Winkle Law Firm (Board President, NCCIU)
K. Ray Bailey, President, Asheville-Buncombe Technical Community College
Cliff Dodson, Superintendent, Buncombe County Schools
MED. Carlos Gomez, Executive Director, Western North Carolina Community Health Services
MED Olson Huff, Pediatrician, Mission St. Joseph Health Care Foundation
BUS. Rick Lutovsky, President/CEO, Asheville Chamber of Commerce
Bill Stanley, Vice-Chairman, Buncombe County Board of Commissioners
Amanda Stone, Director, Buncombe County Department of Social Services
Charles Worley, Mayor, City of Asheville

36

Catawba

Bobby Boyd, Director, Catawba County Department of Social Services
Burford Cherry, District Court Judge, Administrative Office of the Courts
Kitty Barnes, Commissioner, Catawba County Board of Commissioners
Gertrude Clemons, Section 8 Housing Administrator, Western Piedmont Council of Governments
William Crawford, Superintendent, Newton-Conover City Schools
Maria Daily, Director, El Centro Latino
Ann Hart, Superintendent, Catawba County Schools
Floyd Lucas, Chief, Hickory Police Department
Rudy Wright, Mayor, City of Hickory

Chatham

Ernest Dark, Vice Chair, School Board, Chatham County
Rick Givens, Commissioner, Chatham County Board of Commissioners (Former Chair)
Gloria Maldonado, Community Educator, Helping Hands Center, Chatham County
Lewis Phillips, Chief of Police, Siler City, Chatham County
Margaret Pollard, Commissioner, Chatham County Board of Commissioners
Don Whitt, Former Sheriff, Chatham County

Durham

Mary Ann Black, Chair, Durham County Board of Commissioners
Carol Jean Gallione, Board Chair, El Centro Hispano, Durham
Dan Hudgins, Director, Durham County Department of Social Services
Ivan Parra, Executive Director, El Centro Hispano, Durham
Kenneth Titus, Chief District Court Judge, Durham County District Court

Forsyth

Amy Frazier, Reporter-Hispanic Issues, The Winston-Salem Journal
Miriam Hernandez, Director, Hispanic Action Force
Joycelyn Johnson, Alderman, City of Winston-Salem
Melvin Johnson, Provost and Vice Chancellor, Winston-Salem State University
Tog Newman, Chairman, NC Arts Council (part of group but went in October 2001)
David Pardo, Hispanic Service Coordinator, Step One
Bus. David Plyler, Vice Chairman, Forsyth County Board of Commissioners
Avon Ruffin, K-12 Social Studies Supervisor, Winston-Salem Forsyth County Schools

Guilford

Dorothy Kearns, Member, Guilford County Board of Education
Lawrence McSwain, District Court Judge, State Courts of North Carolina
MED. Robert Newton, President, Moses Cone-Wesley Long Community Health Foundation
Frank Ramos, Western NC Conference of the United Methodist Church
Tara Sandercock, Vice President of Programs, Community Foundation of Greater Greensboro

John Shore, Director, Guilford County Department of Social Services
Claudia Stowers, President/CEO, United Way of Greater High Point former

Harnett

Teddy Byrd, Chair, Harnett County Board of Commissioners
Neil Emory, County Manager, Harnett County
Rosa Maria Matthews, Center Director, Telamon Corporation, Harnett County
Mary Lee Mungo, Director, Henley-Roberts Head Start, Harnett County
Marcia Stewart, District Court Judge, Harnett, Johnston, Lee District Court

Henderson

Ervin Bazzle, Chair, Henderson County Board of Public Education
Frank Byrd, Director of Counseling Services, Blue Ridge Community College
Marilyn Gordon, Vice-Chairman, Henderson County Board of Commissioners
Bill Moyer, Chairman, Henderson County Board of Commissioners
Alfredo Oviedo, Hispanic Representative, Children and Family Resource Center
Ronnie Pepper, Lead Teacher, Western Carolina Community Action
David Sink, President, Blue Ridge Community College
Ron Stephens, Councilman, City of Hendersonville

Johnston

Steven Gillikin, Chief of Police, Smithfield Police Department
Greg Jenks, Pastor, Christ Community United Methodist Church
Dorothy Johnson, Member, Johnston County School Board
Ysaura Rodriguez, Maternity Care Coordinator, Tri-County Community Health Center,
Mark Wellons, Johnston County President, NC Farm Bureau

Lee

Ann Blakely, Clerk of Court, Lee County District Court
Darla Cole, Detective/Vice Chair, Sanford Police Department/Hispanic Task Force
Maribel Diaz, Executive Director, The Hispanic Task Force of Lee County
Michael Hanes, Director, Lee County Health Department
Marvin Joyner, President, Central Carolina Community College
Bert Matthews, Vice Chair, Lee County Board of Commissioners

Orange

Margaret Brown, Orange County Commissioner, Orange County Board of Commissioners
Mauricio Henriquez-Castro, President, El Centro Latino, Chapel Hill
Rosemary Waldorf, Mayor, Town of Chapel Hill
James Williams, Public Defender, Orange-Chatham Public Defender Office

#36

Wake

Andrea Bazan Manson, Executive Director, El Pueblo, Inc., Raleigh
Ann Marie Calabria, District Court Judge, 10th Judicial District of NC
Christopher Hoina, Lieutenant, Cary Police Department
Alice Kunka, Hispanic Ministries Liaison, NC Conference of The United Methodist Church
Betty Lou Ward, County Commissioner, Wake County Board of Commissioners

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT 37 Adopted

(Please type or use ballpoint pen)

EDITION No. PCS4755-LR-21 perfecting voice vote

H. B. No. _____ DATE _____

S. B. No. 1115 Amendment No. _____

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) ~~Sen.~~ Sutton

Sen.)

Amendment S1115-ARH-103(V.2) to the

1 moves to amend the bill on page 1, line 7

2 ( ) WHICH CHANGES THE TITLE

3 by rewriting the line to read:

4 "to that student's parents, guardians, or others who have legal right to

5 see that student's records. This subsection

6 applies only to the State writing".

7

8

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16

17

18

19

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

83

ED

DPI

Revision of Reading & Writing Assessments

includes Handout

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

37

AMENDMENT NO. 30
(to be filled in by
Principal Clerk)

S1115-ARH-103 [v.2]

Date 8/7/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Shubert

moves to amend the bill on page 41, line 33, by adding **"(a)"** after **"7.8."**;

and moves to amend the bill on page 41, line 36, by adding after that line a new section to read:

"**SECTION 7.8.(b)** Beginning with the 2002-2003 school year, the State Board of Education shall assure that a copy of a student's scored writing test is available to that student's parents or guardians. This subsection applies only to the State writing tests administered in fourth grade."

SIGNED Jean H Shubert
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Am. 37

Volume 1, Issue 1

October 2000

Special points of interest:

- How well are NC students learning to use correct grammar?
- How well are NC students learning to spell?
- How well are NC students learning sentence formation?
- How well are NC students learning to use correct punctuation, capitalization, etc.?

CHARLOTTE-MECKLENBURG PTA COUNCIL, EDUCATION COMMITTEE

Education Issues *Brief*

How Well Are NC Students Learning To Write?

Every year North Carolina tests students in grades 4, 7 and 10 to determine whether or not their writing is improving. There are two elements of all the tests: the essay and a combination of grammar, mechanics, and spelling. Test scores suggest that for 8 years NC students have been making steady small improvements in the quality of their compositions. However, their tenth grade scores have been going downhill on "the conventions" — grammar, mechanics, spelling and sentence formation; and it is difficult for anyone to know either what they do well or what they do poorly on the 4th and 7th grade test.

In grades four and seven, students write an essay in response to a prompt — a set of instructions for responding to a suggested topic. The state scores the essay on a four-point scale based on how well the essay demonstrates the presence of a main idea, supporting details, organization, and coherence. However, all that a parent or teacher sees about grammar, mechanics, and spelling for a fourth or seventh grader is a plus (+) indicating "reasonable control" in this area or a "minus " (-) supposedly indicating inadequate control.

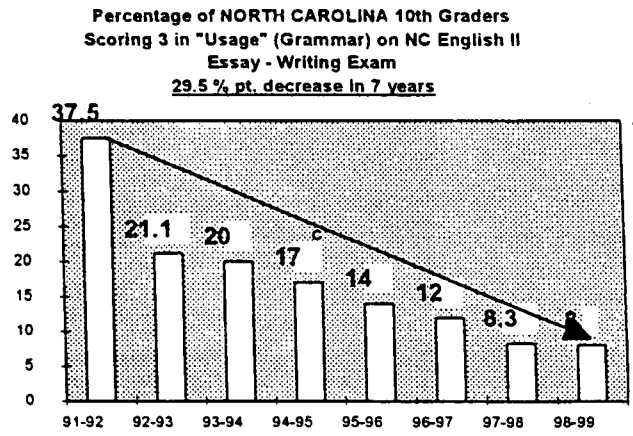
For the tenth grade writing test, the state requires students to respond to a prompt with an essay about a piece of literature they have read. The essay itself is scored on a six-point scale. Tenth grade essays are also scored more formally on a three-point scale in spelling, grammar, mechanics and sentence formation. *(Continued on page 3)*

Grammar Usage

For several years, many parents and teachers have expressed concern about grammar instruction and what students are learning. Parents frequently ask if students are taught the "parts of speech" anymore.

It appears that the concerns expressed have been well-founded. Student achievement in usage on the tenth grade writing test indicates an alarming 30 **percentage point decline in seven years.**

92% of North Carolina's tenth grade students appear to lack these most basic and expected grammar usage skills after eleven years of formal education.

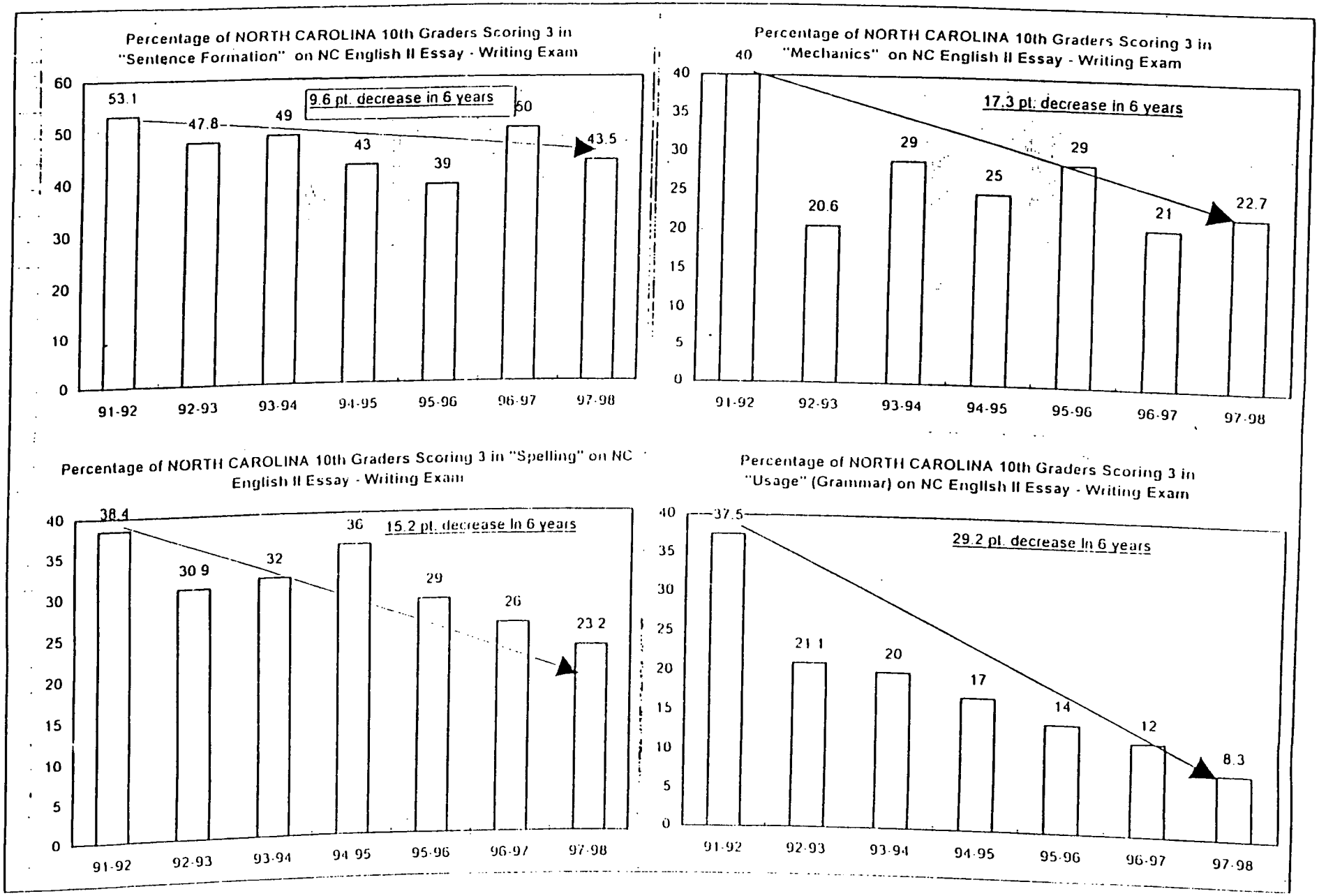


Major Errors

- "Everyone, no matter how many obstacles occur, want to succeed."
- "He has went to school."
- "He called Mary hisself."
- "He didn't do nothing to ac complish the task."
- "Their going to town."
- "We can help the one's in prison."

From the NC DPI Scoring Guide

Tenth Grade NC Student Performance In Basic Conventions From 1992 Through 1998



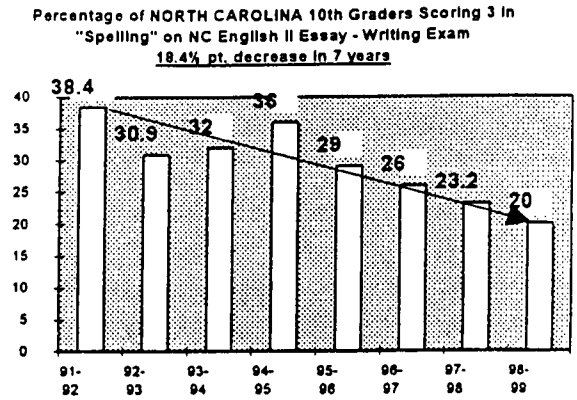
Data compiled by Margaret W. Carnes, CMPTA Council, 704 545 4719

Spelling Performance in Tenth Grade

Prior to the early 1990s, most students in North Carolina were taught spelling as a separate subject . Students had assigned spelling books for each grade level. Spelling "rules" and "patterns" were taught in an organized, systematic fashion.

In the early 90s, the North Carolina reading and language arts curriculum was changed and reflected a very different philosophy and approach to spelling instruction.

Spelling books were removed from most classrooms and teachers were instructed not to teach spelling as a separate subject. The intention was that spelling instruction would be integrated into writing and other areas of instruction with extra focus provided through the editing process.



Unfortunately, **80% of the tenth graders in North Carolina have reached high school without mastering the ability to spell familiar words** they use in daily conversations and writing.

Major Errors

Major errors include patterns of misspellings of common words, frequent misspellings of advanced words or incorrect pluralization.

- "freind" for friend or "radioes" for radios

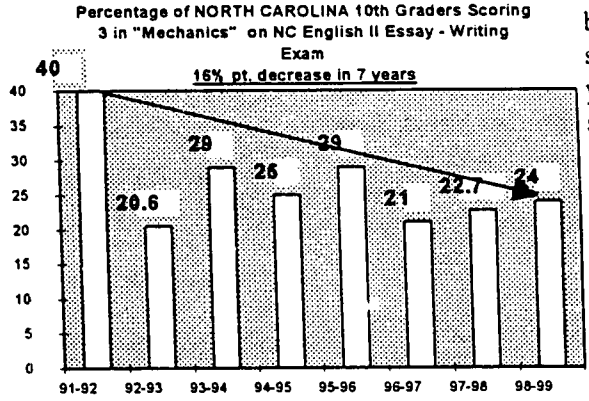
From the NC DPI Scoring Guide

Student achievement in 'usage' on the tenth grade writing test indicates an alarming 30 percentage point decline in 7 years."

Mechanics

Mechanics skills include capitalization of proper nouns and the first word in a sentence, end punctuation, internal punctuation (commas, quotation marks, semi-colon, colon, hyphens), paragraph indentation and formatting.

The basic skills measured under the "mechanics" heading, should be automatic and second nature to tenth grade students. Instruction in these basics usually begins in the first or second grade. If students are expected to apply what they learn in their daily writing at each grade level, scoring a 3 by their sophomore year in high school is a reasonable expectation.



1998-99 test data indicate **76% of NC 10th graders failed to score a 3** in the application of basic mechanics in their writing products.

In addition, there has been a **16 percentage point decline in students earning a three in this area over the past 7 years**.

Major Errors

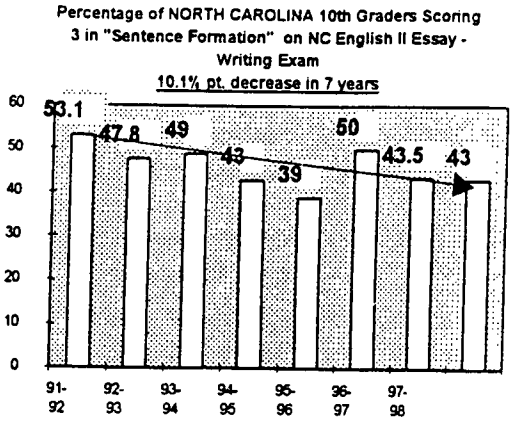
- George eats Apples and Bananas every day.
- John went to play golf with his cousin, and me.
- Tom said go to the store".
- My sister is tall; thin; and pretty.
- I like my bed-room.

Taken from the NC DPI Scoring Guide.

How About Sentence Formation?

Student essays written for the NC Tenth Grade Writing Test are graded for correct sentence formation. As with the other three scored "convention" areas, learning to write a complete sentence is one of the earliest writing skills students are taught.

While a 10 percentage point decline in students scoring three in this area is noted, more students demonstrate success in writing correct and complete sentences when compared to performance in other conventions.



Major Errors

- After we got home. (Fragment)
- After eating lunch, the train left the station. (Misplaced or dangling modifier)
- It is too cold, and I go to school. (Incorrect subordination or coordination.)
- They supported purchasing the house, to destroy the building, and reconstructing an office. (Non-parallel structure)

From the NC DPI Scoring Guide

How Well Are NC Students Learning the Mechanics of Writing?

Continued from the front page

"One of the most troubling aspects...is the lack of information reported to parents about their child's performance in this area of state testing."

Expectations in spelling, grammar usage, punctuation, and capitalization reflect basic skills which are typically taught in elementary school. Performance on the tenth grade writing test is actually a reflection of what students have learned about writing in all their years of schooling.

Tenth grade student writing products receive a score of 1, 2, or 3 in each of the "conventions" areas. Most people agree that it is reasonable to expect high school students to score a 3 in spelling, grammar usage, punctuation and sentence formation after eleven years of formal education.

Unfortunately, the majority of the NC tenth graders have not mastered these "basic skills," and they are only a few years away from college or employment. Employers indicate this is a problem. Many students that go on to college find it necessary to take non-credit "grammar slammer" remediation courses to fill in basic skill gaps.

One of the most troubling aspects of this student achievement issue is the lack of information reported to parents about their child's performance in this area of state testing.

A plus (+) or minus (-) on the fourth and seventh grade Writing Test Report doesn't tell parents if their child's writing demonstrates subject-verb agreement or understands the "double the final consonant rule" in spelling.

As it stands today, high school parents do not receive a formal report to explain their child's performance on the tenth grade writing test. The information is available if requested.

NC Writing Test scores may show some degree of improvement in composition over the years but the disturbing downhill trend in grammar usage, spelling , sentence formation and mechanics is cause for concern and needs to be addressed.

Composing with vivid details and elaboration is important. Writing that demonstrates creative thought and "paints a mental picture" for the reader is certainly desirable. However, in the everyday world, the technical skills that support effective written and oral communication can make-or-break our young people.

failed, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 38
(to be filled in by Principal Clerk)

S1115-ALE-138 [v.1]

Date 8 | 7 | ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representatives Clary and Underhill

move to amend the report on page F2, item #9, by increasing the reduction by $299,824;

and on page F8, by deleting item #46 and item #47 and substituting the following new item:

"47A Public Radio Gaston College $149,912 R
Provides funding for the public radio station at Gaston Community College".

SIGNED Debbie Clary Alice B. Underhill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

58 ED WAC Broad Gov Handout opp: Sales tax Swap Limited Hold Harmless

handout Sales tax Swap

Roll call Defeated 04/18

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 38/39
(to be filled in by Principal Clerk)

S1115-ALC-199 [v.3/4]

Date 8/7/,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Baker

moves to amend the bill on page 71, line 33,
by adding the following on the line:
"Requested by: Representative Baker
BOG PAY REIMBURSEMENT TO LOCAL GOVERNMENTS

SECTION 9.16.(a) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for university institutional programs for the 2002-2003 fiscal year, the Board of Governors shall reduce by one hundred twelve million dollars ($112,000,000) the amount allocated to the constituent institutions. This reduction shall be allocated among the constituent institutions in proportion to the amount of overhead receipts each institution is projected to receive in the 2002-2003 fiscal year. Each constituent institution shall budget this amount of overhead receipts to support operation of its physical plant in its General Fund budget codes. The Board of Governors shall distribute this sum of one hundred twelve million dollars ($112,000,000) in General Fund appropriations among local governments in accordance with the list of local governments and distribution amounts provided to it by the Secretary of Revenue pursuant to subsection (b) of this section. The Board of Governors shall make the distribution as soon as practicable after receiving the list from the Secretary of Revenue.

SECTION 9.16.(b) The definitions provided in G.S. 105-521 apply in this section. As soon as practicable after September 15, 2002, the Secretary of Revenue must provide the Board of Governors of The University of North Carolina a list of local

Defeated Roll call 6-4/18

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 39
(to be filled in by Principal Clerk)

S1115-ALC-199 [v.4]

governments and distribution amounts calculated as provided in this section. The Secretary of Revenue must determine for each local government the product of its local sales tax share multiplied by the estimated amount that all local governments would be expected to receive during the 2002-2003 fiscal year if every county levied the tax under G.S. 105-517 effective January 1, 2003. The Secretary must then add to this estimated tax amount for each local government the amount the local government is entitled to receive under Section 1.16 of Senate Bill 1292, 2001 General Assembly. The result is the estimated potential income for each local government under Senate Bill 1292. The Secretary must then compare this estimated potential income for each local government to the local government's repealed reimbursement amount. If the repealed reimbursement amount is more than the estimated potential income amount for a local government, the excess is that local government's potential loss amount under Senate Bill 1292. The Secretary must calculate a distribution amount for each local government that has a potential loss amount under Senate Bill 1292 by allocating the sum of one hundred twelve million dollars ($112,000,000) among these local governments in proportion to each local government's potential loss amount. The Secretary must then provide to the Board of Governors of The University of North Carolina a list of each local government that has a potential loss amount under Senate Bill 1292 and the distribution amount for that local government."

SIGNED Leo T. Sha
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: _____, 2002

AMENDMENT NO. 39 Baker

Total: Yes 18 **No** 64

Bill Number: _____

64/18

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
	✓	Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair		✓	Creech
				✓	Culp
	✓	Adams		✓	Culpepper
		Allred		✓	Daughtry
		Arnold	✓		Davis
✓		Baker	✓		Dockham
	✓	Barbee		✓	Earle
	✓	Barefoot		✓	Ellis
✓		Barnhart	✓		Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner			Goodwin
	✓	Bowie		✓	Grady
	✓	Boyd-McIntyre		✓	Gulley
	✓	Brubaker		✓	Haire
✓		Carpenter		✓	Hall

#39

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

Baker

18/64

YES	NO	NAME	YES	NO	NAME
___	___	Harrington	___	✓	Rogers
___	✓	Hensley	___	✓	Russell
___	___	Hiatt	___	✓	Saunders
✓	___	Hilton	✓	___	Setzer
___	✓	Holmes	✓	___	Sexton
✓	___	Howard, Julia	___	✓	Sherrill
___	✓	Hunter, Howard	✓	___	Shubert
___	✓	Insko	___	✓	Smith
___	✓	Jeffus, Maggie	___	✓	Sutton
✓	___	Justus, Larry	✓	___	Teague
✓	___	Kiser	___	✓	Tolson
___	✓	Lucas	___	✓	Tucker
___	___	McAllister	___	✓	Underhill
___	✓	McLawhorn	✓	___	Walend
___	✓	Michaux	___	✓	Walker
___	✓	Miller	___	✓	Warner
___	✓	Miner	___	✓	Warren
___	✓	Mitchell	___	✓	Warwick
___	✓	Morgan	___	✓	Weatherly
___	✓	Nesbitt	___	✓	West
___	✓	Nye	___	✓	Wilson, G
___	✓	Preston	___	✓	Wright
			___	✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#39
Baker
1/8/04

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	___	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

93 ED UNC inserts new provision

[redacted] adopted, roll call 64/16

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. ~~39~~ 40
(to be filled in by Principal Clerk)

S1115-ALB-218 [v.1]

Date 7 June ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Justus

moves to amend the bill on page 67, line 34, by adding the following:
"Requested by: Representative Justus
NO FUNDING FOR REQUIRED COURSES ON ONE RELIGION
SECTION 9.5A. No state funds or overhead receipts may be expended by a constituent institution of The University of North Carolina to offer for entering freshman students prior to their first semester for credit or otherwise any course or summer reading program in any religion unless all other known religions are offered in an equal or incremental way. This section is not intended to interfere with academic freedom, but to ensure that all religions ~~after~~ taught in a non-discriminatory fashion."

ARE

SIGNED Larry T. Justus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8-7, 2002 **AMENDMENT NO.** 40

ALB 218.v1 Rep Justus

Total: Yes 64 **No** 16 **Bill Number:** S 115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair	✓		Church
✓		Oldham, Chair	✓		Clary
✓		Redwine, Chair	✓		Coates
✓		Thompson, Chair	✓		Cole
✓		Owens, Vice-Chair	✓		Crawford, Mark
✓		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
	✓	Adams	✓		Culpepper
✓		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
✓		Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
		Bell			Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
		Bowie	✓		Grady
	✓	Boyd-McIntyre	✓		Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

Y 64
N 16

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

#40 Justus

YES	NO	NAME	YES	NO	NAME
✓		Harrington	✓		Rogers
	✓	Hensley	✓		Russell
		Hiatt	✓		Saunders
✓		Hilton			Setzer
✓		Holmes	✓		Sexton
✓		Howard, Julia	✓		Sherrill
	✓	Hunter, Howard	✓		Shubert
	✓	Insko	✓		Smith
	✓	Jeffus, Maggie	✓		Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
✓		Lucas			Tucker
✓		McAllister	✓		Underhill
✓		McLawhorn	✓		Walend
		Michaux	✓		Walker
	✓	Miller	✓		Warner
		Miner	✓		Warren
✓		Mitchell	✓		Warwick
✓		Morgan	✓		Weatherly
✓		Nesbitt	✓		West
✓		Nye	✓		Wilson, G
✓		Preston	✓		Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#40 Justus

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	✓	___	Dedmon, Maj. Leader
___	___	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

EC Public Ed Training in Testing 96

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 44
(to be filled in by Principal Clerk)

S1115-ARH-104 [v.2]

Date 8/7/ ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Carpenter

moves to amend the bill on page 48, lines 10-11, by adding between the lines a new subdivision to read:

"(8) The extent to which the State tests assist in compliance with the assessment and accountability provisions of the federal "No Child Left Behind" law and regulations, the ABC's model, and the Leandro rulings.";

and moves to amend the bill on page 48, line 11, by deleting "(8)" and substituting "(9)".

SIGNED M Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

81 ED UNC

Displaced Sel Replacement ALE-141(v2)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 42
(to be filled in by Principal Clerk)

S1115-ALE-133 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nesbitt

moves to amend the bill on page 69, line 4, by adding a new section after the line to read:

"Requested by: Representative Nesbitt

UMSTEAD ACT EXEMPTION FOR CERTAIN CAMPUSES

SECTION 9.10.(a) Effective June 30, 2004, G.S. 66-58(b)(8) reads as rewritten:

"(b) The provisions of subsection (a) of this section shall not apply to:

...

(8) The Greater University of North Carolina with regard to its utilities and other services now operated by it nor to the sale of articles produced incident to the operation of instructional departments, articles incident to educational research, articles of merchandise incident to classroom work, meals, books, or to articles of merchandise not exceeding twenty-five cents (25¢) in value when sold to members of the educational staff or staff auxiliary to education or to duly enrolled students or occasionally to immediate members of the families of members of the educational staff or of duly enrolled students nor to the sale of meals or merchandise to persons attending meetings or conventions as invited guests nor to the operation by the University of North Carolina of an inn or hotel and dining and other facilities usually connected with a hotel or inn, nor to the hospital and

Amendment #2 Displaced replaced ALE 141 v2

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 42
(to be filled in by Principal Clerk)

S1115-ALE-133 [v.3]

Medical School of the University of North Carolina, nor to the Coliseum of North Carolina State University at Raleigh, and the other schools and colleges for higher education maintained or supported by the State, ~~nor to the Centennial Campus of North Carolina State University at Raleigh, nor to the Horace Williams Campus of the University of North Carolina at Chapel Hill, nor to a Millennial Campus of a constituent institution of The University of North Carolina,~~ nor to the comprehensive student health services or the comprehensive student infirmaries maintained by the constituent institutions of the University of North Carolina."

SECTION 9.10.(b) Prior to June 30, 2004, the Board of Governors of The University of North Carolina shall submit requests for exemptions to G.S. 66-58 necessary for the development and operation of facilities on the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of The University of North Carolina to the General Assembly after said date.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Replaces ALE 133 v3 Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 42
(to be filled in by
Principal Clerk)

S1115-ALE-141 [v.2]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nesbitt

moves to amend the bill on page 69, line 4, by adding a new section after the line to read:

"Requested by: Representative Nesbitt

REPORT ON UMSTEAD ACT EXEMPTIONS

SECTION 9.10A.(a) The Board of Governors of The University of North Carolina shall report to the Joint Legislative Commission on Governmental Operations prior to March 1, 2003, on activities undertaken under exemptions to the Umstead Act, which are set out in G.S. 66-58(b)(8), for the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, and a Millennial Campus of a constituent institution of The University of North Carolina.

SECTION 9.10A.(b) The report shall include the following information on all such activities undertaken since July 1, 1999:

(1) The reasons the exemptions were necessary for the development and operation of facilities on the Centennial Campus of North Carolina State University at Raleigh, the Horace Williams Campus of the University of North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of The University of North Carolina, and

(2) A specific list of the activities that would have been prohibited without the exemptions.

SECTION 9.10A.(c) The report shall also include:

replaces ALE 133 v3 Adopted W

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 42
(to be filled in by
Principal Clerk)

S1115-ALE-141 [v.2]

(1) A specific list of activities that are necessary to continue the development and operation of these facilities and that would be prohibited if the facilities were not exempt from the provisions of G.S. 66-58(a), and

(2) A list of the specific exemptions from G.S. 66-58(a) that would be necessary to continue the development and operation of these facilities prohibited if G.S. 66-58(a) applied to the facilities.

SIGNED Martin Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

51 ED UNC deletes out of state campuses

failed, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 43
(to be filled in by Principal Clerk)

S1115-ALC-200 [v.1]

Date 8/7/2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Hensley

moves to amend the bill on page 69, line 5 through page 70, line 7 by deleting those lines.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

49 ED Withdrawn
Use Study

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

44

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

S1115-ALH-71 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Arnold

moves to amend the bill on page 63, lines 28-41,
by rewriting those lines to read:
" Requested by: Representative Arnold
WINSTON-SALEM STATE UNIVERSITY PHARMACY SCHOOL/EAST CAROLINA UNIVERSITY ENGINEERING SCHOOL/BOARD OF GOVERNORS' STUDY TO DETERMINE ADDITIONAL DEGREE PROGRAMS NEEDED AT ELIZABETH CITY STATE UNIVERSITY

SECTION 9.1.(a) The Board of Governors of The University of North Carolina shall establish an accredited and fully staffed stand-alone school of pharmacy at Winston-Salem State University no later than the 2004-2005 academic year.

SECTION 9.1(b) The Board of Governors of The University of North Carolina shall establish an accredited and fully staffed stand-alone school of engineering at East Carolina University no later than the 2004-2005 academic year.

SECTION 9.1.(c) The Board of Governors of The University of North Carolina shall study the need for additional degree programs at Elizabeth City State University in order to attract additional enrollment to that campus. The Board of

With drawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 44
(to be filled in by
Principal Clerk)

S1115-ALH-71 [v.3]

Governors shall report its recommendations regarding these programs and the estimated costs of the recommended programs to the 2003 General Assembly."

SIGNED Gene Arnold
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ED Public Ed 98 Bus. + Ed Tech Alliance

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 45
(to be filled in by
Principal Clerk)

S1115-ALE-136 [v.7]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representatives Yongue and Tolson

move to amend the bill on page 51, line 30, by deleting "the State" and substituting "the chair of the State"; and

on page 51, lines 35-40, by rewriting the lines to read:

"(4) Two members of the Senate appointed by the President Pro Tempore of the Senate;

(5) Two members of the House of Representatives appointed by the Speaker of the House of Representatives;"; and

on page 53, lines 22-24, by rewriting the sentence beginning on line 22 to read:
"The member of the State Board of Education appointed to the Alliance by the chair of the State Board of Education shall serve as chair of the Alliance."; and

Adopted V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 45
(to be filled in by
Principal Clerk)

S1115-ALE-136 [v.7]

on page 56, lines 3-4, by rewriting the line to read:

SECTION 7.27.(g) Federal funds and private funds may be used to support the Alliance. State funds shall not be used to support the Alliance."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

42 ED
UNC
Study engineering ECU & Asheville Western
Dentistry ECU

Displaced – Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 46
(to be filled in by Principal Clerk)

S1115-ARH-93 [v.2]

Date 8/6 ,2002

Comm. Sub. [NO]
Amends Title [NO]
PCS4755-LR-21

Representative Carpenter

moves to amend the bill on page 63, lines 39-41, by rewriting the lines to read:

"**SECTION 9.1.(b)** Section 31.10(d) of S.L. 2001-424 reads as rewritten:

`**SECTION 31.10.(d)** The Board of Governors of The University of North Carolina shall study the feasibility of establishing a School of Dentistry and a School of Engineering at East Carolina University. The Board shall also study the feasibility of establishing a School of Engineering at the University of North Carolina at Asheville and Western Carolina University. These studies shall be completed by December 31, 2002, and reported to the Joint Legislative Education Oversight Committee by January 15, 2003.'".

SIGNED M. Carpenter
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

42 ED anc

original

adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

47

AMENDMENT NO. 47
(to be filled in by
Principal Clerk)

S1115-ALE-132 [v.2]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nesbitt

moves to amend the bill on page 71, line 32, by adding a new section after the line to read:

"Requested by: Representative Nesbitt

REPORT ON UNIVERSITY FISCAL LIABILITIES

SECTION 9.16. The Board of Governors shall report on an annual basis to the Joint Legislative Commission on Governmental Operations on:

(1) Any financing of buildings or other facilities, regardless of the ownership of those buildings or other facilities, located on land owned by The University of North Carolina or the constituent institutions of The University of North Carolina; and

(2) All fiscal liabilities or contingent liabilities, including payments for debt service or other contractual arrangements, of The University of North Carolina or any constituent institution "

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

100

Capital oversight Comm

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 48
(to be filled in by Principal Clerk)

S1115-ALN-165 [v.1]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Wright

moves to amend the bill on page 200, line 40
by inserting on the line the following:
"Requested by: Representative Wright
JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL IMPROVEMENTS ESTABLISHED

SECTION 29.3. Chapter 120 of the General Statutes is amended by adding the following new Article to read:

'Article 29.
'Joint Legislative Oversight Committee
on Capital Improvements.

'§ 120-258. Committee created.

There is established the Joint Legislative Oversight Committee on Capital Improvements. The Committee consists of 16 members as follows:

(1) Eight members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party; and

(2) Eight members of the Senate appointed by the President Pro Tempore of the Senate, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members,

A vv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 48
(to be filled in by
Principal Clerk)

S1115-ALN-165 [v.1]

which begin on appointment. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until the member's successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

'**§ 120-259. Purpose and powers of the Committee.**

(a) The Joint Legislative Oversight Committee on Capital Improvements shall examine, on a continuing basis, capital improvements approved and undertaken for State facilities and institutions. As used in this section "capital improvements" includes repairs and renovations, and "State facilities and institutions" includes facilities and institutions of The University of North Carolina.

(b) The Committee shall have oversight over implementation of the Capital Improvements Planning Act established under Article 1B of Chapter 143 of the General Statutes, and shall consider the State six-year capital improvement plan developed pursuant to G.S. 143-34.45.

(c) The Committee, while in discharge of official duties, shall have access to any paper or document, and may compel the attendance of any State official or employee before the Committee or secure any evidence under G.S. 120.19. In addition, G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it were a joint committee of the General Assembly.

(d) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

'**§ 120-260. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Oversight Committee on Capital Improvements. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is nine members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 48
(to be filled in by
Principal Clerk)

S1115-ALN-165 [v.1]

its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.'".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

78 H4S

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1115-ALN-155 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Earle

moves to amend the bill on page 113, line 22,
by inserting on the line, the following:
"Requested by: Representative Earle
STATE/COUNTY SPECIAL ASSISTANCE TRANSFER OF ASSETS POLICY

SECTION 10.41B.(a) Notwithstanding any other provision of law to the contrary, Supplemental Security Income (SSI) policy applicable to transfer of assets and estate recovery, as prescribed by federal law, shall apply to applicants for State/County Special Assistance.

SECTION 10.41B.(b) The Department of Health and Human Services shall continue to review whether policy for State/County Special Assistance should be changed to permit an assisted living facility to accept from a family member of a resident who qualifies for State/County Special Assistance payment for the difference in the monthly rate for room, board, and services available. In reviewing current policy, the Department shall consider the following conditions on family contributions to the resident's cost of care:

(1) Ensuring that the resident meets all income and resource eligibility requirements for State/County Special Assistance.

(2) Not counting payments made by family members to the facility as income to the resident or as an in-kind contribution when calculating the monthly rate applicable to the resident.

A vv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 49
(to be filled in by
Principal Clerk)

S1115-ALN-155 [v.3]

(3) Ensuring that supplemental payments are made on a voluntary basis as specified in the resident agreement.

SECTION 10.41B.(c) Subsection (a) of this section becomes effective September 1, 2002.".

SIGNED Dewey Earle
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS Move all Smart Start

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 50
(to be filled in by Principal Clerk)

S1115-ALY-151 [v.2]

Date 8/7/,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nye

moves to amend the bill on page 119, line 31, by adding the following on that line:

"**SECTION 10.55.(f)** Section 21.72(a) of S.L. 2001-424 reads as rewritten:

'**SECTION 21.72.(a)** Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. ~~What counts as administrative costs shall be as defined in the Smart Start Performance Audit.~~For the purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management.' "

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

6/HHS Original
Technical correction
SP.P

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 51
(to be filled in by
Principal Clerk)

S1115-ALY-161 [v.2]

Date 8/7/,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nye

moves to amend the bill on page 121, line 7, by adding the following on that line:

"**SECTION 10.56.(d)** Section 21.76B(a) of S.L. 2001-424 reads as rewritten:

'**SECTION 21.76B.(a)** Of the funds appropriated to the Department of Health and Human Services the sum of six million four hundred fifty-six thousand five hundred dollars ($6,456,500) in ~~each year of the 2001-2003 fiscal biennium~~ the 2001-2002 fiscal year and the sum of thirty-four million five hundred twenty-one thousand eight hundred dollars ($34,521,800) in the 2002-2003 fiscal year shall be used to develop and implement "More At Four", a voluntary prekindergarten pilot program for at-risk four-year-olds. The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall develop "More At Four" for four-year-old children in North Carolina to ensure that all children have an opportunity to succeed in kindergarten.' "

SIGNED Nye
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS
#2 Asset Policy changes
#1 Money

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 52
(to be filled in by Principal Clerk)

S1115-ALN-141 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Nye

moves to amend the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets dated August 6, 2002 on page G3, item #22, by adding to the end of the item description the following sentence to read: "Adopts the Supplemental Security income (SSI) method for considering equity value in income-producing property for aged, blind, and disabled persons.".

SIGNED Ed Nye
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

68 HHS personal services

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Adopted V.V. 53

EDITION No. _____

H. B. No. _____ DATE 8/6/02

S. B. No. 1115 ~~SS~~ Amendment No. _____

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE PCS4755-LR-21

Rep.) Earle

Sen.)

Committee Report G3 Item #25

moves to amend the ~~bill~~ on page _____, ~~line~~

( ) WHICH CHANGES THE TITLE

by deleting The ~~description language as~~ words

" reducing the daily limit for services from

3.5 hours per day to 3 hours per day and"

SIGNED Senator Earle

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

AHS

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

chair

(Please type or use ballpoint pen)

54

Adopted, V.V.

EDITION No. _____

H. B. No. _____ DATE 8/06/02

S. B. No. 1115 Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE PCS4755-LR-21

(Rep.) Sen.) Nye

moves to amend the ~~bill~~ Committee Report on page G7, ~~line~~ Item #58

~~( ) WHICH CHANGES THE TITLE~~

by deleting the item; and

further moves to amend the Committee Report on page G12, item #101, by increasing the amount of the reduction by one hundred fifty-seven thousand two hundred thirty dollars ($157,230);

and further moves to amend the Committee Report by adjusting the appropriate totals accordingly;

and further moves to amend the bill on page 3, line 17, by decreasing the amount of the reduction on that line by one hundred fifty seven thousand two hundred thirty dollars ($157,230); and

further moves to amend the bill on page 3, line 18, by increasing the amount of the reduction by one hundred fifty seven thousand two hundred thirty dollars ($157,230); and further moves to amend the bill by adjusting the appropriate totals accordingly.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

76 #45 Adm Cons Mgmt rpt

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 55
(to be filled in by
Principal Clerk)

S1115-ALN-161 [v.2]

Date 8/7 ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Nye

moves to amend the Committee Reported dated August 6, 2002, on page G10, Item #81, by rewriting the item to read:
"**81 Public Health Consultants** **(341,114)**
Eliminates the following positions: 1 Public Health Educator, 3 Social Work Consultants, 3 Nurse Consultants, and 1 Pharmacist Specialist, and operating costs."; and

further moves to amend the Committee Report dated August 6, 2002, on page G8, Item #60, by deleting the words "UNC Tech Assistance and Health Promotion Campaign – ($89,825)"; and

further moves to amend the Committee Report dated August 6, 2002 on page G8, Item #60 by inserting after the word "Reduces" the words "State appropriations for the";

further moves to amend the Committee Report dated August 6, 2002, on page G8, Item #60, by deleting "($319,062)" and substituting "($229,237)"; and

A rv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 55
(to be filled in by
Principal Clerk)

S1115-ALN-161 [v.2]

further moves to amend the Committee Report dated August 6, 2002, by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

72 HHS Voc Rehab Disability Adm Division Con SD

Chair

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 56
(to be filled in by
Principal Clerk)

S1115-ALN-158 [v.1]

Date 8/7, 2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Nye

moves to amend the the Committee Report dated August 6, 2002 on page G13, Item #108, by decreasing the reduction by fifty thousand dollars ($50,000); and

further moves to amend the Committee Report dated August 6, 2002 on page G9, Item #73, by decreasing the reduction by thirty thousand dollars ($30,000); and

further moves to amend the Committee Report dated August 6, 2002, on page G17, Item #136, by increasing the reduction by eighty thousand dollars ($80,000) and by deleting the words "Eliminates 11.0" and substituting the words "Eliminates 13.0", and by deleting the words "Equipment Tech. III's." and substituting the words "Equipment Tech. III's, Systems Program Manager I, and Applications Systems Manager I."; and

further moves to amend the Committee Report dated August 6, 2002 by adjusting the appropriate totals accordingly.

A vv

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 56
(to be filled in by
Principal Clerk)

S1115-ALN-158 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

95 HHS of Public Health

Adopted, v.v.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 57
(to be filled in by
Principal Clerk)

S1115-ALN-163 [v.1]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Wright

moves to amend the Committee Report dated August 6, 2002, on page G12, Item #101, by increasing the reduction by seven hundred thousand dollars ($700,000); and

further moves to amend the Committee Report dated August 6, 2002, on page G11, by inserting the following new item to read:

"**86A Reduce Out-of-Wedlock Births** **$700,000**

Provides State funds for family planning services to reduce out-of-wedlock births."; and

moves to amend the bill on page 3, line 18,
by increasing the amount of the reduction by seven hundred thousand dollars ($700,000); and

further moves to amend the bill on page 3, line 17,
by decreasing the amount of the reduction by seven hundred thousand dollars ($700,000); and

A VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 57
(to be filled in by
Principal Clerk)

S1115-ALN-163 [v.1]

further moves to amend the appropriate totals of the Bill and the Committee Report accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

53 HHS Uniform Provider Credentialing by Health Ins Plans

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 58
(to be filled in by Principal Clerk)

S1115-ALN-153 [v.1]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Wright

moves to amend the bill on page 32, lines 39 through 43,
by rewriting the lines to read:
"approved by the Commissioner. When a health care practitioner joins a practice that is under contract with an insurer to participate in a health benefit plan, the effective date of the health care practitioner's participation in the health benefit plan network shall be the date the insurer approves the practitioner's credentialing application."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

29 HHS

Welfare Automation Fund money

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 59
(to be filled in by Principal Clerk)

S1115-ALY-164 [v.2]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative ~~Insko~~ Hall

moves to amend the money report on page G12, item 101 of the money report, by increasing the amount of that reduction by six hundred fifty thousand dollars ($650,000); and

on page G11 of the money report, by adding a new item to read:
"**86A. Adolescent Pregnancy Prevention $650,000**
Supports the Adolescent Pregnancy Prevention
Program administered pursuant to G.S. 130A-131.15A."; and

on page 3 of the bill, line 17, by reducing the amount of that reduction by six hundred fifty thousand dollars ($650,000); and

on page 3 of the bill, line 18, by increasing the amount of that reduction by six hundred fifty thousand dollars ($650,000).

SIGNED ~~Insko~~ John D. Hall
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

#HS 99
D of Ag's Soc Services-
D of D &

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen) O

6 Division called
Adopted, 43-27

EDITION No. _____

H. B. No. _____ DATE 8/7/02

S. B. No. 1115 Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE PCS 7455-LR-21

(Rep.) Sen.) Nesbitt

1 moves to amend the bill on page 61, ~~line~~ Item #4 D of Ag's
2 ~~( ) WHICH CHANGES THE TITLE~~
3 by deleting The item; and
4
5 further moves to amend The Committee Report DoD's.
6 on page G12, item #101, by increasing The
7 reduction by two hundred thousand dollars
8 ($200,000); and
9
10 moves to amend The bill on page 113, lines 25
11 through 37, by deleting The lines.
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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

77 HAS Medicaid

Adopted, V. V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 61
(to be filled in by
Principal Clerk)

S1115-ARM-65 [v.2]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Sutton

moves to amend the bill on page 86, line 10, by rewriting that line to read:
"Social Security ~~Act~~ Act, including the attachment of liens, to real property excluded as ~~"income producing"~~ "income"; and

further moves to amend the bill on page 86, line 15,
by inserting "and attachment of liens" after the word "policies"; and

further moves to amend the Committee Report on page G3, Item #22
by inserting "by including the possibility of attaching liens to real property held under a tenancy-in-common and" after the word "policy".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT 62A

(Please type or use ballpoint pen)

failed perfecting to 62

EDITION No. S115-ALR-21

H. B. No. _____ DATE 8.7.02

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Ellis
Sen.)

1 moves to ~~amend the bill on page~~ perfect Amend. #62 (S115-ALN-154(v.3)), line _____

2 ( ) WHICH CHANGES THE TITLE

3 by Amending the Committee Report as follows:

4 amend page 612, item 101 by reducing

5 that figure by $1,707,250.

6

7 and by adjusting the appropriate totals

8

9 accordingly.

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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

49 HHS

G2 #12 local Smart Start

failed, roll call
43 no
34 yes

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 62
(to be filled in by
Principal Clerk)

S1115-ALN-154 [v.3]

Date 8/7/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Creech

moves to amend the Committee Report dated August 6, 2002 on page G2, Item #12, by increasing the reduction by ninety million dollars ($90,000,000); and

further moves to amend the Committee Report dated August 6, 2002 on page G2, Item #12, by rewriting the descriptive language to read:
"Reduces funding for activities at local Smart Start Partnerships by fifty percent (50%). The remaining funds for local Smart Start Partnerships will focus on child care subsidies and child care quality initiatives."; and

further moves to amend the Committee Report dated August 6, 2002, on page G1, by inserting a new item to read:
"**7A Home and Community Care Block Grant** $20,000,000
Provides funds to reduce the waiting list."; and

Further moves to amend the Committee Report dated August 6, 2002, on page G5, by inserting two new items to read:
"**41A CAP MR/DD Slots** $20,000,000
Provides funds to reduce the waiting list."; and

"**41B CAP-DA Slots** $20,000,000
Provides funds to reduce the waiting list."; and

7 RC

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 62
(to be filled in by
Principal Clerk)

S1115-ALN-154 [v.3]

further moves to amend the Committee Report dated August 6, 2002, by adjusting the appropriate totals accordingly; and

moves to amend the bill on page 3, line 11, by increasing the amount of the reduction on that line by ninety million dollars ($90,000,000); and

moves to amend the bill on page 6, line 35
by increasing the amount appropriated on that line by thirty million dollars ($30,000,000); and

moves to amend the bill on page 3, line 9, by decreasing the amount of the reduction on that line by twenty million dollars ($20,000,000); and

moves to amend the bill on page 3, line 14, by increasing the amount appropriated on that line by forty million dollars ($40,000,000); and

further moves to amend the bill by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Failed

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8/7/, 2002 **AMENDMENT NO.** 62 Creech

Total: Yes 34 **No** 43 **Bill Number:** SB1115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
	✓	Thompson, Chair	✓		Cole
	✓	Owens, Vice-Chair			Crawford, Mark
✓		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
	✓	Adams		✓	Culpepper
✓		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
✓	✓	Bell			Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
	✓	Bowie			Grady
	✓	Boyd-McIntyre	✓		Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

#62
Failed

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
	✓	Harrington		✓	Rogers
	✓	Hensley		✓	Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
		Howard, Julia	✓		Sherrill
	✓	Hunter, Howard	✓		Shubert
		Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
		McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller		✓	Warner
✓		Miner		✓	Warren
✓		Mitchell		✓	Warwick
		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
		Preston		✓	Wright
				✓	Yongue

43
34

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#62
Failed

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	___	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

634 perfecting to 63 Adopted VJ

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. 1115 Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE 7455-LR-21

(Rep.) ~~Nesbitt~~ Nye, Jackson
(Sen.)

Amendment #63

moves to amend ~~the bill~~ on page 1, line 13

~~( ) WHICH CHANGES THE TITLE~~

by adding after the line, the following

"I moves to amend the Committee Report on page G12, item 101, by increasing by one hundred thousand dollars ($100,000); and

further moves to amend the Committee Report on page G11, by adding a new item to read:

86A, Strike Out Stroke $100,000"

Provide Funds for Strike Out Stroke

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

48 HHS Reporting requirement for Heart Dis & Stroke prev

vv Adopted, perfected by Nye + Justus 63a.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

63

AMENDMENT NO. 63
(to be filled in by Principal Clerk)

S1115-ALB-214 [v.2]

Date 5 Dec., 2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Justus

114

moves to amend the bill on page ~~27~~, lines 26 through 35, by rewriting those lines to read:

"**SECTION 10.45.** Section 21.95 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.95.** The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a ~~final~~ report to the Governor and the General Assembly by June 30, 2003 and a report to each subsequent regular legislative session within one week of its convening. ~~by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire.~~"

Adopted voice vote perfected by Hyde + Justus G3A

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 63
(to be filled in by
Principal Clerk)

S1115-ALB-214 [v.2]

SIGNED Senator Justus
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

HHS

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 64
(to be filled in by
Principal Clerk)

S1115-ALE-119 [v.3]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Thompson

moves to amend the bill on page 59, line 30, by adding a new section after the line to read:
"Requested by: Representative Thompson
CERTIFICATION OF SCHOOL NURSES
SECTION 7.36.(a) G.S. 115C-315 is amended by adding the following new subsection to read:
"(d1) Certification for School Nurses. – Notwithstanding any other law or rule, school nurses employed in the public schools shall hold a current North Carolina registered nurse license. School nurses employed in the public schools shall not be required to obtain national certification."
SECTION 7.36.(b) This section is effective when it becomes law, and applies to school nurses employed on or after July 1, 1993."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

100

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT #65 Adopted, V.V.

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 8/7/02

S. B. No. 1115 Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE 7455-LR-2)

(Rep.) Nesbitt
Sen.)

1 moves to amend the bill on page 84, line 9

2 ~~( ) WHICH CHANGES THE TITLE~~

3 by deleting "counted." and substituting the

4 words "counted if the minor is residing

5 in the home."

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SIGNED Martha Nesbitt

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

74 Original Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 66
(to be filled in by Principal Clerk)

S1115-ALY-165 [v.4]

Date 8 | 8 | ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS

Representative Nesbitt

moves to amend the money report on page G7, item #54, by deleting that item; and

on page G11 of the money report, items #84, #85, and #86, by deleting those items; and

on page G11 of the money report, by adding a new item to read:

"**86A. Existing Programs Funded with HWTF** **($4,362,000) NR**
Replaces State appropriations with funds
From the Health and Wellness Trust Fund as
Follows:
a. Health Promotion ($1,300,000)
b. Children With Special Needs ($1,272,000)
c. WIC/Infant Formula ($790,000)
d. Cancer Control Prevention ($1,000,000)"; and

on page G15 of the money report, by creating a new item to read:

"**118A. Expand NC Health Choice** **$7,740,000 NR**";and

on page G17 of the money report, by creating a new item to read:

"**140A. Existing Program Funded with HWTF.** **($1,278,000) NR**
Replaces State appropriations for the Loan
Repayment Incentive Program with funds

Nesbitt

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 66
(to be filled in by
Principal Clerk)

S1115-ALY-165 [v.4]

From the Health and Wellness Trust Fund."; and

on page 3 of the bill, line 8, by reducing the amount on that line by one million two hundred seventy-eight thousand dollars ($1,278,000); and

on page 3 of the bill, line 15, by increasing the amount of that reduction by one million dollars ($1,000,000); and

on page 3 of the bill, line 16, by reducing the amount of that reduction by seven million seven hundred forty thousand dollars ($7,740,000); and

on page 3 of the bill, line 17, by increasing the amount of that reduction by five million four hundred sixty-two thousand dollars ($5,462,000); and

on page 6 of the bill, line 22, by reducing the amount on that line by seven million seven hundred forty thousand dollars ($7,740,000) and adjusting the appropriate totals; and

on page 10, line 15 by replacing the phrase "forty million dollars ($40,000,000)" with the phrase "thirty-two million two hundred sixty thousand dollars (32,260,000)"; and

on page 10 of the bill, lines 21 through 24, by rewriting those lines to read:
"Commission shall transfer no more than twenty-five million seven hundred forty thousand dollars ($25,740,000) during the 2002-2003 fiscal year as follows:

(1) Eighteen million dollars ($18,000,000) to be expended in accordance with G.S. 143-86.30(d).

(2) One million dollars ($1,000,000) for Residential Substance Abuse Services for Women with Children administered through the Department of Health and Human Services.

(3) Seven hundred fifty thousand dollars ($750,000) for Healthy Carolinians administered through the Department of Health and Human Services.

Withdrawn

Adopted V

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 66
(to be filled in by
Principal Clerk)

S1115-ALY-165 [v.4]

(4) Two hundred fifty thousand dollars ($250,000) for the Healthy Start Foundation administered through the Department of Health and Human Services.
(5) One hundred thousand dollars ($100,000) for the Asthma Education Program administered through the Department of Health and Human Services.
(6) One million three hundred thousand dollars ($1,300,000) for Health Promotion administered through the Department of Health and Human Services.
(7) One million two hundred seventy-eight thousand dollars ($1,278,000) for the Loan Repayment Incentive Program administered through the Department of Health and Human Services.
(8) One million two hundred seventy-two thousand ($1,272,000) for Children with Special Needs administered through the Department of Health and Human Services.
(9) Seven hundred ninety thousand dollars ($790,000) for WIC/Infant Formula administered through the Department of Health and Human Services.
(10) One million dollars ($1,000,000) for Cancer Control Prevention Activities administered through the Department of Health and Human Services."; and

on page 102 of the bill, line 21 through line 27, by rewriting those lines to read:
"program expenditures that are attributable to excess program enrollment.".

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 606
(to be filled in by
Principal Clerk)

S1115-ALY-165 [v.4]

SIGNED Martin Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

67A perfecting

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. 1 (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____ Out of order

Rep.) Esposito
Sen.)

Amendment 67

moves to amend ~~the bill~~ on page 1, line 2

( ) WHICH CHANGES THE TITLE

by rewriting that line to read:

"page 62, item # 12 by increasing the amount of that reduction by twenty-eight million sixty-five thousand three hundred dollars ($28,065,300); and"

and on page 2 of the amendment, lines 26-28 by deleting those lines

SIGNED Theresa A. Esposito

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Reconsider the vote as requested by Rep Underhill

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8.6 , 2002

AMENDMENT NO. 67
Esposito

Total: Yes 40 **No** 42

Bill Number: S. 1115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair		✓	Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
✓		Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
	✓	Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
	✓	Adams		✓	Culpepper
✓		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell			Fox
		Blue	✓		Gillespie
	✓	Bonner		✓	Goodwin
✓		Bowie	✓		Grady
	✓	Boyd-McIntyre	✓		Gulley
		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

Reconsider

YES	NO	NAME	YES	NO	NAME
✓		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes	✓		Sexton
✓		Howard, Julia			Sherrill
	✓	Hunter, Howard	✓		Shubert
		Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry	✓		Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
	✓	McAllister			Underhill
	✓	McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller		✓	Warner
✓		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

reconsider

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	___	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

56

Adopted
Roll Call
42/41

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 67
(to be filled in by
Principal Clerk)

S1115-ALB-221 [v.1]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Esposito

moves to amend the House Appropriations Committee Report dated August 6, 2002, on page G17, item #141, by deleting the item; and

further moves to amend the House Appropriations Committee Report dated August 6, 2002, by deleting each of the items listed below:

Page #	Item #	Item Title
"G1	5	Senior Centers
G1	6	Area Agency on Aging Administration
G1	7	Home and Community Care Block Grant
G3	24	Private Duty Nursing
G3	25	Personal Care Services Limitation
G4	28	Hospital Payments
G4	30	Home Infusion Therapy
G4	31	Home Health Supplies
G4	34	Reimbursement Rate Reduction
G4	35	Durable Medical Equipment
G4	36	Optical Service Providers
G5	38	Case Management Services
G5	40	Rate Reduction for Health Departments
G5	41	Outpatient Hospital Copayments
G7	59	Health Promotion Funding

Esports

Adopted
Roll Call
42-41

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 67
(to be filled in by
Principal Clerk)

S1115-ALB-221 [v.1]

G8	65	Aid-to-County
G11	88	Local DSS Administration
G14	116	Dispensing Fee Reduction
G15	117	Premium Reduction by Using Medicaid Reimb.
G15	118	Co-payments"; and

further moves to amend the House Appropriations Committee Report dated August 6, 2002, by adjusting the appropriate totals accordingly; and

moves to amend the bill on page 6, line 35, by increasing the amount appropriated on that line by ninety-one thousand three hundred forty-six dollars ($91,346); and

further moves to amend the bill on page 113, line 39 through page 114, line 5, by deleting the lines; and

further moves to amend the bill on page 90, lines 25 through 44, by deleting the lines; and

further moves to amend the bill on page 87, line 36, through page 88, line 16, by deleting the lines; and

further moves to amend the bill on page 93, line 20 through page 98, line 5, by deleting the lines; and

further moves to amend Amendment #51 by rewriting page 1, lines 7 and 8 of the amendment to read:
"year shall be used to develop and"

further moves to amend the bill on page 3 by adjusting the Health and Human Services dollar amounts accordingly.

Esposito

Adopted
roll call
12-11

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 67
(to be filled in by
Principal Clerk)

S1115-ALB-221 [v.1]

SIGNED Theresa A. Esposito
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8/8/, 2002 **AMENDMENT NO.** 67 Esposito

Total: Yes _____ **No** _____ **Bill Number:** S1115

YES	NO	NAME	YES	NO	NAME
___	✓	Easterling, Chair	___	✓	Church
___	✓	Oldham, Chair	✓	___	Clary
___	✓	Redwine, Chair	___	✓	Coates
✓	___	Thompson, Chair	___	✓	Cole
___	✓	Owens, Vice-Chair	✓	___	Crawford, Mark
___	✓	Crawford, Jim Vice-Chair	✓	___	Creech
			✓	___	Culp
___	✓	Adams	___	✓	Culpepper
✓	___	Allred.	✓	___	Daughtry
✓	___	Arnold.	✓	___	Davis
✓	___	Baker	✓	___	Dockham
✓	___	Barbee	___	✓	Earle
___	✓	Barefoot	✓	___	Ellis
✓	___	Barnhart	✓	___	Esposito
___	✓	Bell	___	___	Fox
___	✓	Blue	✓	___	Gillespie
___	✓	Bonner	___	✓	Goodwin
✓	___	Bowie	✓	___	Grady
___	✓	Boyd-McIntyre	✓	___	Gulley
✓	___	Brubaker	___	✓	Haire
✓	___	Carpenter	___	✓	Hall

42 YES
41 NO

#67
Espisito

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME
✓		Harrington
	✓	Hensley
		Hiatt
✓		Hilton
✓		Holmes
✓		Howard, Julia
	✓	Hunter, Howard
		Insko
	✓	Jeffus, Maggie
✓		Justus, Larry
✓		Kiser
	✓	Lucas
	✓	McAllister
	✓	McLawhorn
	✓	Michaux
	✓	Miller
✓		Miner
✓		Mitchell
✓		Morgan
	✓	Nesbitt
	✓	Nye
✓		Preston
	✓	Rogers
✓		Russell
	✓	Saunders
✓		Setzer
✓		Sexton
✓		Sherrill
✓		Shubert
	✓	Smith
	✓	Sutton
✓		Teague
	✓	Tolson
	✓	Tucker
✓		Underhill
✓		Walend
✓		Walker
		Warner
	✓	Warren
	✓	Warwick
✓		Weatherly
✓		West
✓	✓	Wilson, G
	✓	Wright
	✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#67
Espo sa

YES	NO	NAME	YES	NO	NAME
___	✓	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	___	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

44 yes
41 no

JPS 41
Dept of Justice

Adopted,
40-20

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 68
(to be filled in by
Principal Clerk)

S1115-ALT-32 [v.11]

Date 8 | 8 | ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755

Representative Sherrill

moves to amend the bill on page 145, line 10,
by inserting on that line the following:

"Requested by: Representatives Sherrill, Nesbitt
OPERATION OF BUNCOMBE YOUTH DETENTION CENTER

SECTION 16.7. The Department of Juvenile Justice and Delinquency Prevention shall continue to operate the Buncombe Youth Detention Center at its current site during the 2002-2003 fiscal year. To the extent practicable during the 2002-2003 fiscal year, the Department shall operate the Buncombe Youth Detention Center at the same average population and staffing levels and at the same budget as the 2001-2002 fiscal year.";

and moves to amend the House Appropriations Committee Report on the Continuation, Expansion, and Capital Budget on page I-10, item 52, by rewriting the item to read:

"52 Consolidate Detention Center	**($1,082,608) R**
Umstead state detention center will be closed July 1.	-24.00
The bed capacity of the facility will be re-established at	
the Dillon YDC. Juveniles in detention will be housed and	
managed separately from the training school population. This	
action will result in a loss of another 22 YDC beds. Combined	

adopted
40-20

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 68
(to be filled in by
Principal Clerk)

S1115-ALT-32 [v.11]

with the downsizing of Samarkand, a total of 150 YDC beds will be eliminated. The 24 positions being eliminated here are vacant; some vacancies are being taken from the YDCs to meet the budget reduction amount shown and to avoid further reductions in filled positions.";

and on page I-8, item 42, by rewriting the item to read:

"42 Juvenile Court Counselors **($828,125) R**
The continuation budget for juvenile court counselors is reduced by $828,125. Of this amount, $200,000 is to be taken from 532700 Travel/Other Employee Expenses. The remaining amount shall be generated by eliminating 15 vacant positions effective July 1, 2002." -15.00

and on page I-11 by adding the following two new items to read:

"55A Eliminate Vacant Detention Center Positions **($126,618) R**
3.5 vacant positions are eliminated. 2.5 positions are eliminated from Alexander Detention Center: a Maintenance Mechanic III, a Nurse (.5), and a Youth Program Assistant. One position is eliminated from Richmond Detention, an Administrative Assistant V. These positions were initially recommended for reduction by DJJDP in order to meet the original reduction amount of $7.43 million for Samarkand. -3.50

55B Eliminate Youth Facility Positions **($231,323) R**
Eight additional vacant positions are eliminated from a combination of Detention Centers, Youth Development Centers, and YDC transitional programs. These eight positions are six counselor technicians and two behavioral specialists."; -8.00

adopted 4/1/20

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 68
(to be filled in by
Principal Clerk)

S1115-ALT-32 [v.11]

and by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted, V. V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 69
(to be filled in by Principal Clerk)

S1115-ALD-21 [v.3]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Thompson

moves to amend the bill on page 128, lines 19 and 20, by inserting between those lines the following:

"Requested by: Representatives Thompson, Gillespie, Nye

POSITIONS/EMPLOYEES AT LAKE JAMES AND SINGLETARY LAKE STATE PARKS

SECTION 12.8.(a) None of the following positions shall be eliminated for the 2002-2003 fiscal year at Lake James State Park located in McDowell and Burke Counties:

(1) Park Ranger I.
(2) Park Ranger II.
(3) Maintenance Mechanic III.
(4) Office Assistant III.

SECTION 12.8.(b) The employees currently filling the positions under subsection (a) of this section shall not be reduced in force for the 2002-2003 fiscal year.

SECTION 12.8.(c) None of the following positions shall be eliminated for the 2002-2003 fiscal year at Singletary Lake State Park located in Bladen County:

(1) Park Ranger II.
(2) Office Assistant III.
(3) Maintenance Mechanic III.
(4) General Utility Worker.

A.JV.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 69
(to be filled in by
Principal Clerk)

S1115-ALD-21 [v.3]

SECTION 12.8.(d) The employees currently filling the positions under subsection (c) of this section shall not be reduced in force for the 2002-2003 fiscal year.

SECTION 12.8.(e) It is the intent of the General Assembly that Lake James State Park and Singletary Lake State Park remain open to the public during the 2002-2003 fiscal year."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NEW Capital Section Adopted, V.V.

DENR

Adopted V V

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 70
(to be filled in by
Principal Clerk)

S1115-ALD-18 [v.4]

Date 8/6 ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Gillespie

moves to amend the bill on page 128, lines 19 and 20, by inserting between those lines the following:

"Requested by: Representative Gillespie

DWR TO DEVELOP PLAN CONCERNING FUNDS FOR WATER RESOURCES DEVELOPMENT PROJECTS IN EACH REGION OF THE STATE/FEDERAL PARTICIPATION IN GEOGRAPHICALLY DISTRIBUTED PROJECTS

SECTION 12.8.(a) The Division of Water Resources of the Department of Environment and Natural Resources shall develop a plan that is designed to inform and assist local governmental entities in each geographical region of the State to apply to the Division of Water Resources for State funds for water resources development projects.

SECTION 12.8.(b) The Department of Environment and Natural Resources shall seek federal participation in water resources development projects that are geographically distributed across the State.

SECTION 12.8.(c) The Department of Environment and Natural Resources shall report to the 2003 General Assembly no later than January 15, 2003, on the status

adopted V V

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 70
(to be filled in by
Principal Clerk)

S1115-ALD-18 [v.4]

of its efforts under this section. This report shall include any recommendations, including legislative proposals, that would enhance the Department's efforts under this section."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

20 NTR eliminates sec on time limits for violators

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 21
(to be filled in by Principal Clerk)

S1115-ALD-23 [v.1]

Date Aug 6 ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Owens

moves to amend the bill on page 136, line 27, through page 137, line 4, by deleting those lines.

SIGNED W. C. Owens Jr.
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

75

NER
Farmland Preservation Positions

Underhill

~~Displaced~~
Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 72
(to be filled in by
Principal Clerk)

S1115-ALD-30 [v.1]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Underhill

moves to amend the bill on page 123, lines 7 and 8, by inserting between those lines the following:

"Requested by: Representative Underhill

FUNDS FOR THE FARMLAND PRESERVATION TRUST FUND/SHIFT FUNDING FOR TWO DEPARTMENT POSITIONS

SECTION 11.5.(a) Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred thousand dollars ($200,000) shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year as follows:

(1) The sum of thirty-four thousand seven hundred forty dollars ($34,740) that was appropriated to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year for the Division of Agricultural Statistics to continue and support one Lithographic Press Operator position shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year;

(2) The sum of sixteen thousand five hundred thirty-one dollars ($16,531) that was appropriated to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year to provide part of the funds to continue and support one Construction and Renovation Design Technician position shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year; and

Displaced adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 72
(to be filled in by
Principal Clerk)

S1115-ALD-30 [v.1]

(3) The sum of one hundred forty-eight thousand seven hundred twenty-nine dollars ($148,729) that remains available to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year for capital improvements for a swine facility at Cherry Farm shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year.

SECTION 11.5.(b) The Lithographic Press Operator and the Construction and Renovation Design Technician positions under subsection (a) of this section shall be continued and supported from North Carolina State Fair receipts."; and

amends the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page H3 by adding a new item after Item 13 as follows:

"**13A Shift Position to Receipt Support** ($34,740) R
Shift funding for one filled Lithographic Press Operator position to NC State Fair receipts.
-1.00"; and

amends the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page H7, Item 50, by increasing the reduction by $16,531; and

by adjusting the appropriate totals accordingly.

SIGNED Alice B. Underhill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

22 NCR Position reclassified

Adopted, Voice Vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 73
(to be filled in by
Principal Clerk)

S1115-ALD-25 [v.1]

Date 6/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Fox

moves to amend the bill on page 128, line 14, by deleting "Applications Analyst Programmer I" and substituting "Administrative Assistant II".

SIGNED Stan Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

19

JPS
ALE

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 74
(to be filled in by
Principal Clerk)

S1115-ALL-34 [v.4]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Culpepper & Harrie

moves to amend the bill on page 156, line 43,
by rewriting that line to read:

"during the 2001-2002 fiscal year, unless the governing body of the city or county receiving the distribution agrees by resolution to accept a lesser amount."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

75 A
perfects #75 Kiser

EDITION No. _____

H. B. No. _____ DATE 8-8-02 adopted

S. B. No. 1115 Amendment No. _____

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Alpeppe
)
Sen.)

1 moves to amend the bill on page _____, line _____
2 ( ) WHICH CHANGES THE TITLE
3 by amending Amendment #75
4
5 by striking through the sentence
6
7 beginning on line 12 and ending
8
9
10 on line 15.
11
12
13
14
15
16
17
18
19

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

24

JBS
ALE

Failed, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 75
(to be filled in by
Principal Clerk)

S1115-ALT-31 [v.4]

Date 8/8/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Kiser

moves to amend the bill on page 156, lines 8 through 44, by rewriting those lines to read:

"**SECTION 18.4.** G.S. 18B-208(b) reads as rewritten:

'(b) Special Fund. – A special fund in the office of the State Treasurer, the ABC Commission Fund, is created. On and after November 1, 1982, all moneys derived from the collection of bailment charges and bailment surcharges shall be deposited in the ABC Commission Fund for the purpose of carrying out the provisions of this Chapter. The ABC Commission Fund shall be subject to the provisions of the Executive Budget Act except that no unexpended surplus of this fund shall revert to the General Fund. The Commission shall fix the level of the bailment surcharges at an amount calculated to cover operating expenses of the Commission and ~~the retirement of bonds issued for construction of a Commission warehouse and offices.~~the ALE Division. Upon payment of the bonds issued pursuant to this section, the Commission shall reduce the bailment surcharge to an amount no greater than necessary to pay operating expenses of the Commission as authorized by the General Assembly.

All moneys credited to the ABC Commission Fund shall be used to carry out the intent and purposes of the ABC law in accordance with plans approved by the North Carolina ABC Commission and the Director of the Budget, and all these funds are appropriated, reserved, set aside, and made available until expended for the administration of the ABC law.'";

Failed, VV

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 75
(to be filled in by
Principal Clerk)

S1115-ALT-31 [v.4]

and further moves to amend the House Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets, on page I22, item 115, by rewriting that item to read:

"115 Receipt Support for ALE Operations **($6,758,163)**
Increase the bailment surcharge to include
the cost of operations of the ALE Division.".

SIGNED Joe L. Kiser
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

69

Failed division called 37-37

Perfected by Hensley

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 76
(to be filled in by Principal Clerk)

S1115-ALL-35 [v.8]

Date 8-8- ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Ellis

moves to amend the House Appropriations Committee Report on page I-21, by adding a new item to read:

"110A Reduce Boxing Commission Operating Expenses Reduce continuation budget line items for travel, equipment, supplies, contract, etc.	($66,528)	R

and on page I-22, by adding a new item to read:

"115A Additional ALE Agents Fund two additional ALE agent positions to assist law enforcement efforts between the State Bureau of Investigation, the ALE Division of the Department of Crime Control and Public Safety, and local law enforcement agencies for the purpose of regulating video poker machines."	$66,528 2.00	R

Failed - division 37/37 perfected by Beasley

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 76
(to be filled in by Principal Clerk)

S1115-ALL-35 [v.8]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

103

ALE funds position

Failed, voice vote

A perfecting Ellis

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 77
(to be filled in by Principal Clerk)

S1115-ALL-39 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Hensley

moves to amend the bill as amended by amendment S1115-~~LR~~-35 (ALL) as follows:

on page 1, line 5 of amendment S1115-~~LR~~-35, (ALL)
by rewriting the figure on that line to read "($33,264)";

and on page 1, lines 12-13 of amendment S1115-~~LR~~-35, (ALL)
by rewriting those lines to read:

"**115A Additional ALE Agent**	$33,264	R
Fund one additional ALE agent position	1.00"	

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

31 JPS Judicial

SP Pro & money item #10 Delay Recpt 3 Sup Judges

Deletes → Delay items increases Cut in Dist Court Arbitration

original

Failed, voice vote

NORTH CAROLINA GENERAL ASSEMBLY

AMENDMENT

Senate Bill 1115

S1115-ALB-215 [v.2]

AMENDMENT NO. 78
(to be filled in by
Principal Clerk)

Date 8/6 ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Daughtry

moves to amend the bill on page 137, line 8-20, by deleting those lines

moves to amend the committee report on page I-2 by deleting item 10

further moves to amend the committee report on page I-15, item 73 by increasing the nonrecurring reduction by $512,693.

adjust the totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

67 NCR Commerce State Aid

Failed, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

79

AMENDMENT NO. ~~78~~ 79
(to be filled in by
Principal Clerk)

S1115-ALD-28 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Creech

moves to amend the bill on page 3, line 28, by decreasing the amount appropriated for Commerce State-Aid by the sum of $182,000; and

on page 132, line 33, by deleting "seventy-five thousand dollars ($75,000)" and substituting "one hundred one thousand dollars ($101,000)"; and

by amending the House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets on page H28, by deleting Item 189 and substituting the following:

"**189 Regional Economic Development Commissions** $5,718,000 R
Transfers $6,425,000 from the Commerce main budget code
to the Commerce State Aid budget code and reduces funds

Failed V1

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 79
(to be filled in by
Principal Clerk)

S1115-ALD-28 [v.1]

to each Regional Economic Development Commission by $101,000."; and

by adjusting the appropriate totals accordingly.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT perfects Mitchell amdt

(Please type or use ballpoint pen)

adopted VV

EDITION No. _____

H. B. No. _____ DATE 6 0 A

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Hackney
Sen.)

Mitchell Amendment #20 (V2)

moves to amend the bill on page _____, line _____

( ) WHICH CHANGES THE TITLE

by deleting "January 15, 2003"

each time it appears, and

substituting "February 15, 2003"

and by

deleting "July 15, 2003"

each time it appears, and

substituting "August 15, 2003"

SIGNED Hackney

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

13

NER Economic Partnership reports

Adopted, Voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 80
(to be filled in by Principal Clerk)

S1115-ALD-20 [v.2]

Date 8 - 8 - ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Mitchell

moves to amend the bill on page 132, lines 39 and 40, by inserting between those lines the following:

"Requested by: Representative Mitchell

REGIONAL COMMISSION REPORTS

SECTION 13.7. Section 20.11(a) of S.L. 2001-424 reads as rewritten:

'**SECTION 20.11.(a)** Each ~~regional economic development commission~~ Regional Economic Development Commission receiving a grant-in-aid from the Department of Commerce shall:

(1) By January 15, 2002, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:

a. State fiscal year 2000-2001 program activities, objectives, and accomplishments;

b. State fiscal year 2000-2001 itemized expenditures and fund sources;

c. State fiscal year 2001-2002 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2001;

Adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 80
(to be filled in by Principal Clerk)

S1115-ALD-20 [v.2]

d. State fiscal year 2001-2002 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2001.

~~(2) By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:~~

~~a. State fiscal year 2001-2002 program activities, objectives, and accomplishments;~~

~~b. State fiscal year 2001-2002 itemized expenditures and fund sources;~~

~~c. State fiscal year 2002-2003 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 2002;~~

~~d. State fiscal year 2002-2003 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002.~~

(2) Report by January 15, 2003, on the first and second quarters of the 2002-2003 fiscal year, and by July 15, 2003, on the third and fourth quarters of the 2002-2003 fiscal year, regarding the following:

a. Program activities, objectives, and accomplishments for its region, to include:

1. Specific businesses and/or industries that have been recruited.

2. Businesses and/or industries that have located as a result of recruitment efforts, and number of new jobs created as a result of that location decision.

3. Existing businesses and/or industries that have expanded as a result of assistance, and number of new jobs created as a result of that expansion.

adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 80
(to be filled in by
Principal Clerk)

S1115-ALD-20 [v.2]

4. Existing businesses and/or industries that have remained as a result of retention efforts, and number of jobs saved as a result of that retention.
5. For sub-sub-subdivisions 1 through 4 of this sub-subdivision, each Commission shall describe its role in the activities and identify the relative contributions of the Commission and the Department of Commerce to the activities.
6. Number and description of marketing outreach events, including trade shows, recruitment missions, and related activities.
7. Initiatives undertaken to establish certified sites and shell buildings.
8. Number of referrals or leads handled that were generated by the Department of Commerce, and number that were generated by the Commission.

b. Total itemized actual revenues and expenditures, by fund source.

The report required by this subsection shall be made to the Department of Commerce, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

(3) Report by January 15, 2003, to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce on the following:

a. State fiscal year 2001-2002 program activities, objectives, and accomplishments.
b. State fiscal year 2001-2002 itemized expenditures, including salary and benefits for all employees regardless of funding sources, and fund sources.

(4) Report by January 15, 2003, to the Department of Commerce on the number and listing of available sites and buildings within the region.

adopted

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 80
(to be filled in by
Principal Clerk)

S1115-ALD-20 [v.2]

~~(3)~~(5) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement."'

SIGNED W. F. Mitchell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

40 G Govt Review GR

Failed, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 81
(to be filled in by
Principal Clerk)

S1115-ALB-210 [v.2]

Date 8 - 8 - ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Baker

moves to amend the bill on page 168, line 23, by adding the following:

PART XXVA. GENERAL ASSEMBLY

Requested by: Representative Baker

INDEPENDENT GOVERNMENT REVIEW COMMISSION

SECTION 25A.1.(a) There is created the Independent Government Review Commission ("Commission"). The purpose of the Commission is to review all activities of State government including, but not limited to, the current funding and appropriateness of government activities. Further, the Commission shall:

(1) Review the current organization, budgets, and activities of each State agency or major segment thereof.

(2) Review the current organization, budgets, and activities of all boards and commissions that are administered or funded by the State.

(3) Review the appropriateness of the State's participation in, and funding of, non-State entities receiving State funds.

(4) Review all State property holdings to determine any unused or unnecessary assets.

(5) Recommend to the General Assembly any changes in the current organization, funding, or activities of any area of State government.

Failed

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 81
(to be filled in by
Principal Clerk)

S1115-ALB-210 [v.2]

SECTION 25A.1.(b) The Commission shall consist of teams for each area of investigation. The Commission teams shall be organized by the Governor and all appointments shall be made by October 1, 2002. Each team shall include:

(1) Two members of the General Assembly, including one legislator who is a member of the majority party and one legislator who is member of the party with the next largest number of members.

(2) One employee of the Fiscal Research Division (FRD) staff, who shall serve as a nonvoting member.

(3) Three persons from the private sector.

At least one member of the General Assembly must serve on the Appropriations subcommittee appropriate to the area of review. The FRD staff person must also serve the appropriate Appropriations subcommittee. The private sector members must be recognized leaders and have in-depth knowledge of the specific areas of study. The North Carolina Citizens for Business and Industry will appoint two private sector members for each team and the Governor will appoint one private sector member for each team. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint a legislative member to serve pursuant to subdivision (1) of this subsection.

The members of the Commission shall elect cochairs of the Commission from among their members. The cochairs shall serve on the Commission's Executive Committee. Other members of the Executive Committee shall include a representative of each team chosen by the members of the respective teams, the Director of the Fiscal Research Division or the Director's designee, and the Director of the Office of State Budget and Management or the Director's designee.

A majority of the members shall constitute a quorum. Commission members shall receive subsistence, per diem, and travel allowances as provided by G.S. 138-5. The respective appointing authorities shall fill any vacancies. The Commission may contract for consulting services. The Commission may meet in the Legislative Building or the Legislative Office Building upon approval of the Legislative Services Commission. The Commission, may exercise all of the powers provided under G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents

Facility

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 81
(to be filled in by
Principal Clerk)

S1115-ALB-210 [v.2]

within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses.

The Commission may apply for, accept, and expend gifts, grants, or donations from governmental sources, private entities, or private nonprofit foundations organized for taxation purposes under section 501(c)(3) of the Internal Revenue Code. Notwithstanding G.S. 120-32.02, the Commission is authorized to expend, at its discretion, the funds appropriated by this act to carry out the purposes of the Commission. The Executive Committee shall allocate appropriated funds, and any other available funds, among the various teams.

SECTION 25A.1.(c) Commission teams established under subsection (b) of this section will be assigned to review each of the following areas:

(1) Team A:
- a. Office of the Governor.
- b. Office of the Lieutenant Governor.
- c. Office of Information Technology Services.
- d. Office of State Budget and Management.
- e. Office of the State Controller.
- f. Office of the State Treasurer.
- g. Office of the State Auditor.
- h. Department of Administration.
- i. Department of Insurance.
- j. Office of the Secretary of State.
- k. Department of Cultural Resources.
- l. Department of Revenue.

(2) Team B:
- a. Department of Agriculture and Consumer Services.
- b. Department of Commerce.
- c. Department of Labor.
- d. Department of Environment and Natural Resources, specifically including the Division of Forestry.

(3) Team C:
- a. Administrative Office of the Courts.

Failed

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 81
(to be filled in by
Principal Clerk)

S1115-ALB-210 [v.2]

b. Department of Crime Control and Public Safety.
c. Department of Correction.
d. Department of Justice.

(4) Team D:
a. Department of Transportation, specifically including the Division of Motor Vehicles.

(5) Team E:
a. Department of Public Instruction.
b. State Board of Education.
c. Community Colleges Systems Office.
d. The University of North Carolina.

(6) Team F:
a. Department of Health and Human Services, specifically including each major division.

(7) Team G:
a. Non-State entities.
b. State Boards and Commissions.

(8) Team H:
a. State Property.

SECTION 25A.1.(d) The Commission shall issue a report of its findings, recommendations, and legislative proposals to the 2005 General Assembly. Interim reports may be made at any time. The Commission shall terminate upon filing its final report.

SECTION 25A.1.(e) Of the funds already appropriated to the General Assembly for the 2002-2003 fiscal year the Independent Government Review Commission created in this section may use one hundred thousand dollars ($100,000)."

Failed 9/2

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 81
(to be filled in by
Principal Clerk)

S1115-ALB-210 [v.2]

SIGNED Luther L Baker
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Transp Hwy Trust Fund repayment

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 82
(to be filled in by Principal Clerk)

S1115-ARW-58 [v.3]

Date 8-8-,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative J. Crawford

moves to amend the bill on page 9, lines 33-34 by deleting the phrase "during the next five years" and substituting the phrase "during fiscal years 2004-2005 through 2008-2009"; and

on page 174, line 6, by adding at the end of that line the following:
"The repayment shall include interest at the net rate of return generated by the State Treasurer's Short Term Investment Fund.".

SIGNED J W Crawford Jr
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Adopted voice vote

EDITION No. _____

H. B. No. _____ DATE 8.8.02

S. B. No. _____ Amendment No. 83A
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Miller
)
Sen.)

moves to amend the bill on page ~~83~~ Amend, line _____

( ) WHICH CHANGES THE TITLE

by moves to amend Amendment 83 ~~by deleting~~ rewriting lines 1 and 2 to say

"moves to amend the bill on page 172, line 11, by adding "," or "

and deleting the quote on line 4

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

57 Transp. Durham Northern Loop

Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 83
(to be filled in by Principal Clerk)

S1115-ALK-99 [v.2]

Date 8 - 8 - ,2002

Comm. Sub. [YES]
Amends Title [NO]
PCS4755-LR-21

Representative Miller

moves to amend the bill on page 172, lines 7 through 10, by striking through the existing lines and adding the following: by ~~rewriting those lines to read~~:

"Durham East End Connector | Multilane facility connecting NC-147 to US-70 near Miami Boulevard, including improvements along US-70 and the US-70, NC-98 interchange" | Durham

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

90 General Assembly Subsistence

original

Adopted 50-29 Roll Call

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 84
(to be filled in by Principal Clerk)

S1115-ALB-217 [v.1]

Date 8-8-,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Mitchell

moves to amend the bill on page 181, line 35, by inserting the following:
"Requested by: Representative Mitchell
SECTION 28.3C. No member of the General Assembly may receive any subsistence allowance under G.S. 120-3.1(a)(3) from the date of sine die adjournment of the 2001 Regular Session through December 31, 2002."

SIGNED W. F. Mitchell
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Adopted

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8-8-, 2002 **AMENDMENT NO.** 84 Mitchell

Total: Yes 50 **No** 29 **Bill Number:** S1115

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair	✓		Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair	✓		Coates
✓		Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair	✓		Crawford, Mark
		Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
	✓	Adams		✓	Culpepper
✓		Allred	✓		Daughtry
✓		Arnold	✓		Davis
✓		Baker	✓		Dockham
✓		Barbee		✓	Earle
	✓	Barefoot	✓		Ellis
✓		Barnhart	✓		Esposito
	✓	Bell			Fox
		Blue	✓		Gillespie
	✓	Bonner	✓		Goodwin
✓		Bowie	✓		Grady
	✓	Boyd-McIntyre		✓	Gulley
✓		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

50 yes
29 no

Mitchell #84

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
✓		Harrington	✓		Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
✓		Holmes		✓	Sexton
		Howard, Julia			Sherrill
	✓	Hunter, Howard	✓		Shubert
		Insko	✓		Smith
✓		Jeffus, Maggie		✓	Sutton
	✓	Justus, Larry	✓		Teague
✓		Kiser	✓	•	Tolson
	✓	Lucas	✓		Tucker
	✓	McAllister			Underhill
✓		McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller	✓		Warner
✓		Miner	✓		Warren
✓		Mitchell			Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
✓	•	Nye	✓		Wilson, G
✓		Preston	•	✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

#84

YES	NO	NAME	YES	NO	NAME
✓		Hackney, Spkr Pro Tem	✓		Dedmon, Maj. Leader
		Baddour, Maj. Leader		✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

Handout w/ #84
Michell

Summary of Legislative Salaries, Expenses, Subsistence and Mileage

Term	Annual Salary	Annual Expense	Daily Subsistence	Mileage Rate
1971-72	$2,400	$600	$25	$ .10
1973-74	$2,400	$600	$25	$ .11
1975-76	$4,800	$1,200	$35	$ .15
1977-78	$4,800	$1,200	$35	$ .15
1979-80	$6,000	$1,800	$44	$ .17
1981-82	$6,936	$2,064	$50	$ .25
1983-84	$6,936	$2,064	$50	$ .25
1985-86	$8,400	$2,508	$60	$ .25
1987-88	$10,140	$3,024	$79	$ .25
1989-90	$11,124	$5,580	$81	$ .25
1991-92	$12,504	$6,264	$81	$ .25
1993-94	$13,026	$6,264	$92	$ .25
1995-96	$13,951	$6,708	$104	$ .29
1997-98	$13,951	$6,708	$104	$ .29
1999-2000	$13,951	$6,708	$104	$ .29
2001-2002	$13,951	$6,708	$104	$ .29

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1115

AMENDMENT NO. 85
(to be filled in by Principal Clerk)

S1115-ALH-81 [v.1]

Date 8-8-, 2002

Comm. Sub. [YES]
Amends Title [NO]
S1115-CSLR-21

Representative Redwine

moves to amend the bill on page 6, line 25,
by deleting "Secretary of State" and substituting "State Treasurer"; and

further moves to amend Committee Report on page 1, line 24,
by deleting "Secretary of State" and substituting "State Treasurer"; and

on page G6 of the Committee Report by deleting Item 49.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

3 Caucus 4 Session

ROLL CALL VOTE + motion to report

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: _____, 2002

AMENDMENT NO. On the Easterling motion to give the ~~PCS~~ a favorable report & to make technical changes -

Total: Yes 40 **No** 35

Bill Number: _____

YES	NO	NAME	YES	NO	NAME
✓		Easterling, Chair	✓		Church
✓		Oldham, Chair		✓	Clary
✓		Redwine, Chair	✓		Coates
✓		Thompson, Chair	✓		Cole
✓		Owens, Vice-Chair		✓	Crawford, Mark
	✓	Crawford, Jim Vice-Chair		✓	Creech
				✓	Culp
		Adams	✓		Culpepper
	✓	Allred		✓	Daughtry
	✓	Arnold		✓	Davis
	✓	Baker		✓	Dockham
	✓	Barbee	✓		Earle
✓		Barefoot		✓	Ellis
	✓	Barnhart	✓		Esposito
✓		Bell			Fox
		Blue		✓	Gillespie
✓		Bonner	✓		Goodwin
		Bowie		✓	Grady
✓		Boyd-McIntyre		✓	Gulley
		Brubaker	✓		Haire
	✓	Carpenter			Hall

40 YES
35 NO

Adjourn 6:10 8.8.02

Easterling Motion

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
	✓	Harrington	✓		Rogers
✓		Hensley			Russell
		Hiatt	✓		Saunders
	✓	Hilton		✓	Setzer
	✓	Holmes		✓	Sexton
✓		Howard, Julia			Sherrill
✓		Hunter, Howard		✓	Shubert
		Insko	✓		Smith
✓		Jeffus, Maggie	✓		Sutton
	✓	Justus, Larry		✓	Teague
	✓	Kiser	✓		Tolson
✓		Lucas	✓		Tucker
		McAllister			Underhill
✓		McLawhorn		✓	Walend
✓		Michaux		✓	Walker
✓		Miller	✓		Warner
	✓	Miner	✓		Warren
	✓	Mitchell			Warwick
	✓	Morgan		✓	Weatherly
✓		Nesbitt		✓	West
✓	✓	Nye		✓	Wilson, G
	✓	Preston	✓		Wright
			✓		Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

Easterly motion

YES	NO	NAME	YES	NO	NAME
✓		Hackney, Spkr Pro Tem	✓		Dedmon, Maj. Leader
✓		Baddour, Maj. Leader			Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

VISITOR REGISTRATION SHEET

DATE_____

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Whitney Obrig	OSBM	
Julie Mitchell	OSBM	
Greg Piner	OSBM	
Wayne Williams	OSBM	
Thomas Clerk	OSBM	
Jim Newell	OSBM	
Mark Bloom	Capital Group	
Sharon Matthews	DOT - DMV	
Charles K. Crawn, Jr.	OSBM	
Susan Conard	NCDOT	
Frank Lewis	OSBM	
Carl Goodwin	OSP	
James D. Smith	UNC	
Alan Mabe	UNC	
Jeff Davies	UNC	
Tai Mai Shu	CFA	

VISITOR REGISTRATION SHEET

DATE 08-06-02

Appropriations

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Pam Young	DCR	
[illegible]	Don	
John Kennedy	AOC	
Joel Keith	Wake ABC	
Lew Nuckles	NCABC officers Assoc.	
Kathy Putnam	APPCNC	
[illegible]	NCCCS	
[illegible]	NCCCS	
Ed Kizon	UNC Charlotte	
Libba Evans	DCR	
Ronné Vance	DCR	
michael grier	—	
John Ida	NHA-NC/C2001	
[illegible]	NRC	
Adrienne Knowles	APPCNC	

VISITOR REGISTRATION SHEET

DATE 8.6.02

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Camille Thurston	OAH	
Melinda DeJong	APPCNC	
Linda Piggott	APPCNC	
	NCAHP	
	NCPMPA	
Gene Causby	NCSFSA	
JB Buxton	governor's office	
Susan Markham	Professional Educators	
W Harris Jr	UNC	
Mark Lanier	UNCW	
Lee Wilson	NCACTE	
Ann Garland	EC	
	NCICU	
Stacy Flannery	NCHCFA	
Martha A. Bawsky McConnell	Carolinas HealthCare Sys.	

VISITOR REGISTRATION SHEET

DATE 8/6/02

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
David Knight	NC Sierra Club	
Ruth Sapp[illegible]	NCDOT	
Susan Carroll	Commerce	
Denise A. Seasoms	Dept Commerce	
Lisa Walters	NC CanNet	
Anthony Powell	NC Rural Economic Dev. Ctr	
Nicole Hare	Explorabat	
Branson Page	UNC-CH GPSF	
Roz Fuse-Hall	NCCU	
Pam Wortham	Treasurer	
Ben McLawhorn	OSC	
Joy Barbour	CBA/ABATE of N.C.	
Carole Lawler	EGHS	
Gerry Hancock	EGHS	
Lori Ann Harris	L.A. Harris & Assoc	

VISITOR REGISTRATION SHEET

DATE 8/6/02

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Mary Dorn	VTF	
Angie McKillen	TTYC	
Amy Jo Horne	NCMS	
Gerald Boarman	NCSSM	
Margie Rose	APPCNC	
Gary O. Bartlett	SBoE	
Johnnie McLean	"	
Paul D. Hughes	RqC	
Millie Barnard	NCCIY	
Jan Crutt	NCASA	
Katherine Miller	NCASA	
Abby Emanuelson	NMSS	
Wendy Kuhn	ITS	
Herman Gruber	NFB of NC	
Dixie Gruber	NFB of NC	

VISITOR REGISTRATION SHEET

DATE_____

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Bonnie Ahlquist	NCCDI	
Linda Hunt	NCIMED	
NELS ROSELAND	NCDOJ	
Don Carrington	Locke Lindsay	
Carolyn Cobb	Gov. Office	
[illegible]	CUMTC	
[illegible]	NCRPS	
Paul Chesser	John Locke Found.	
Michelle Frazier	NC Bar Ass'n	
Bonnie Cramer	OSBM	
Rob Nelson	UNC	
Johnny Gray	OSBM	
Jane Smith	DENR	
Elizabeth Brownstein	OSBM	
Tina Quiller-Morgan	OSBM	

VISITOR REGISTRATION SHEET

DATE _____

VISITOR: Please sign below and return to clerk.

NAME	FIRM OR STATE AGENCY	TELEPHONE
Cooty Piner	CBS	
Wayne Stallings	NCDOT	
Robert Burgess	OSC	
Bernard Allen		
Elizabeth Duffy	NCPIRG	
Jonathon Ducote	UNC BOG	
Matthew Spence	NC State University	

VISITOR REGISTRATION SHEET

Appropriations
Name of Committee

Aug 8, 2002
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chris Fields	Dental Health Assoc., Charlotte, NC
Liz Jordal	" " " " "
Ross M. Smith	PCS Phosphate
Chad W. Essick	Edmisten & Webb
Katherine Miller	NCASA
Diana Wilkins	Meyer & Isaac
FRAN NOCAN	GRASSROOTS SCIENCE
Jennifer Bennett	NCDPI
Andy Romanet	NCLM
DAVID BARNES	Poyner + Spruill
LAD RUBERT	CJPL
John Rust	NCFPC
Brian Francis	Mecklenburg
Barbara Conaloe	MFES
Angie Harris	MTE
Karla Krabbe	NC Healthy Start
Zeb Alley	Alley Assoc
Jaye Baffa	NCPC
Karen Ponder	NCPC
Glenn Kellum	Moore + Van Allen
ANTHONY SOLARI	NCPC
Ardis Watkins	SEANC
Laura Harper	SEANC
Elizabeth Oates	NCPIRG
Steve Wall	CCNC
WALT WOOD	CTNC
Carolyn Coss	Gov. Office
Jamie Woodhouse	Gov. office

VISITOR REGISTRATION SHEET

8.8.02

Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
David Knight	NC Sierra Club
Brock Winstead	intern
Angie McMillan	TNC
NELS ROSELAND	NC DOS
NORMS Burdow	Nurse Of the Day
CHARLES HARR	DOCTOR Of the Day
Carole Lawler	EGHS
Leann Winn	NCSBA
Janet Shannonhouse	NC Council
	NCIC
Donna Rosefield	DCR
Jeffrey Brown	DCR
Lew D Jones	Goldsboro Housing authority
Smarkham	Professional Educators of NC
Gene Causby	NCSFA
Susan Hamson	WCPS
	NCICU
Jori Cartagena	Hamst Assoc
Jenny Cason	NCALA
Monte Canales	UNCW
Lee-Ann Coe	NCPA
Johnny Gray	OSBM
Jim Nowell	OSBM
Thomas Chesky	OSBM
Wayne Williams	OSBM
Bonnie Cramer	OSBM
Jay Arnott	DENR
Mark Deason	Capitol Group

VISITOR REGISTRATION SHEET

8.8.02

Name of Committee — Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Elizabeth Brookenstein	OSBM
Tina Quiller-Morgan	OSBM
Tai Mai Shu	ASAP
Frank Lewis	OSBM
Carl Goodwin	OSD
Sam Lee	OSBM
JB Rust	Gov's off

2002

HOUSE APPROPRIATIONS

MINUTES

Minutes
House Appropriations Committee Meeting
Thursday, August 15, 2002
8:40 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:40 am for the purposes of considering **S 1232, Fire and Rescue Amendment; H 1040, Temporary Extended Unemployment Benefits; H 1766, Mounted Horse/Caisson Patrol Unit; and S 1238, Withdrawn Retirement Service.**

Co-Chair Redwine recognized bill sponsor Senator John Kerr to explain **S 1232, Fire and Rescue Amendment** and a copy of the Legislative Actuarial Note prepared by Stanley Moore of the Fiscal Research Division was made available to the membership (attached). Senator Kerr explained the bill allows present members of the Firemen's and Rescue Squad Workers' Pension Fund with ten or more years of service to continue membership by making contributions of $10 per month in the event that the volunteer department is taken over by a city or county. Representative Julia Howard moved to give the bill a favorable report and was unanimous by voice vote.

Co-Chair Representative Gregg Thompson recognized Representative Redwine to explain **H 1040, Temporary Extended Unemployment Benefits**. He moved the adoption of the proposed committee substitute (PCS) and motion passed by voice vote. He then explained that the proposed committee substitute would amend state law to provide the necessary "on indicator" thus making workers eligible for an additional 13 weeks of federally funded unemployment benefits. Federal legislation was signed in to law March 9, 2002 due to national economic conditions. By voice vote the motion by Representative Joe Tolson to give the house committee substitute bill a favorable report passed.

Co-Chair Redwine recognized bill sponsor Representative Martin Nesbitt to explain **H 1766, Mounted Horse/Caisson Patrol Unit**. He moved to adopt the proposed committee substitute for purposes of discussion and the motion carried by voice vote. Representative Nesbitt explained the unit would be established in Marshall, NC and the unit would be under the command of the Special Operations Section of the State Highway Patrol to function as a horse-drawn caisson procession at the funeral services of certain law enforcement personnel and other fallen heroes. Crime Control and Public Safety would have the authority to accept grants, contributions and gifts and shall be used to fund the operations of the unit. The bill would take effect July 2003 in order to get the funds needed. Representative Verla Insko offered an amendment to add the words "and heroines", which passed by voice vote. Representative Larry Justus' motion to favorably report the house committee substitute passed by voice vote.

Co-Chair Redwine recognized bill sponsor Senator Dalton to explain **S 1238, Withdrawn Retirement Service**. Senator Dalton stated that the bill would allow any member of the Local Governmental Employees' Retirement system with five or more years of service to purchase the withdrawn service by paying the amount withdrawn plus 6 1/25 interest compounded annually from year of withdrawal to year of repayment. He referred the members of the committee to the Legislative Actuarial Note (attached) prepared by Stanley Moore of the Fiscal Research Division. Representative Russell Tucker asked to handle the bill on the floor. Representative Bill Owens moved to favorably report the bill. By a voice vote the motion passed and the meeting was adjourned at 10:40 am.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE AND
BILL SPONSOR NOTIFICATION
2001-2002 SESSION

You are hereby notified that the Committee on **APPROPRIATIONS** will meet as follows:

DAY & DATE: **August 15, 2002**

TIME: **8:30 AM**

LOCATION: **643 LOB**

The following bills will be considered (Bill # & Short Title):

H 1766, Mounted Horse/Caisson Patrol Unit, Rep. Nesbitt

S 1232, Fire and Rescue Amendment, Sen. Kerr

S 1238, Withdrawn Retirement Service, Sen. Dalton

Respectfully,

Representatives Easterling, Oldham, Redwine & Thompson
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices on August 14, 2002.

___Principal Clerk
___Reading Clerk - House Chamber

Rita Harris, Committee Assistant

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Thursday, August 15, 2002
8:30 AM

H 1040	Temporary Extended Unemployment Benefits
H 1766	Mounted Horse/Caisson Patrol Unit, Rep. Nesbitt
S 1232	Fire and Rescue Amendment, Sen. Kerr
S 1238	Withdrawn Retirement Service, Sen. Dalton

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE & THOMPSON** for the Committee on **APPROPRIATIONS**.

X Committee Substitute for
S.B. 1232 A BILL TO BE ENTITLED AN ACT TO ALLOW MEMBERS OF THE NORTH CAROLINA FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND WITH AT LEAST TEN YEARS OF SERVICE TO CONTINUE AS MEMBERS AFTER THE TAKEOVER OF A VOLUNTEER DEPARTMENT BY A CITY OR COUNTY; AND TO EXEMPT VOLUNTEER FIREFIGHTERS, EMERGENCY MEDICAL SERVICES PERSONNEL AND RESCUE SQUAD WORKERS FROM OVERTIME AND MINIMUM WAGE LAWS.

X With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 8.15.02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE
RETIREMENT

BILL NUMBER: Senate Bill 1232

SHORT TITLE: Firemen and Rescue Workers Pension Fund

SPONSOR(S): Senator Kerr

SYSTEM OR PROGRAM AFFECTED: Firemen's and Rescue Squad Worker's Pension Fund

FUNDS AFFECTED: General Fund

BILL SUMMARY: Allows present members of the Firemen's and Rescue Squad Workers' Pension Fund with ten or more years of service to continue membership by making contributions of $10 per month in the event that the volunteer department is taken over by a city or county.

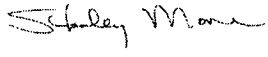
EFFECTIVE DATE: January 1, 2002

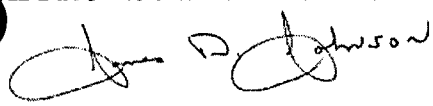
ESTIMATED IMPACT ON STATE: Buck Consultants estimates the cost to be a loss of saving that would otherwise occur. The General Assembly's actuary, Hartman & Associates, estimates the cost to be the normal cost ($152) per year for each impacted member and this is not expected to have a material financial impact on the Pension Fund.

ASSUMPTIONS AND METHODOLOGY: **Firemen's and Rescue Squad Workers' Pension Fund**. The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the June 30, 2001, actuarial valuation of the fund. The data included 30,514 active members and 8,093 retired members in receipt of annual pensions totaling $14.7 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) the 1974 George B. Buck Mortality Table for deaths after retirement and (c) rates of separation from active service based on Fund experience. The actuarial cost method used was the entry age method with open-end unfunded accrued liability and a frozen unfunded liquidation period of nine years. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

SOURCES OF DATA: System Actuary - Buck Consultant, Inc.
General Assembly Actuary - Hartman & Associates, LLC

FISCAL RESEARCH DIVISION (919) 733-4910. The above information is provided in accordance with North Carolina General Statute 120-114 and applicable Rules of the North Carolina Senate and House of Representatives

PREPARED BY: Stanley Moore 

APPROVED BY: James D. Johnson


DATE: June 24, 2002

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 2

SENATE BILL 1232

House Committee Substitute Favorable 7/17/02

Short Title: Fire and Rescue Amendment. (Public)

Sponsors:

Referred to:

June 6, 2002

A BILL TO BE ENTITLED

AN ACT TO ALLOW MEMBERS OF THE NORTH CAROLINA FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND WITH AT LEAST TEN YEARS OF SERVICE TO CONTINUE AS MEMBERS AFTER THE TAKEOVER OF A VOLUNTEER DEPARTMENT BY A CITY OR COUNTY; AND TO EXEMPT VOLUNTEER FIREFIGHTERS, EMERGENCY MEDICAL SERVICES PERSONNEL AND RESCUE SQUAD WORKERS FROM OVERTIME AND MINIMUM WAGE LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-86-55 reads as rewritten:

"**§ 58-86-55. Monthly pensions upon retirement.**

Any member who has served 20 years as an "eligible fireman" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one hundred fifty-one dollars ($151.00) per month. Any retired fireman receiving a pension shall, effective July 1, 2000, receive a pension of one hundred fifty-one dollars ($151.00) per month.

Members shall pay ten dollars ($10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.

A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be

entitled to be paid from the fund a monthly benefit in an amount of one hundred fifty-one dollars ($151.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ten dollars ($10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars ($10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

A member who, because his residence is annexed by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, or whose volunteer department is taken over by a city or county, and because of such annexation or takeover is unable to perform as a fireman or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars ($10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

SECTION 2. G.S. 95-25.14 is amended by adding a new subsection to read:

"(b1) The provisions of G.S. 95-25.3 (Minimum Wage) and G.S. 95-25.4 (Overtime), and the provisions of G.S. 95-25.15(b) (Record Keeping) as they relate to the exemptions provided for in this subsection, do not apply to any of the following:

(1) Hours worked as a bona fide volunteer firefighter in an incorporated, nonprofit volunteer or community fire department.

(2) Hours worked as a bona fide volunteer rescue and emergency medical services personnel in an incorporated, nonprofit volunteer or community fire department, or an incorporated, nonprofit rescue squad.

Hours worked in accordance with this subsection shall not be considered hours worked for purposes of G.S. 95-25.3 or G.S. 95-25.4."

SECTION 3. This act is effective when it becomes law, with Section 1 applying to members of the Firemen's and Rescue Squad Workers' Pension Fund with at least 10 years of service on or after January 1, 2002, and Section 2 applying to hours worked on or after July 31, 2002.

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE, & THOMPSON**
(Chair/Chairs) for the Committee on **APPROPRIATIONS.**

☐ Committee Substitute for
H.B. 1040 A BILL TO BE ENTITLED AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to the House committee substitute bill, ☒ which changes the title, unfavorable as to the original bill.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/13/02

PCS FOR HOUSE BILL 1040:
Temporary Extended Unemployment Benefits

BILL ANALYSIS

Committee: House Appropriations
Date: August 15, 2002
Version: PCS H1040-CSLR-19[v6]

Introduced by:
Summary by: Committee Counsel

SUMMARY: Some North Carolina workers may soon exhaust certain federal unemployment compensation benefits. Under federal law, those benefits can be extended for a 13-week period of time if State law includes provisions to "trigger" the extended federal benefits. The "trigger" is known as an "on indicator". This proposed committee substitute amends State law to provide the necessary "on indicator" thus making workers eligible for an additional 13 weeks of federally funded unemployment benefits, if necessary.

Federal Law:

Federal legislation (Temporary Extended Unemployment Compensation Act of 2002, Public Law 107-147, signed March 9, 2002) provides Temporary Extended Unemployment Compensation benefits (TEUC) to workers who had a benefit year in progress on March 15, 2001. These benefits extend for a maximum of 13 weeks.

The TEUC legislation provides that if a state has legislation to provide for an "on" indicator for the payment of state-funded extended benefits and the "on indicator" triggers payment, then a program known as TEUC II will provide up to an additional 13 weeks of benefits. The Governor of the state must request these benefits to be paid 100% with federal monies.

In the event that a state has a state extended benefits trigger, once the additional 13 weeks is over, the state must continue the extended benefits program until the economic indicator triggers "off." This payment is 50% state trust fund and 50% federally funded.

Bill Analysis

Section 1. G.S. 96-12.01 provides for State extended benefits. G.S. 96-12.01(a1)(4) establishes the "on indicator" for this State that triggers the eligibility for the extended federal unemployment compensation benefits discussed above. Under current State law, the conditions to trigger the "on indicator" have not occurred. This section amends G.S. 96-12.01(a1)(4) to include as an "on indicator" circumstances in which the total unemployment rate exceeds 6.5% for a rolling three-month period, and the unemployment rate is 100% of the two-year average. The section further provides when the new "on

indicator" triggers "off" and sets out the total extended benefit amount payable to an eligible worker.

Section 2. Provides that the bill is effective when it becomes law.

Background

North Carolina has had over 25,000 workers exhaust their regular benefits (up to 26 weeks) and their TEUC benefits (up to 13 weeks). This bill will allow 25,000 North Carolina workers who have exhausted all benefits to receive an additional 13 weeks of benefits, and possibly more, if the state's economy remains in recession.

TEUC benefits are 100% federally funded. North Carolina's unemployment rate is around 6.7% and the Employment Security Commission is paying over $100 million in benefits per month.)

The Employment Security Commission has been assured that the Governor would request 100% federal payment of TEUC II benefits. This will be approximately a $100 million infusion of federally funded benefits into North Carolina. There will be no cost to the State Trust Fund for TECU II until January 1, 2003. The Employment Security Commission estimates that 5,000 individuals will not qualify for TEUC II, but will qualify for State Extended Benefits only. The potential cost to the State Trust Fund to cover the cost of 50% of the Extended Benefit payments, if required, is estimated to be $2 million.

Employment Security Commission provided this information.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1040

PROPOSED COMMITTEE SUBSTITUTE H1040-CSLR-19 [v.6]

7/23/2002 12:00:10 PM

Short Title: Temporary Extended Unemployment Benefits. (Public)

Sponsors:

Referred to:

April 10, 2001

A BILL TO BE ENTITLED

AN ACT RELATING TO THE TEMPORARY EXTENDED UNEMPLOYMENT BENEFITS SECOND TIER BENEFIT QUALIFICATION FOR NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 96-12.01(a1)(4) reads as rewritten:

"(4) There is an "on indicator" for this State for a week if the Commission determines, in accordance with the regulations of the United States Secretary of Labor, that for the period consisting of such week and the immediate preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this Chapter:

a. Equalled or exceeded one hundred twenty percent (120%) of the average of such rates for the corresponding 13–week period ending in each of the preceding two calendar years, and equalled or exceeded five percent (5%), or

b. Equalled or exceeded six percent ~~(6%).~~(6%), or

c. With respect to benefits for weeks of unemployment in North Carolina beginning after May 1, 2002.

1. The average rate of total unemployment (seasonally adjusted), as determined by the United States Secretary of Labor, for the period consisting of the most recent 3 months for which data for all states are published before the close of such week equals or exceed six and one-half percent (6.5%), and

2. The average rate of total unemployment in the State (seasonally adjusted), as determined by the United States Secretary of Labor, for the 3-month period referred to in

sub-subdivision c.1. of this subdivision, equals or exceeds one hundred ten percent (110%) of such average for either or both of the corresponding 3-month periods ending in the 2 preceding calendar years.

d. There is a State "off indicator" for a week with respect to sub-subdivision c. of this subdivision, only if, for the period consisting of such week and the immediately preceding twelve weeks, the option specified in sub-subdivision c. does not result in an "on indicator."

e. Total extended benefit amount.

1. The total extended benefit amount payment to any eligible individual with respect to the applicable benefit year shall be the least of the following amounts:

I. Fifty percent (50%) of the total amount of regular benefits which were payable to the individual under this Chapter in the individual's applicable benefit year; or

II. Thirteen times the individual's weekly benefit amount that was payable to the individual under this Chapter for a week of total unemployment in the applicable benefit year.

2. I. Effective with respect to weeks beginning in a high unemployment period, sub-subdivision e.1. of this subdivision shall be applied by substituting:

(i) "Eighty percent (80%)" for "fifty percent (50%)" in sub-subdivision e.1.I, and

(ii) "Twenty" for "thirteen" in sub-subdivision e.1.II.

II. For purposes of sub-subdivision 2.I., the term "high unemployment period" means any period during which an extended benefit period would be in effect if sub-subdivision c. of this subdivision were applied by substituting "eight percent (8%)" for "six and one-half percent (6.5%).""

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

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE, & THOMPSON**
(Chair/Chairs) for the Committee on **APPROPRIATIONS**.

☐ Committee Substitute for
H.B. 1766 A BILL TO BE ENTITLED AN ACT TO APPROPRIATE FUNDS FOR THE HONORARY LISTON B. RAMSEY MOUNTED HORSE/CAISSON PATROL UNIT.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to the committee substitute bill (#), ☐ which changes the title, unfavorable as to (the original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☒ With a favorable report as to House committee substitute bill (#), ☒ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/13/02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ the House amendment (s).
_____the House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1766
PROPOSED COMMITTEE SUBSTITUTE H1766-CSLT-68 [v.1]

Short Title: Establish Mounted Horse/Caisson Patrol Unit. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE HONORARY LISTON B. RAMSEY MOUNTED HORSE/CAISSON PATROL UNIT.

The General Assembly of North Carolina enacts:

SECTION 1. There is established in the Department of Crime Control and Public Safety, State Highway Patrol Division, the Honorary Liston B. Ramsey Mounted Horse/Caisson Patrol Unit as part of the State Highway Patrol. The Unit shall fall under the command of the Special Operations Section of the State Highway Patrol to function as a horse-drawn caisson procession at the funeral services of certain law enforcement personnel and other fallen heroes. + heroines

The Unit shall consist of a caisson wagon, two horses to pull the wagon, and a horse to follow the wagon. The Unit offices, stables, equipment storage, and training facilities shall be located at Bearwallow Ridge Farms, 434 School Road, in Marshall, North Carolina. All operations dealing with the Honorary Liston B. Ramsey Mounted Horse/Caisson Patrol Unit shall be conducted from that location.

The Department, on behalf of the State Highway Patrol, may accept grants, contributions, devises, bequests, and gifts which shall be kept in a separate fund and shall be used by it to fund the operations of the Unit. Upon the receipt of sufficient funding to operate the Unit, the State Highway Patrol shall place two primary troopers on assignment to the Honorary Liston B. Ramsey Mounted Horse/Caisson Patrol Unit. The State Highway Patrol shall not operate the Unit until it has acquired all the resources, equipment, supplies, and funds needed to implement this act and in no event shall the Unit operate prior to July 1, 2003.

The Department of Crime Control and Public Safety may adopt rules, including temporary rules, to govern the use and priority of assignment of the Honorary Liston B. Ramsey Mounted Horse/Caisson Patrol Unit.

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

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 17666 (~~H17666-CSLT-68 v.1~~) DATE _____

S. B. No. _____ Amendment No. _____ (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE H17666-CSLT-68(v.1)

Rep.) ~~Aesbitt~~ INSKO

Sen.)

1 moves to amend the bill on page 1, line 10

2 ( ) WHICH CHANGES THE TITLE

3 by ~~adds~~ deleting the period at the

4 end of the line and adding

5 "and heroines."

6

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SIGNED Ulla Insko

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE & THOMPSON** for the Committee on **APPROPRIATIONS**.

☒ Committee Substitute for
S.B. 1238 A BILL TO BE ENTITLED AN ACT TO ALLOW THE PURCHASE OF WITHDRAWN SERVICE IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, TO CORRECT THE CALCULATION OF BENEFITS FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM WHO PURCHASE WITHDRAWN SERVICE, AND TO INCREASE APPROPRIATIONS TO THE RETIREMENT SYSTEMS DIVISION.

☒ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to committee substitute bill (#), ☐ which changes the title, unfavorable as to (original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 8.15.02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE ACTUARIAL NOTE
RETIREMENT

BILL NUMBER: Senate Bill 1238 (Revised)

SHORT TITLE: Withdrawn Retirement Service

SPONSOR(S): Senators Dalton, Gulley & Harris

SYSTEM OR PROGRAM AFFECTED: Local Governmental Employees' Retirement System and Teachers' & State Employees' Retirement System

FUNDS AFFECTED: Local Funds

BILL SUMMARY: The bill allows any member of the Local Governmental Employees' Retirement System with five or more years of service to purchase the withdrawn service by paying the amount withdrawn plus 6 1/2% interest compounded annually from year of withdrawal to year of repayment. The bill allows the purchase by repealing the existing law, which allows members to purchase withdrawn service after they have returned and worked for 10 years. It also repeals the requirement that the purchase of withdrawn service must be made within three years and repeals the "full cost" method of calculating withdrawn service for member who withdrew after July 1, 1975, and repeals the provision for the "full actuarial cost" for members beyond the three year window and those with more than five years and less than ten years. The bill makes some technical clarifying changes to the Teachers' & State Employees' Retirement System but no cost to these changes.

EFFECTIVE DATE: January 1, 2003

ESTIMATED IMPACT ON LOCAL GOVERNMENTS: Buck Consultants estimates the annual cost to be $9 million based on an estimated 900 members making the purchase. They also estimate the cost will be approximately $10 million per year for every additional 1,000 members who purchase service. These cost estimates are based on experience of Teachers' and State Employees' Retirement System since similar legislation was enacted during the 2001 Session.

Hartman & Associates estimates the annual cost to be $8.9 million based on experience of Teachers' and State Employees' Retirement System since similar legislation was enacted during the 2001 Session.

There are actuarial gains within the System to fund this increase.

ASSUMPTIONS AND METHODOLOGY:

Local Governmental Employees' Retirement System

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2000, actuarial valuation of the fund. The data included 116,240 active members with an annual payroll of $3.34 billion and 30,061 retired members in receipt of annual pensions totaling $356.8 million. Significant actuarial assumptions used include (a) an investment return rate of 7.25%, (b) salary increase rate of 6.25%, (c) the 1979 George B. Buck Mortality Tables for deaths in service and after retirement, and (d) rates of separation from active service based on System experience. The actuarial cost method used was the projected benefit method with aggregate level normal cost and frozen accrued liability. Detailed information concerning these assumptions and methods is shown in the actuary's report, which is available upon request from Stanley Moore.

SOURCES OF DATA: System Actuary - Buck Consultant, Inc.
General Assembly Actuary - Hartman & Associates, LLC

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Stanley Moore

APPROVED BY: James D. Johnson

DATE: June 28, 2002

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 3

SENATE BILL 1238

Pensions & Retirement and Aging Committee Substitute Adopted 7/2/02
House Committee Substitute Favorable 7/17/02

Short Title: Withdrawn Retirement Service. (Public)

Sponsors:

Referred to:

June 6, 2002

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE PURCHASE OF WITHDRAWN SERVICE IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, TO CORRECT THE CALCULATION OF BENEFITS FOR MEMBERS OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM WHO PURCHASE WITHDRAWN SERVICE, AND TO INCREASE APPROPRIATIONS TO THE RETIREMENT SYSTEMS DIVISION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-26(i) reads as rewritten:

"(i) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of ~~10~~ five years of prior and current membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with ~~sufficient interest added thereto to cover one half of the cost of providing such additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s), provided that he left service prior to July 1, 1975.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal(s). ~~Any person who leaves service after June 30, 1975, and who withdraws his contributions in accordance with G.S. 128-27(f) or 135-5(f) or the rules and regulations of the Law Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of 10 years of prior and current membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with sufficient interest added thereto to cover the full cost of providing such~~

~~additional credit plus a fee to cover expense of handling which shall be determined by the Board of Trustees and receive credit for the service forfeited at time of withdrawal(s).~~ These provisions shall apply equally to retired members who had attained ~~10~~ five years of prior and current membership service prior to retirement. ~~Cost as used in this subsection shall mean the amount of money required to provide additional retirement benefits based on service credit allowed at the time any adjustment to the service credit of a member is made.~~ The retirement allowance of a retired member who restores service under this subsection shall be increased the month following the month payment is received. The increase in the retirement allowance shall be the difference between the initial retirement allowance, under any optional allowance elected at the time of retirement, and the amount of the retirement allowance, under any optional allowance elected at the time of retirement, to which the retired member would have been entitled had the service not been previously forfeited, adjusted by any increases in the retirement accrual rate occurring between the member's date of retirement and the date of payment. The increase in the retirement allowance shall not include any adjustment for cost-of-living increases granted since the date of retirement."

SECTION 2. G.S. 128-26(k) reads as rewritten:

"(k) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purchases of the actuarial valuation of the System's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after January 1, 2003, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (i) of this section."

SECTION 3. G.S. 128-26(n) is repealed.

SECTION 4. G.S. 135-4(k) reads as rewritten:

"(k) Notwithstanding any other provision of this Chapter, any person who withdrew his contributions in accordance with the provisions of G.S. 128-27(f) or G.S. 135-5(f) or the rules and regulations of the Law-Enforcement Officers' Retirement System and who subsequently returns to service may, upon completion of five years of

membership service, repay in a total lump sum any and all of the accumulated contributions previously withdrawn with interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. These provisions shall apply equally to retired members who had attained five years of membership service prior to retirement. ~~The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase.~~ The retirement allowance of a retired member who restores service under this subsection shall be increased the month following the month payment is received. The increase in the retirement allowance shall be the difference between the initial retirement allowance, under any optional allowance elected at the time of retirement, and the amount of the retirement allowance, under any optional allowance elected at the time of retirement, to which the retired member would have been entitled had the service not been previously forfeited, adjusted by any increases in the retirement accrual rate occurring between the member's date of retirement and the date of payment. The increase in the retirement allowance shall not include any adjustment for cost-of-living increases granted since the date of retirement.

Notwithstanding any provision to the contrary, a law enforcement officer who was transferred from the Law Enforcement Officers' Retirement System to this Retirement System pursuant to Article 12C of Chapter 143 of the General Statutes and withdrew his accumulated contributions prior to January 1, 1985, in accordance with G.S. 128-27(f) or G.S. 135-5(f) for non-law enforcement service and who has five years or more of membership service standing to his credit may repay in a total lump sum the accumulated contributions previously withdrawn with interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of ~~withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase.~~withdrawal(s). The retirement allowance of a retired member who restores service under this subsection shall be increased the month following the month payment is received. The increase in the retirement allowance shall be the difference between the initial retirement allowance, under any optional allowance elected at the time of retirement, and the amount of the retirement allowance, under any optional allowance elected at the time of retirement, to which the retired member would have been entitled had the service not been previously forfeited, adjusted by any increases in the retirement accrual rate occurring between the member's date of retirement and the date of payment. The increase in the retirement allowance shall not include any adjustment for cost-of-living increases granted since the date of retirement."

SECTION 4.1. The appropriation to the Department of State Treasurer, Retirement Systems Division, is increased in the amount of two hundred forty-seven thousand seven hundred thirteen dollars ($247,713) to fund eight two-year time-limited positions to implement the provisions of this act.

SECTION 5. This act becomes effective January 1, 2003.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — Name of Committee

Aug 16, 2002 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Henry Sasser	NC Dept of Labor/Wage + Hour Bldg
Barbara Jackson	"
Irvin Leonard	"
Susan Markham	PENC
Alice Garland	EC
Ron Aycock	County Com. Assoc
Ruth Sappie	NCDOT
W2 Page	Bidor LAKE FIRE DEPT
E. Brian Gregg	Davidson Co - Firemen Association
David Clegg	ESC
Don Whitaker	ESC
Henry Pryor	ESC
Marie Hinton	Retirement
Mr Dale Williamson	"
R. Paul Wilson	NCHBA
Elizabeth Dalton	Bond Associates
Frank Dunn	SBE
Cary Cover	BPMHL

VISITOR REGISTRATION SHEET

APPROPRIATIONS — Aug. 15, 2002

Name of Committee — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Katherine Miller	NCASA

Minutes
House Appropriations Committee Meeting
Tuesday, August 20, 2002
8:45 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:45 am for the purposes of considering **H 1734, NC Economic Stimulus and Job Creation Act**.

The Co-Chair recognized Bill Sponsor Representative Bill Owens to explain the bill and he stated to the committee that the bill has two main components: changes to the Bill Lee Act and the bill also establishes a new economic development grant program. Representative Owens then asked the Chair to recognize staff to explain the bill. Presiding Chair Redwine referred the membership to the Bill Analysis (attached) and recognized Canaan Huie, Staff Attorney with the Research Division to explain the bill, section by section.

Chairman Redwine stated that this meeting would begin with discussion and debate the committee would proceed to take up amendments to the bill after session.

The Chair recognized the following people to make statements to the committee: Gordon Myers, NC Economic Development Board; Perri Morgan, NFIB; Don Carrington, Locke Foundation; and Phil Kirk, NCCBI.

Co-Chair Representative Redwine adjourned the morning Appropriations meeting at 10 am and said the meeting would reconvene after session. The Appropriations Committee did not report the bill at this meeting.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, August 20, 2002
8:30 AM

H 1734 NC Economic Stimulus and Job Creation Act

House Bill 1734

NC ECONOMIC STIMULUS AND JOB CREATION ACT. (= S 1397)

Bill Text: Edition 1 | Edition 2

Introduced by: Allen; Goodwin; Hill; Hunter; Morris; Owens; Sherrill

P/L = Public/Local Bill | **$** = Affects Appropriations
***** = Bill Text Has Changed

Session: 2001-2002 Session **Prime Sponsors:** William C. Owens, Jr..Gordon P. Allen.

Fiscal Note: N/A **Attributes:** P $ *

Date		Action
06/13/2002	H	Filed
06/17/2002	H	Ref To Com On Finance
08/05/2002	HA	Reptd Fav Com Substitute
08/05/2002	H	Re-ref Com On Appropriations

[how a law is made]

Bill Look-Up

Enter a bill number to search for.
Example: Enter S7 to search for Senate Bill 7 or H7 to search for House Bill 7.

2001-2002 Session **Bill Number:** Look-Up

REGIONAL ECONOMIC MODELS, INC. and REMI Policy Insight

Regional Economic Models, Inc. (REMI®), provides REMI Policy Insight®, the leading forecasting and policy analysis model. Since 1980, REMI has developed models that answer "what if" questions about the effect of policy initiatives on the economy of local regions. The model is based on past and current research and development, which is subject to peer review and published in academic journals. REMI Policy Insight is currently used by hundreds of governmental agencies, universities, and others.

REMI's founder, Dr. George I. Treyz, developed the methodology used in REMI's socioeconomic modeling system in order to improve the quality of research-based decision making in the public and private sectors. A research team currently led by Drs. George and Frederick Treyz continues to enrich and deepen REMI's powerful dynamic analytic engine. The latest version is based in part on a REMI prototype set forth in the November 2000 issue of the *Journal of Regional Science*. It is designed for regional areas of varying sizes in the U.S., the E.U., and Canada.

The forecasting and policy analysis system includes key econometric estimates and integrates inter-industry transactions, long run equilibrium features, and the new economic geography. It includes: substitution among factors of production in response to changes in relative factor costs; migration responses to changes in expected income; labor participation rate responses to changes in real wage and employment conditions; wage rate responses to labor market changes; consumer consumption responses to changes in real disposable income and commodity prices; and local, regional, and market shares responses to changes in regional production costs and agglomeration economics.

The REMI Policy Insight's unique power is to generate realistic year-by-year estimates of the total regional effects of any specific policy initiative. A wide range of policy variables allows the user to represent the policy to be evaluated while the explicit structure in the model helps the user to interpret the predicted economic and demographic effects. The model is calibrated to many sub-national areas for policy analysis and forecasting, and is available in single- and multi-area configurations. Each calibrated area (or region) has economic and demographic variables, as well as policy variables so that any policy that affects a local economy can be tested.

REMI Policy Insight® is used by government agencies (including a vast majority of state governments), consulting firms, nonprofit institutions, universities, and public utilities. REMI model simulations estimate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, transportation, infrastructure, environment, energy and natural resources; and state and local tax changes. Articles about the model equations and research findings have been published in professional journals such as the *American Economic Review*, *The Review of Economic Statistics*, the *Journal of Regional Science*, and the *International Regional Science Review*.

Government Agencies

Appalachian Regional Commission

Arkansas Legislative Research Bureau

Berkshire County Regional Planning Commission

Connecticut Economic Development Department;
Labor Department

Environmental Protection Agency (U.S.)

Federal Aviation Administration

Florida Legislature;
Governor's Office;
Department of Revenue

Greater Cleveland Growth Association

Illinois Department of Energy and Natural Resources;
Department of Commerce and Community Affairs;
Department of Employment Security

Indiana Department of Transportation

Iowa Department of Transportation;
Legislative Fiscal Bureau;
Department of Revenue

Kansas City Planning and Development Department

Kansas Inc.;

Department of Commerce and Housing

Kentucky Legislative Research Commission;
Financial Management Office;
Department of Transportation

Lehigh-Northampton Counties Joint Planning Commission

Los Angeles Department of Airports

Maine State Planning Office

Massachusetts Department of Revenue;
Energy Office

Merrimack Valley Planning Commission

Michigan Jobs Commission

Mid-America Regional Council

Minnesota Department of Revenue;
Department of Public Service;

Pollution Control Agency;
Environmental Assistance Office;
Tourism, Trade and Economic Development Office;

Missouri Financial Development Board;
Department of Economic Development

National Institute of Standards and Technology

New England Governors Conference, Inc.

New York Metropolitan Transportation Authority

NY State Energy Research and Development Authority;
Assembly Ways and Means Committee;
Budget Division;
Empire State Development Corporation

San Diego County Air Pollution Control District

South Coast Air Quality Management District

Southwestern Pennsylvania Regional Planning Commission

Tampa Bay Regional Planning Council

Ventura County Air Pollution Control District

Vermont Department of Public Service;
Economic Progress Council;
Joint Fiscal Office;
Department of Commerce and Community Development;

Wisconsin Department of Transportation;
Department of Energy

Private Consulting Firms

Arthur Andersen

Barents Group, LLC

Bernardin, Lochmueller, and Associates

Booz, Allen and Hamilton, Inc.

Cambridge Systematics, Inc.

CONSAD Research Corporation

Decision Focus, Inc.

Deloitte and Touche LLP

Economics Research Associates

The Economics Resource Group

Ernst and Young

Halliburton NUS Environmental Corp.

Hamilton, Rabinovitz and Alschuler, Inc.

Hammer Siler George Associates

Hooven and Associates

ICF Kaiser Consulting

Lake Hitchcock Development Corporation

Midwest Research Institute

National Economic Research Associates, Inc.

Nexus Associates, Inc.

Price Waterhouse LLP

Putnam, Hayes and Bartlett, Inc.

RKG Associates, Inc.

Science Applications International Corporation, Inc.

Systematic Solutions

Wilbur Smith Associates

Universities and Non-Profit Institutions

American Association of Retired Persons

Arkansas State University

Ball State University

Florida State University

Iowa State University

Marshall University

Pennsylvania State University

Rural Policy Research Institute

Rutgers University

Syracuse University

University of Connecticut

University of Illinois at Chicago

University of Michigan

University of Nevada at Las Vegas

University of Pittsburgh

University of Southern Maine

West Virginia University

The W.E. Upjohn Institute for Employment Research

Utilities

Connecticut Municipal Electric Energy Cooperative

Minnesota Power and Light Company

ISO New England, Inc.

Utilicorp United, Inc.

Western Resources, Inc.

Alliant - Wisconsin Power and Light

that idea.
dwine, co-chair-
Appropriations
he doubts the
ffect budget ne-
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Easley encouraged

Easley, meanwhile, walked reporters through the four-page letter sent out Monday by Moody's — and found a good deal to be optimistic about.

The agency is encouraged by the underlying soundness of both the state's economy and the government's budget, and its analysts assured Easley in a meeting three weeks ago that they understand that the economic downturn is hitting North Carolina particularly hard.

The underlying message from Moody's, Easley said, is that the state must stop spending more money than it brings in. That means no more program expansion — and no more borrowing — without new sources of revenue.

The latter could affect the progress of a $3.1 billion university bond package approved by voters two years go on the promise that it could be paid for without raising taxes.

Easley said he has no plans to call for a slowdown of the state university system's borrowing schedule. Moody's mentioned borrowing simply to illustrate the state's recent pattern of taking on more and more spending without finding more and more money to pay for it all.

Citing the immediate need not only to balance the budget but to begin the long process of building back the state's reserves, Easley said, "We need to take in a dollar and a nickel for every dollar that we spend."

Staff writer Amy Gardner can be reached at 829-8902

views speak for themselves. This year, he asked campaign adviser Carter Wrenn to speak on his behalf.

"He supported education when he thought it was justified," Wrenn said. "And he's opposed to increasing taxes because it hurts the economy."

Carrington has introduced two bills since 1997, according to the nonpartisan N.C. Center for Public Policy Research. Neither was adopted. Last year, he was ranked 49th out of 50 senators in effectiveness in a center survey.

Wrenn said Carrington focuses on defeating legislation proposed by the majority Democrats, rather than on introducing his own bills.

"That's just a fact of life of being in the minority," Wrenn said.

Mackie promises to be a hometown voice for the district.

He said he wants to keep a lid on state spending while pushing transportation and education, both big issues in growing northern Wake, to the top of the priority list. He said his district is plagued by traffic jams and local schools don't get enough money.

"I see the traffic congestion; I see the problems with the schools; I see the money problems," Mackie said. "But I don't see a lot of activity on his part."

Mackie made headlines when he was mayor of Wake Forest by criticizing town leaders and alleging corruption and incompetence in several town departments. He aided in a private investigation into drug activity in Wake Forest's quaint downtown, because he said the police department was not addressing the problem. The investigation yielded no arrests.

He also crusaded for open gov-

date for North Carolina secretary of state, 1988, 1992; candidate for Congress, 1990; state Senate, 1995-present

CIVIC ACTIVITIES: Member, International Association of Police Chiefs; member, International Association of Narcotics Officers; member, American Correctional Association; former member, N.C. Board of Community Colleges; former member, N.C. Port Authority Board

HOBBIES: Saltwater fishing, golf

POLITICAL HERO: Abraham Lincoln

WHAT MAKES YOU BEST QUALIFIED? "I am qualified because of my conservative voting record and support for income tax cuts, food tax elimination, merit pay for teachers, Governor Hunt's Excellent Schools Act to raise teacher pay, a Taxpayer Protection Act to cut wasteful spending, university and community college education and requiring able-bodied welfare recipients to work for their benefits."

TOP PRIORITY IN OFFICE: "Pass Taxpayer Protection Act to control government spending and continue the progress we have made in improving education."

HOW TO CONTACT: Phone, 733-5653; e-mail, Johnca@ncleg.net

GEORGE C. MACKIE JR.

HOME: 133 East Juniper Ave., Wake Forest

DATE OF BIRTH: Nov. 5, 1941

FAMILY: Wife, Martha; three daughters, two sons-in-law, five grandchildren

EDUCATION: Bachelor's degree in business, Guilford College, 1965

OCCUPATION: President, Cabin Creek, a gift shop company

POLITICAL EXPERIENCE: Mayor of Wake Forest, 1997-2001

CIVIC ACTIVITIES: Founding member, Trenteni Foundation

RELIGIOUS AFFILIATION: Former deacon, Wake Forest Baptist Church

HOBBIES: Flying, scuba diving, gardening

POLITICAL HERO: Winston Churchill

LAST BOOK READ: "The Quiet Game," by Greg Iles

WHAT MAKES YOU BEST QUALIFIED: "I have a well-rounded background in business, as well as having served as mayor of Wake Forest. I will work hard and listen to people with respect. I understand the area and the needs of the area."

TOP PRIORITY IF ELECTED: "Reduce congestion on the highways and better plan our growth. To introduce a prescription card plan for senior citizens. To provide smaller classroom sizes for our children. To promote better spending controls and better use of tax money with no tax increases."

HOW TO CONTACT: Phone, 556-4906; e-mail, ym-cabincreek@mindspring.com.

in closed session meetings and accusing town board members of holding illegal meetings.

"I think I could lobby for our area," Mackie said. "I think you'll

And if you don't see results, you'll definitely know what's going on."

Staff writer Kristin Collins can be reached at 829-4881

THE N
WEDN

DETERMINING REVENUE GROWTH AND COSTS AND BENEFITS OF PROJECTS THROUGH THE USE OF ECONOMIC MODELING

When evaluating the impact of particular economic development projects, economic modeling programs are frequently used to project likely costs and benefits as well as impact to local and regional economies.

The State of North Carolina has licenses to use such programs (e.g. the REMI and IMPLAN programs) and works with the state universities in running simulations and projections of economic and revenue impacts.

These programs consider a variety of inputs and outputs in the economy associated with a new investment and new jobs. They are frequently used to project likely tax receipts associated with new jobs. They can also be used to project the circulation of new money through the economy as well as the creation of indirect jobs or jobs created through collateral activity such as construction.

Economic modeling programs can also be used to estimate the cost of government services associated with the jobs, as well as the impact on the economy when jobs leave the state.

Attached is an actual hypothetical for a currently active project in a Tier 4 rural county for which the state is competing internationally as well as nationally. This hypothetical shows revenues, cost of incentives, projections of state expenditures associated with job growth, and the bottom line benefit to the state.

Also attached are a synopsis conducted by Kenan Flagler Institute of a similar analysis of a project that considered expanding in the state or leaving the state, an example of the potential revenue impact of 1100 office jobs prepared by a local economic developer, and a report prepared by South Carolina detailing the incentives being offered by that state for a project.

The Department of Commerce has examples of other analyses available for persons wishing to see them.

XYZ Project

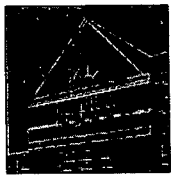
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Direct Employment	-	-	80	230	300	370	370	370	370	370
State Indirect Employment	-	-	1,414	824	1,059	1,297	1,271	1,240	1,216	1,200
State Population Change	-	-	358	711	960	1,259	1,498	1,664	1,804	1,906
M & E			$ 61,000,000							
Investment			$ 61,000,000							

State Revenues at State Average Rates - Differences
All Regions

Variable	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Local Intergovernmental	$0	$0	$28,496	$57,408	$78,624	$104,520	$126,152	$142,064	$154,336	$164,840
Property Tax	$0	$0	$2,829	$5,096	$7,852	$11,128	$14,040	$16,536	$18,824	$20,800
General Sales Tax	$0	$0	$1,496,560	$1,287,520	$1,665,040	$2,044,640	$1,984,320	$1,913,600	$1,872,000	$1,852,240
Motor Fuel Sales Tax	$0	$0	$222,768	$178,776	$231,712	$284,336	$280,072	$274,872	$269,464	$266,136
Alcoholic Bev Sales Tax	$0	$0	$44,512	$35,152	$45,136	$54,808	$53,352	$51,792	$50,544	$49,712
Tobacco Sales Tax	$0	$0	$4,815	$6,770	$9,038	$11,648	$13,312	$14,456	$15,392	$16,224
Public Utility Sales Tax	$0	$0	$90,168	$110,552	$144,144	$178,048	$177,840	$176,696	$178,776	$184,288
Other Sales Tax	$0	$0	$358,800	$308,568	$399,152	$490,152	$475,696	$458,744	$448,656	$443,976
Individual Income Tax	$0	$0	$1,624,480	$1,364,480	$1,783,600	$2,223,520	$2,253,680	$2,260,960	$2,272,400	$2,290,080
Corporate Income Tax	$0	$0	$428,584	$656,136	$881,816	$1,120,080	$1,144,000	$1,166,880	$1,173,120	$1,194,960
Motor Vehicle License	$0	$0	$84,136	$74,776	$98,280	$123,240	$127,088	$129,272	$131,664	$134,160
Other Tax	$0	$0	$132,080	$117,312	$154,128	$193,336	$199,264	$202,800	$206,440	$210,496
TOTAL REVENUES	**$0**	**$0**	**$4,518,228**	**$4,202,546**	**$5,498,522**	**$6,839,456**	**$6,848,816**	**$6,808,672**	**$6,791,616**	**$6,827,912**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ESC Services			$26,500	$50,000	$23,500	$23,500				
Training			$ 145,750	$ 275,000	$ 129,250	$ 129,250				
State Tax Credits			$ 57,500	$ 967,500	$ 1,102,000	$ 1,236,500	$ 1,271,000	$ 1,071,000	$ 836,500	$ 702,000
Tax Reductions & Exemptions			$ 2,759,488							
One NC Fund			$ 200,000							
Rural Development Fund			$ 2,000,000							
TOTAL INCENTIVES			$ 5,189,238	$ 1,292,500	$ 1,254,750	$ 1,389,250	$ 1,271,000	$ 1,071,000	$ 836,500	$ 702,000
State Expenditures Per Capita (3% Growth	$ 2,318	$ 2,387	$ 2,459	$ 2,532	$ 2,608	$ 2,687	$ 2,767	$ 2,850	$ 2,936	$ 3,024
Estimated State Cost	$ -	$ -	$ 880,192	$ 1,800,533	$ 2,504,032	$ 3,382,452	$ 4,145,290	$ 4,742,787	$ 5,296,074	$ 5,763,385
TOTAL COSTS	$ -	$ -	$ 6,069,430	$ 3,093,033	$ 3,758,782	$ 4,771,702	$ 5,416,290	$ 5,813,787	$ 6,132,574	$ 6,465,385
TOTAL REVENUES	$0	$0	$4,518,228	$4,202,546	$5,498,522	$6,839,456	$6,848,816	$6,808,672	$6,791,616	$6,827,912
TOTAL COSTS	$0	$0	$6,069,430	$3,093,033	$3,758,782	$4,771,702	$5,416,290	$5,813,787	$6,132,574	$6,465,385
TOTAL REVENUE - COSTS	$ -	$ -	$ (1,551,202)	$ 1,109,514	$ 1,739,740	$ 2,067,754	$ 1,432,526	$ 994,885	$ 659,042	$ 362,527

IRR 89%
NPV at 3% $5,523,646



THE FRANK HAWKINS KENAN INSTITUTE OF PRIVATE ENTERPRISE

The Office of Economic Development

Dr. Michael I. Luger, Director

MEMO

To: Hon. Rick Carlisle
Secretary, N.C. Department of Commerce

From: Michael Luger
Director, UNC Office of Economic Development
Professor of Public Policy Analysis, Planning, and Business

Date: 25 September 2000

RE: Scenarios for an insecticides/chemical products company staying in or moving from Greensboro

---

As per your request, we have used the REMI model to simulate several scenarios for an insecticides/chemical products company in Greensboro: one in which they add 110 new jobs in the Piedmont Triad, and another in which they eliminate 450 jobs in the region and state. I summarize our findings in this memo, and explain the assumptions we have made that drive those results.

As with any analysis of this type, the results may be sensitive to the assumptions that are embedded in the REMI model and that the modelers make for convenience. If time had permitted, we could have run the REMI model in many different ways to test the sensitivity of our results to a wide range of assumptions. Given the short time we were given, we chose to use what we believed to be the most plausible set of assumptions, and generated results from those. Based on my knowledge of the REMI model, the data, and the operation of labor and capital markets in North Carolina, I am confident that the results would not change much (say more than 20 percent in any direction) for any other reasonable assumptions we might have employed.

SCENARIO 1:

Company stays in Greensboro and adds 110 new jobs. We assume that 40 percent (44 jobs) would be transferred into North Carolina from Wilmington, Delaware, and that 10 percent of the jobs filled from applicants in North Carolina would go to currently unemployed or out-of-the-workforce individuals. Therefore, of the 110 "new" jobs, 51 can be counted as net new employment in the state. We assume that the remaining 59 jobs would go to applicants already employed, but at a lower wage (assumed to be the weighted average of manufacturing, construction, and extractive employment in the Triad).

The University of North Carolina at Chapel Hill Campus Box 3440, The Kenan Center, Chapel Hill, NC 27599-3440
919 962 8201 FAX 919 962 8202 E-MAIL mluger@email.unc.edu www.kenaninstitute.unc.edu/OED/

The economic impact in this scenario comes from the multiplier associated with (direct and indirect) jobs and income from the 51 net new jobs, and from the added income (plus multiplier) from the 59 workers now employed at a higher wage. We expect the difference in spending for transferred workers to be significant since the company under study pays $85,000 in salary and benefits per year, compared to a weighted average salary and benefits for all other employment of $30,000. To account for the possibility that skill requirements are such that the only workers earning $60,000 could move into the 51 new jobs, we also ran a scenario using that as a base. In all cases, we assumed a 3 percent annual increase in compensation, and projected forward to 2010.

SCENARIO 2:

Company moves its headquarters from Greensboro to Delaware, and eliminates 450 jobs in the Triad. We assume that 40 percent of those jobs would be moved to Delaware (90 jobs), and that 75 percent of the remaining displaced workers would relatively quickly find alternative employment in the Triad, but at a lower rate of compensation (to be consistent with the foregoing scenario, we used $30,000 and $60,000 as the alternative salary plus benefits package). The direct job loss to North Carolina would be 180 positions (90 moved out of state and 90 remaining displaced). The other 270 workers are assumed to be reemployed at the lower compensation level.

We were told that the company would purchase $3 million less in airline tickets. That consequence is embedded in the model.

RESULTS

The accompanying tables show the results of the simulations. The key results are as follows:

Scenario	Employment (2001)		Employment (2009)		GRP (92$mil) (2001)		Tax rev. generated ($92) (2001)	
	Low base	High base	Low base	High base	Low base	High base	Low base	High base
Increase of 110 jobs (TRIAD)	262	239	204	188	20.6	19.8	552,000	457,000
Increase of 110 jobs (STATE)	355	325	266	247	25.8	24.7	689,000	583,000
Decrease of 450 jobs (TRIAD)		-1,008		-775		-76		-2,300,000
Decrease of 450 jobs (STATE		-1,354		-1,008		-95		-2,800,000

The University of North Carolina at Chapel Hill Campus Box 3440, The Kenan Center, Chapel Hill, NC 27599-3440
919 962 8201 FAX 919 962 8202 E-MAIL mluger@email.unc.edu www.kenaninstitute.unc.edu/OED/

KENAN-FLAGLER BUSINESS SCHOOL UNC-CHAPEL HILL

EXAMPLE OF POTENTIAL REVENUE AND ECONOMIC IMPACTS ASSOCIATED WITH 1,100 NEW WHITE-COLLAR OFFICE JOBS

Property Taxes	$1.5 million
Sales Taxes	$1 million
Retail Purchases	$37 million
Groceries	$6.3 million
Automobiles	$5 million
Building Materials	$4 million
Restaurants	$3 million
Furniture	$1.8 million
Gasoline	$1.4 million
Clothes	$1 million
Pharmaceuticals	$1 million
Computer Hardware	$242,000
Healthcare	$3.8 million
Vehicle Repair	$700,000
Airline Fares	$221,000
Cell phones	$52,000
New Home Sales	$112 million
Mortgage Int. & Fees	$5 million
State and Local Taxes	$4.6 million

Information for this hypothetical is derived from economic modeling conducted by a local economic developer as part of an internal analysis of a confidential project considering North Carolina.

Summary of Potential Incentives Available to [redacted]

South Carolina offers an impressive array of incentives that reduces the cost of doing business in the state. The potential incentives available to [redacted] in Chester County are based on the following assumptions:

- $31 million capital investment over five years — $9 million in real property (land and building) and $22 million in personal property (machinery and equipment); and
- 225 new jobs over 5 years with the following average wage rates:
  - 8 Admin at $15/hr,
  - 8 Warehouse workers at $9.88/hr (Chester County's average wage),
  - 195 Plant workers at $12/hr,
  - 12 Managers at $30/hr, and
  - 2 Executives at $120/hr.

The total amount of applicable incentives is estimated at $13.8 million. The following table summarizes the applicable incentives for which [redacted] may be eligible.

Summary of Potential Incentives

[redacted]

Chester County

Incentive Type	Availability	Incentive Value
STATE INCENTIVES		
Credits		
Corporate Income Tax		
Jobs Tax Credit	5 Years	$5,062,500
Exemptions		
Sales Tax	Ongoing	$1,320,000
Rebates		
Enterprise Program - Job Development Credit	15 Years	$3,923,136
LOCAL INCENTIVES		
Property Tax Incentives		
Fee-In-Lieu of Property Tax	20 Years	$3,503,638
Total Value of All Incentives		**$13,809,274**

Please note, the incentives presented in this report are performance based and will increase or decrease in direct proportion with jobs, wages, and/or actual investment. The South Carolina Department of Commerce is not authorized statutory power to offer definitive tax commitments – only the South Carolina Department of Revenue and Taxation, the local elected county council, and the South Carolina Coordinating Council for Economic Development have the authority to do so under South Carolina law. This synopsis should only be used by the company to assist in their evaluation of South Carolina taxes and incentives. Assumptions underlying the analyses are identified and should be taken into account by the company.

TOTAL NONFARM EMPLOYMENT

Seasonally Adjusted

Non-farm Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	3883.8	3862.6	-21.2	-0.55%	3893.5	3900.3	6.8	0.17%
SC	1826.4	1823.1	-3.3	-0.18%	1833.3	1820.5	-12.8	-0.70%
GA	3966.5	3882.1	-84.4	-2.17%	3961.4	3877.9	-83.5	-2.15%
TN	2703.2	2696.7	-6.5	-0.24%	2705.8	2702.9	-2.9	-0.11%
VA	3534.2	3506.3	-27.9	-0.80%	3528.9	3495.9	-33	-0.94%

Source: BLS
*preliminary data

Not Seasonally Adjusted

Non-farm Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	3899.3	3873.6	-25.7	-0.66%	3835.6	3836.5	0.9	0.02%
SC	1852.6	1839.6	-13	-0.71%	1824.2	1811	-13.2	-0.73%
GA	3988.4	3897.1	-91.3	-2.34%	3947.9	3863.8	-84.1	-2.18%
TN	2710.3	2705.2	-5.1	-0.19%	2692.4	2690	-2.4	-0.09%
VA	3575.9	3532.2	-43.7	-1.24%	3517.6	3490.2	-27.4	-0.79%

Source: BLS
*preliminary data

Prepared by the North Carolina Budget and Tax Center, August 20, 2002
For more information contact Kim Cartron, Project Coordinator, at 919-856-3193 or kim@ncjustice.org

MANUFACTURING

Seasonally Adjusted

Manufacturing Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	734.4	700.2	-34.2	-4.88%	728.4	700.5	-27.9	-3.98%
SC	332.9	314.9	-18	-5.72%	332.1	315.3	-16.8	-5.33%
GA	546.5	541	-5.5	-1.02%	548.5	541.3	-7.2	-1.33%
TN	475.1	465	-10.1	-2.17%	475.3	467.5	-7.8	-1.67%
VA	371.5	359.3	-12.2	-3.40%	368.5	356.7	-11.8	-3.31%

Source: BLS
*preliminary data

Not Seasonally Adjusted

Manufacturing Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	735	701.3	-33.7	-4.81%	726	698	-28	-4.01%
SC	334.3	315.6	-18.7	-5.93%	331.3	314.7	-16.6	-5.27%
GA	548.9	541.8	-7.1	-1.31%	546.3	539.2	-7.1	-1.32%
TN	477.8	466.4	-11.4	-2.44%	472.4	464.6	-7.8	-1.68%
VA	371.8	359.2	-12.6	-3.51%	367	355.5	-11.5	-3.23%

Source: BLS
*preliminary data

Prepared by the North Carolina Budget and Tax Center, August 20, 2002
For more information contact Kim Cartron, Project Coordinator, at 919-856-3193 or kim@ncjustice.org

SERVICES

Seasonally Adjusted

Services Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	1045.5	1060.9	15.4	1.45%	1047.4	1059.4	12	1.13%
SC	453	467.9	14.9	3.18%	458.8	467	8.2	1.76%
GA	1154.6	1133.3	-21.3	-1.88%	1154.4	1132.6	-21.8	-1.92%
TN	751.1	769	17.9	2.33%	753.9	770	16.1	2.09%
VA	1156.3	1159.4	3.1	0.27%	1153.7	1154.7	1	0.09%

Source: BLS
*preliminary data

Not Seasonally Adjusted

Services Employment (in thousands)

	Jun-01	Jun-02	Difference	% change	Jul-01	Jul-02*	Difference	% change
NC	1061.8	1071.3	9.5	0.89%	1054.6	1066.9	12.3	1.15%
SC	465.5	474	8.5	1.79%	462.3	469.8	7.5	1.60%
GA	1163.3	1142.4	-20.9	-1.83%	1160.3	1138.3	-22	-1.93%
TN	760.2	776.7	16.5	2.12%	759.9	776.2	16.3	2.10%
VA	1177.5	1175.5	-2	-0.17%	1160.9	1162.9	2	0.17%

Source: BLS
*preliminary data

Prepared by the North Carolina Budget and Tax Center, August 20, 2002
For more information contact Kim Cartron, Project Coordinator, at 919-856-3193 or kim@ncjustice.org

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 1734
Committee Substitute Favorable 8/5/02

Short Title: NC Economic Stimulus and Job Creation Act. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO RAISE THE INVESTMENT THRESHOLD FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO ESTABLISH TIERED RATES FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO REQUIRE A TAXPAYER AND ITS RELATED ENTITIES TO SATISFY ANY OUTSTANDING STATE TAX ASSESSMENTS BEFORE RECEIVING A BILL LEE ACT CREDIT; TO MODIFY THE WAGE STANDARD FOR THE CREDIT FOR WORKER TRAINING; TO MODIFY THE WAGE STANDARD FOR ENTERPRISE TIER ONE AND TWO COUNTIES; TO MODIFY THE WAGE STANDARD FOR TAXPAYERS WITH A TAX YEAR OTHER THAN A CALENDAR YEAR; TO TREAT CERTAIN PARCELS OF LAND PARTIALLY LOCATED IN A DEVELOPMENT ZONE AS IF THE ENTIRE PARCEL WERE LOCATED WITHIN THE DEVELOPMENT ZONE; TO ENACT A JOB DEVELOPMENT INVESTMENT GRANT PROGRAM TO PROVIDE ECONOMIC STIMULUS, TO CREATE JOBS, AND TO AID IN THE DEVELOPMENT OF BUSINESS AND INDUSTRIAL PROJECTS AND EXPANSIONS IN NORTH CAROLINA; TO MODIFY THE INDUSTRIAL DEVELOPMENT FUND TO ALLOW FOR EXPENDITURES RELATED TO TELECOMMUNICATIONS AND BROADBAND LINES AND EQUIPMENT AND TO ALLOW FOR EXPENDITURES FROM THE UTILITY ACCOUNT IN ENTERPRISE TIER THREE AREAS; AND TO MAKE A TECHNICAL CORRECTION REGARDING THE AUTHORITY OF A LOCAL GOVERNMENT TO LEVY A PROPERTY TAX FOR ECONOMIC DEVELOPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.9(a) and (c) read as rewritten:

"(a) General Credit. – If a taxpayer that has purchased or leased eligible machinery and equipment places them in service in this State during the taxable year, the taxpayer is allowed a credit equal to ~~seven percent (7%)~~ the applicable percentage of

the excess of the eligible investment amount over the applicable threshold. Machinery and equipment are eligible if they are capitalized by the taxpayer for tax purposes under the Code and not leased to another party. In addition, in the case of a large investment, machinery and equipment that are not capitalized by the taxpayer are eligible if the taxpayer leases them from another party. The credit may not be taken for the taxable year in which the machinery and equipment are placed in service but shall be taken in equal installments over the seven years following the taxable year in which they are placed in service. The applicable percentage is as follows:

Area Enterprise Tier	Applicable Percentage
Tier One	7%
Tier Two	7%
Tier Three	6%
Tier Four	5%
Tier Five	4%

...

(c) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the enterprise tier where the eligible machinery and equipment are placed in service during the taxable year. If the taxpayer places eligible machinery and equipment in service at more than one establishment in an enterprise tier during the taxable year, the threshold applies separately to the eligible machinery and equipment placed in service at each establishment. If the taxpayer places eligible machinery and equipment in service at an establishment over the course of a two-year period, the applicable threshold for the second taxable year is reduced by the eligible investment amount for the previous taxable year.

Area Enterprise Tier	Threshold
Tier One	$ -0-
Tier Two	100,000
Tier Three	200,000
Tier Four	~~500,000~~1,000,000
Tier Five	~~1,000,000~~2,000,000"

SECTION 1.1. G.S. 105-129.4 is amended by adding a new subsection to read:

"(b6) Final Assessments. – A taxpayer is not eligible for a credit allowed under this Article if, at the time the taxpayer claims an installment or carryforward of the credit, the taxpayer or a related entity of the taxpayer has received a notice of final assessment and that assessment has not been satisfied or otherwise resolved."

SECTION 2. G.S. 105-129.4(b) reads as rewritten:

"(b) Wage Standard. – A taxpayer is eligible for the credit for creating jobs ~~or the credit for worker training~~ in an enterprise tier three, four, or five area if, for the calendar year the jobs are ~~created or the worker training is provided,~~created, the average wage of the jobs for which the credit is claimed meets the wage standard and the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. No credit is allowed for jobs not included in the wage calculation. A taxpayer is eligible for the credit for investing in machinery and equipment, the credit for

research and development, or the credit for investing in real property for a central office or aircraft ~~facility, or the credit for substantial investment in other property~~facility in a tier three, four, or five area if, for the calendar year the taxpayer engages in the activity that qualifies for the credit, the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. In making the wage calculation, the taxpayer must include any positions that were filled for at least 1,600 hours during the calendar year the taxpayer engages in the activity that qualifies for the credit even if those positions are not filled at the time the taxpayer claims the credit. For a taxpayer with a taxable year other than a calendar year, the taxpayer must use the wage standard for the calendar year in which the taxable year begins. No wage standard applies to credits for activities in an enterprise tier one or two area.

Jobs meet the wage standard if they pay an average weekly wage that is at least equal to ~~the applicable percentage times~~one hundred ten percent (110%) of the applicable average weekly wage for the county in which the jobs will be located, as computed by the Secretary of Commerce from data compiled by the Employment Security Commission for the most recent period for which data are available. ~~The applicable percentage for jobs located in an enterprise tier one area is one hundred percent (100%). The applicable percentage for all other jobs is one hundred ten percent (110%).~~ The applicable average weekly wage is the lowest of the following: (i) the average wage for all insured private employers in the county, (ii) the average wage for all insured private employers in the State, and (iii) the average wage for all insured private employers in the county multiplied by the county income/wage adjustment factor. The county income/wage adjustment factor is the county income/wage ratio divided by the State income/wage ratio. The county income/wage ratio is average per capita income in the county divided by the annualized average wage for all insured private employers in the county. The State income/wage ratio is the average per capita income in the State divided by the annualized average wage for all insured private employers in the State. The Department of Commerce must annually publish the wage standard for each county."

SECTION 3. G.S. 105-129.3A is amended by adding a new subsection to read:

"(d) Parcel of Property Partially in a Development Zone. – For the purposes of this section, a parcel of property that is located partially within a development zone is considered entirely within the development zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the development zone.

(2) The parcel was in existence and under common ownership prior to the most recent federal decennial census.

(3) The parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary."

SECTION 4. In addition to heightening the incentive effect of the William S. Lee Quality Jobs and Business Expansion Act in lower-tiered counties, the changes

Intent Gen Fund

in Section 1 of this act are intended to reduce the cost of the Act and make more revenues available to the State of North Carolina in future years. It is the intent of the General Assembly in making these changes to provide a source of funds that could be used in future years to support other, more targeted economic development programs aimed at helping create new jobs in North Carolina.

SECTION 5.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F.

"Job Development Investment Grant Program.

"**§ 143B-437.44. Legislative findings and purpose.**

The General Assembly finds that:

(1) It is the policy of the State of North Carolina to stimulate economic activity and to create new jobs for the citizens of the State by encouraging and promoting the expansion of existing business and industry within the State and by recruiting and attracting new business and industry to the State.

(2) Both short-term and long-term economic trends at the State, national, and international levels have made the successful implementation of the State's economic development policy and programs both more critical and more challenging; and the decline in the State's traditional industries, and the resulting adverse impact upon the State and its citizens, have been exacerbated in recent years by adverse national and State economic trends that contribute to the reduction in the State's industrial base and that inhibit the State's ability to sustain or attract new and expanding businesses.

(3) The economic condition of the State is not static and recent changes in the State's economic condition have created economic distress that requires a reevaluation of certain existing State programs and the enactment of a new program as provided in this Part that are designed to stimulate new economic activity and to create new jobs within the State.

(4) The enactment of this Part is necessary to stimulate the economy, facilitate economic recovery, and create new jobs in North Carolina; and this Part will promote the general welfare and confer, as its primary purpose and effect, benefits on citizens throughout the State through the creation of new jobs, an enlargement of the overall tax base, an expansion and diversification of the State's industrial base, and an increase in revenue to the State and its political subdivisions.

(5) The purpose of this Part is to stimulate economic activity and to create new jobs within the State.

(6) It is not the intent of the General Assembly that grants provided through this Part be used as venture capital funds, business incubator funds, or business start-up funds or to otherwise fund the initial capitalization needs of new businesses.

(7) Nothing in this Part shall be construed to constitute a guarantee or assumption by the State of any debt of any business or to authorize the taxing power or the full faith and credit of the State to be pledged.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.51.

(2) Base years. – The first two complete calendar years following the effective date of an agreement.

(3) Business. – A corporation, sole proprietorship, cooperative association, partnership, S corporation, limited liability company, nonprofit corporation, or other form of business organization, located either within or outside this State.

(4) Committee. – The Economic Investment Committee established pursuant to G.S. 143B-437.48.

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base years or in subsequent years of a grant.

(6) Full-time employee. – A person who is employed for consideration for at least 35 hours a week, whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes, and who is determined by the Committee to be employed in a permanent position according to criteria it develops. The term does not include any person who works as an independent contractor or on a consulting basis for the business.

(7) New employee. – A full-time employee who represents a net increase in the number of the business's employees statewide and who is first employed on the project that is the subject of an agreement. The term includes an employee rehired or called back from a layoff that occurs during or following the base years to a vacant position previously held by that employee or to a new position established during or following the base years.

(8) Related member. – Defined in G.S. 105-130.7A.

(9) Withholdings. – The amount withheld by a business from the wages of employees in eligible positions under Article 4A of Chapter 105 of the General Statutes.

"**§ 143B-437.46. Job Development Investment Grant Program.**

(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into negotiated agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee shall develop criteria to be used in determining whether the conditions of this section are satisfied and whether the project described in

the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State by the business.

(2) The project will benefit the people of this State by increasing opportunities for employment and by strengthening this State's economy by, for example, providing worker training opportunities, constructing and enhancing critical infrastructure, increasing development in strategically important industries, or increasing the State and local tax base.

(3) The project is consistent with economic development goals for the State and for the area where it will be located.

(4) A grant under this Part is necessary for the completion of the project in this State.

(5) The total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

(b) Cap. – The maximum number of agreements the Committee may enter into each fiscal year is 25.

"**§ 143B-437.47. Eligible projects.**

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one enterprise tier area, the location with the highest enterprise tier area designation determines the minimum number of eligible positions that must be created.

Enterprise Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	10
Tier Three	10
Tier Four	20
Tier Five	20

(b) Nonretail Facilities. – A project that consists solely of retail facilities is not eligible for a grant under this Part. If a project consists of both retail facilities and nonretail facilities, only the portion of the project consisting of nonretail facilities is eligible for a grant, and only the withholdings from employees in eligible positions that are employed exclusively in the portion of the project that represents nonretail facilities may be used to determine the amount of the grant. If a warehouse facility is part of a retail facility and supplies only that retail facility, the warehouse facility is not eligible for a grant. For the purposes of this Part, catalog distribution centers are not retail facilities.

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health

care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.52 a certification that the business continues to provide health insurance for all full-time employees of the project with respect to which the grant is made. If the business ceases to provide health insurance to all full-time employees of the project with respect to which a grant is made, the Committee may amend or terminate the agreement as provided in G.S. 143B-437.53.

(d) Wage Standard. – In order for a business to be eligible for a grant under this Part, the average wage of all jobs at the location with respect to which a grant is made must meet the wage standard set out in G.S. 105-129.4(b). If a project is to be located at more than one location, the average wage of all jobs at a location must meet the wage standard set out in G.S. 105-129.4(b) in order for that location to be included in the agreement.

"**§ 143B-437.48. Economic Investment Committee established.**

(a) Membership. – The Economic Investment Committee is established. The Committee consists of the following members:

(1) The Secretary of Commerce.

(2) The Secretary of Revenue.

(3) The Director of the Office of State Budget and Management.

(b) Unanimous Decision Required. – The Committee may act only upon a unanimous decision of its members.

(c) Conflict of Interest. – It is unlawful for a former member of the Committee to, within two years after the end of service on the Committee, provide services for compensation, as an employee, consultant, or otherwise, to any business or a related member of the business that was awarded a grant under this Part while the former member was serving on the Committee. Violation of this subsection is a Class 1 misdemeanor.

(d) Sunshine. – Meetings of the Committee are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. All documents of the Committee, including applications for grants, are public records governed by Chapter 132 of the General Statutes, including applicable provisions of that Chapter protecting confidential information.

"**§ 143B-437.49. Applications; fees; reports; study.**

(a) Application. – A business shall apply, under oath, to the Committee for a grant on a form prescribed by the Committee that includes at least all of the following:

(1) The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site or sites.

(2) The names and addresses of the principals or management of the business, the nature of the business, and the form of business organization under which it is operated.

(3) The most recent audited financial statements of the business and any other financial information the Committee considers necessary.

(4) The number of eligible positions proposed to be created during the base years and thereafter and the salaries for these positions.
(5) An estimate of the total withholdings.
(6) Certification that the business will provide health insurance to all full-time employees of the project.
(7) Information concerning other locations, including locations in other states and countries, being considered for the project and the nature of any benefits that would accrue to the business if the project were to be located in one of those locations.
(8) Information concerning any other State or local government incentives for which the business is applying or that it has an expectation of receiving.
(9) Any other information necessary for the Committee to evaluate the application.
(10) Certification that the project will not be undertaken in North Carolina unless the applicant is awarded a grant.

A business may apply, in one consolidated application in a form and manner determined by the Committee, for a grant on its own behalf as a business and for grants on behalf of the related members of the business who may qualify under this Part.

The Committee will consider an application by a business for grants on behalf of its related members only if the related members for whom the application is submitted have assigned to the business any claim of right the related members may have under this Part to apply for grants individually during the term of the agreement and have agreed to cooperate with the business in providing to the Committee all the information required for the initial application and the agreement, and any other information the Committee may require for the purposes of this Part. The applicant business is responsible for providing to the Committee all the information required under this Part.

If a business applies for a grant on behalf of its related members, the related members included in the application may be permitted to meet the qualifications for a grant collectively by participating in a project that meets the requirements of this Part. The amount of a grant may be calculated under the terms of this Part as if the related members were all collectively one business entity. Any conditions for a grant, other than the number of eligible positions created, apply to each related member who is listed in the application as participating in the project. The grants awarded shall be paid to the applicant business. A grant received under this Part by a business may be apportioned to the related members in a manner determined by the business. In order for an agreement to be executed, each related member included in the application must sign the agreement and agree to abide by its terms.

(b) Application Fee. – When filing an application under this section, the business must pay the Committee a fee of five thousand dollars ($5,000). The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(c) Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before October 31 of each year. The report shall include the following:

(1) A listing of each community economic development agreement negotiated and entered into during the preceding fiscal year, including the cost/benefit analysis conducted by the Committee during the application process, a description of the project, and the amount of the grant made under the agreement during that year.

(2) An update on the status of projects under agreements entered into before the preceding fiscal year.

(3) The number and enterprise tier area of eligible positions created by projects with respect to which grants were awarded.

(4) The wage levels of eligible positions created by projects with respect to which grants were awarded.

(5) The amount of new income tax revenue received from withholdings related to the projects for which grants were awarded.

(6) The criteria developed by the Committee to implement this Part and any changes in those criteria from the previous fiscal year.

(7) The effectiveness of the program in recruiting new and expanding businesses.

(8) The environmental impact of businesses that have received grants under the program.

(9) The geographic distribution of grants, by number and amount, awarded under the program.

(d) Study. – The Committee shall conduct a study to determine the minimum funding level required to implement the Job Development Investment Grant Program successfully. The Committee shall report the results of this study to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1 of each year.

"**§ 143B-437.50. Calculation of minimum and maximum grants; factors considered.**

(a) Subject to the limitations of subsection (d) of this section, the amount of the grant awarded in each case shall be a percentage of the withholdings of eligible positions. The percentage shall be no less than ten percent (10%) and no more than eighty percent (80%) of the withholdings of the eligible positions for a period of years. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee after considering at least the following:

(1) The number of eligible positions to be created.

(2) The expected duration of those positions.

(3) The type of contribution the business can make to the long-term growth of the State's economy.

(4) The amount of other financial assistance the project will receive from the State or local governments.

(5) The total dollar investment the business is making in the project.
(6) Whether the project utilizes existing infrastructure and resources in the community.
(7) Whether the project is located in a development zone.
(8) The number of eligible positions that would be filled by residents of a development zone.

(b) The term of the grant shall not exceed 15 years starting with the first year a grant is made.

(c) The grant may be based only on eligible positions created during the base years, unless the Committee makes an explicit determination that the grant shall also be based on additional eligible positions created during the remainder of the term of the grant.

(d) The percentage established in the agreement shall be reduced by one-fourth for any eligible position that is located in an enterprise tier four or five area.

(e) A business that is receiving any other grant by operation of State law may not receive an amount as a grant pursuant to this Part that, when combined with any other grants, exceeds eighty percent (80%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

"**§ 143B-437.51. Community economic development agreement.**

Each community economic development agreement shall include at least the following:

(1) A detailed description of the proposed project that will result in job creation and the number of new employees to be hired in the base years and later years.
(2) The term of the grant and the criteria used to determine the first year for which the grant may be claimed.
(3) The number of eligible positions that are subjects of the grant and a description of those positions and the location of those positions.
(4) The amount of the grant based on a percentage of withholdings.
(5) A method for determining the number of new employees hired during a grant year.
(6) A method for the business to report annually to the Committee the number of eligible positions for which the grant is to be made.
(7) A requirement that the business report to the Committee annually the aggregate amount of withholdings during the grant year.
(8) A provision permitting an audit of the payroll records of the business by the Committee from time to time as the Committee considers necessary.
(9) A provision that permits the Committee to amend an agreement pursuant to G.S. 143B-437.53.
(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a

provision to permit the Committee to recapture all or part of the grant at its discretion if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the level of the year immediately preceding the base years.

(12) A provision establishing the conditions under which the grant agreement may be terminated, in addition to those under G.S. 143B-437.53, and under which grant funds may be recaptured by the Committee.

(13) A provision stating that unless the agreement is amended or terminated pursuant to G.S. 143B-437.53, the agreement is binding and constitutes a pledge and a continuing appropriation of the amount of the grant.

(14) A provision setting out any allowed variation in the terms of the agreement that will not subject the business to amendment or termination of the agreement under G.S. 143B-437.53.

"**§ 143B-437.52. Grant recipient to submit records.**

(a) No later than February 1 of each year, for the preceding grant year, every business that is awarded a grant under this Part shall submit to the Committee a copy of its State and federal tax returns showing business and nonbusiness income and a report showing withholdings as a condition of its continuation in the grant program. In addition, the business shall submit to the Committee an annual payroll report showing the eligible positions that are created during the base years and the new eligible positions created during each subsequent year of the grant. When making a submission under this section, the business must pay the Committee a fee of one thousand five hundred dollars ($1,500). The fee is due at the time the submission is made. The Committee shall determine the allocation of the fee imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(b) The Committee may require any information that it considers necessary to effectuate the provisions of this Part.

(c) The Committee may require any business receiving a grant to submit to an audit at any time.

(d) Grant recipients are encouraged to use the State ports of North Carolina and must include in the report required by subsection (a) of this section a report on the tonnage of any freight moved in ocean-borne commerce through the State ports and through any other United States port. If freight is moved through a United States port other than the State ports, then the report must disclose the reasons for using that port.

"**§ 143B-437.53. Failure to comply with agreement.**

(a) If the business receiving a grant fails to meet or comply with any condition or requirement set forth in an agreement or with criteria developed by the Committee, the Committee may amend the agreement to reduce the amount of the grant or the term of

the agreement. Any reduction of the grant is applicable to the grant year immediately following the grant year in which the Committee amends the agreement.

(b) If a business fails to maintain employment at the levels stipulated in the agreement or otherwise fails to comply with any condition of the agreement for any two consecutive years, the Committee may terminate the agreement.

"**§ 143B-437.54. Disbursement of grant.**

A business may not receive an annual disbursement of a grant if, at the time of disbursement, the business or a related member of the business has received a notice of final assessment of State tax due and that assessment has not been satisfied or otherwise resolved. A business may receive an annual disbursement of a grant only after the Committee has certified to the State Controller that there are no outstanding final assessments of State tax due and that the business has met the terms and conditions of the agreement. No amount shall be disbursed to a business as a grant under this Part in any year until the Secretary of Revenue has certified to the Committee (i) that there are no outstanding final assessments of State tax due against the business or a related member of the business and (ii) the amount of withholdings received in that year by the Department of Revenue from the business. A business that has met the terms of the agreement shall make an annual certification of this to the Committee. The Committee shall verify this information and certify to the State Controller that the terms of the agreement have been met. The Committee shall further certify to the State Controller the amount of a grant for which the business is eligible under the agreement and the amount of a grant for which the business would be eligible under the agreement without regard to G.S. 143B-437.50(d). The State Controller shall remit a check to the business in the amount of the certified grant amount within 90 days of receiving the certification of the Committee.

"**§ 143B-437.55. Transfer to Industrial Development Fund.**

At the time the State Controller remits a check to a business under G.S. 143B-437.54, the State Controller shall transfer to the Utility Account of the Industrial Development Fund an amount equal to the amount certified by the Committee as the difference between the amount of the grant and the amount of the grant for which the business would be eligible without regard to G.S. 143B-437.50(d).

"**§ 143B-437.56. Sunset.**

The authority of the Committee to enter into new agreements expires January 1, 2006."

SECTION 5.(b) In developing criteria under G.S. 143B-437.46 for the awarding of grants under Part 2F of Article 10 of Chapter 143B of the General Statutes and under G.S. 143B-437.50 for determining the percentage upon which the amount of a grant is based, the Economic Investment Committee may consider criteria that address the following:

(1) Factors related to the economic impact of the project, such as the following:

a. Impact on gross regional product and gross State product.

b. Costs and benefits of the project to the State, including the expected return on investment made in the project by the State.

c. Number of direct jobs that will be created by the project, the wages of those jobs, and the total payroll for the project.
d. Number of induced short-term, project-related jobs expected to be generated by the project as well as the number of long-term permanent jobs expected to be generated indirectly in the economy as a result of the project.
e. Dollar value of the investment, including the size of the investment in real versus personal property and expected depreciation rates.
f. Economic circumstances of the county and region, including the extent to which the project will serve to mitigate unemployment.
g. The expected time frame during which the project is expected to pay back in State tax revenues the amount of any grants to be paid out.
h. The economic demands the project is expected to place upon the community or communities in which it will locate.
i. The number of eligible positions that would be filled by residents of development zones.

(2) Factors related to the strategic importance of the project to the State, region, or locality, such as the following:
a. The extent to which the project builds or enhances an industrial cluster.
b. The extent to which the project falls within a classification of business and industry that the Department of Commerce regards as a target for growth and expansion in the State.
c. The ability of the project to attract follow-on investment in the State by suppliers and vendors.
d. The extent to which the project serves to maintain and grow jobs in the State in a business undergoing an internal restructuring or rationalization process.
e. The extent to which the project can be expected to contribute significantly to and support the local community.

(3) Factors related to the quality of jobs, such as the following:
a. The wage level and status of the jobs to be created.
b. The quality and value of benefits offered by the company.
c. The potential for employee advancement.
d. The extent of training programs offered by the company.
e. The sustainability of the jobs in the future.
f. The workplace safety record of the company.

(4) Factors related to the quality of the industry and the project, such as the following:
a. The nature of the project and the projects' relationship to the larger business of the company.

b. The nature of the industrial classification of the project and the nature of the business of the company undertaking it.
c. The long-term prospects for growth at the project site or sites.
d. The long-term prospects for growth of the company and the industry within the United States.
e. The financial stability of the company associated with the project.

(5) Factors related to the environmental impact of the project, such as the following:
a. The nature of the business to be conducted.
b. The ability of the project to satisfy State, federal, and local environmental law and regulations.

(6) Other factors that the Economic Investment Committee considers relevant that are not inconsistent with this section and that the Committee determines will further the purposes of Part 2F of Article 10 of Chapter 143B of the General Statutes.

SECTION 6.(a) G.S. 143B-437.01(a)(1) reads as rewritten:

"(1) The funds shall be used for (i) installation of or purchases of equipment for eligible industries, (ii) structural repairs, improvements, or renovations of existing buildings to be used for expansion of eligible industries, or (iii) construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial buildings to be used for eligible industries. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the specific eligible industrial activity."

SECTION 6.(b) G.S. 143B-437.01(b1) reads as rewritten:

"(b1) Utility Account. – There is created within the Industrial Development Fund a special account to be known as the Utility Account to provide funds to assist the local government units of enterprise tier ~~one and tier two~~one, two, and three areas, as defined in G.S. 105-129.3, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial buildings to be used for eligible industrial operations. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall

be directly related to the operation of the specific industrial activity. There shall be no maximum funding amount per new job to be created or per project."

SECTION 7. G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(28) To provide to the Economic Investment Committee established pursuant to G.S. 143B-437.48 information necessary to implement Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 8. G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(10) The Economic Investment Committee in developing guidelines for the Job Development Investment Grant Program under Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 9.(a) G.S. 153A-149(c)(10b) reads as rewritten:

"(c) Each county may levy property taxes for one or more of the purposes listed in this subsection up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars ($100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate limitation are:

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.(b) G.S. 160A-209(c)(10b) reads as rewritten:

"(c) Each city may levy property taxes for one or more of the following purposes subject to the rate limitation set out in subsection (d):

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.1. The Revenue Laws Study Committee created in Article 12L of Chapter 120 of the General Statutes shall study the use, the effectiveness, and the cost versus benefits of the Job Development Investment Grant Program created in this act, the Bill Lee Act credits in Chapter 105 of the General Statutes, and the Industrial Recruitment Competitive Fund. The Study Committee may report the results of its study and any recommendations to the 2004 Regular Session of the 2003 General Assembly and shall make a final report by March 15, 2005, to the 2005 General Assembly.

SECTION 10. Section 1 of this act is effective for taxable years beginning on or after January 1, 2003, and applies to business activities that occur on or after

January 1, 2003, but does not apply to business activities that occur on or after January 1, 2003, that are subject to a letter of commitment signed under G.S. 105-129.9 before January 1, 2003. Sections 2 and 3 of this act are effective for taxable years beginning on or after January 1, 2003. The remainder of this act is effective when it becomes law.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — 8/20/02 ~~2001~~

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
PERRI MORGAN	NFIB
Chris Fitzsimon	Common Sense Fdtn.
RAY DENNY	N.C. Dept. of Commerce
Jim Hacey	" " " "
CHARLES HAYES	RTRP
Steve Woodson	NC Farm Bureau
[illegible]	dCFPC
BILL RUSTIN	ACP
Hal Miller	NCACCT
[illegible]	Poyner & Spruill
Joe McClees	McClees Consulting
Steve Mitchell	NOVARTIS
Alice Garland	EC
Esther Lewis	EC
Natalie English	Charlotte Chamber
Gene Causby	NCSFSA
Elizabeth Dalton	Ponce & Associates
[illegible]	

VISITOR REGISTRATION SHEET

APPROPRIATIONS — 8/20/02 ~~2001~~

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Meg Ingewaid	Covenant with NC's children
Chris McClure	NCEITA
Ed Turlington	Brooks Pierce
Joe Seward	Dept of State Treasurer
Oppie Jordan	Carolina's Gateway Partnership (Edgecombe Nash Co.)
David Huskins	NCPED - Advantage West, N.C.
Jim Fain	N.C. DOC
Jane Stanton	NC Dept. of Justice
Steve Simpson	NC Dept of Commerce
Stewart Dickerson	NC-DOC
Stephanie McGarrah	NC Dept of Commerce
Denise A. Sessoms	Commerce
Diana Wilkins	Mercer & Assoc.
Chad Lowry	NCGA
Jon Hill	NCCJC
Paul Chesser	John Locke Found.
Kim Carter	NC BTC
Don Carrington	Locke Foundation

VISITOR REGISTRATION SHEET

APPROPRIATIONS — 8/20/ , 2012

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	NCLCV
[signature]	Cities
DAVID BARNES	Parker Poe
TOMMY HATHEWAY	[illegible]
[signature]	GSK
[signature]	EGHS
ANN LOCK	OWNS
[signature]	BEGINNINGS
[signature]	NCSTA
KEN MELTON	ALLEN ASSOCIATES, INC.
[signature]	DCRI
PHIL KIRK	NCCBI
JOHN GOODMAN	MERCER ASSOC.
JOHN PETERSON	NCEDA
Dale Carroll	NCEDA President
GORDON MYERS	NC ECON DEV BOARD
[signature]	Advantage West NC

VISITOR REGISTRATION SHEET

APPROPRIATIONS — Aug 20, 2002 Afternoon

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
L.C. Barbour	North Carolina Southeast
Jane Chauton	NC Dept of Justice
Jeri Carlton	NC RJC
Chris Fitzsimon	Common Sense Fdtn.
David Mills	Common Sense Foundation
[illegible]	Hollis Assoc.
Jim Hacy	NC Dept. of Commerce
Stewart Dickerson	NC-DOC
Jim Fain	NC-DOC
Mark Benson	Capitol Group
Susan Carroll	NC Commerce
Stephanie McGarrah	NC Commerce
Naomi Talton	DOR
Chad Lowry	NCBA
Boyd Cauble	City of Charlotte
Elizabeth Dalton	Bond & Associates
Diana Wilcox	Mecklenburg
Becky Mercer	"

VISITOR REGISTRATION SHEET

APPROPRIATIONS , 2001

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Cam Byers	BPMHL
[illegible]	NCHA
Jay Peters	JP Assoc.
Natalie English	Charlotte Chamber
Michael Thompson	Dominion
Katherine Davis	EC
Ann Garland	EC
Joanne Schorr Stevens	Nursing
CHARLES HAYES	RTRA
Wade Carr	Piedmont Triad
[illegible]	Governors Office
Joe McClees	McClees Consulting
Jerry Williams	NCRA
David Hoskins	AVNC - NCP2D
Willie Riddick	DOR
John Goodman	Meneer & Assoc.

Minutes
House Appropriations Committee Meeting
Wednesday, August 21, 2002
9:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 9:30 am for the purposes of considering **H 1734, NC Economic Stimulus and Job Creation Act.**

Chairman Redwine stated that this meeting would resume discussion and the committee would break at 10:00 am for 30 minutes.

Co-Chair Representative Redwine resumed the meeting at 10:30 am and considered eleven amendments before adjourning for session at 1:45 pm. He stated the Appropriations meeting would reconvene after session.

An amendment offered by Representative

1. Gillespie – ALY-184 v.2 – Adopted, voice vote
2. Haire – hand, p. 2 lines 10 & 11 – Failed, voice vote
3. Sherrill – ALY-193 v.1 – Adopted as perfected by 3A amdt Sherrill, v.v.
3a. Sherrill – perfecting amendment, adopted, voice vote
4. Harrington – ALY-190 v.2 – Adopted, voice vote
4a. Sutton – perfecting amendment to ALY-190 v.2 Adopted, voice vote
5. Baddour – ALY-185 v.1 Adopted, voice vote
6. Insko – ALY-187 v.1 – Adopted, voice vote
7. Ellis – ALR-62 v.4 – Failed, voice vote
7a. Goodwin – hand, p.11 lines 17-18, perfecting amdt to Ellis 7, Failed, voice v.
8. Hensley – hand, p. 10, line 7, failed, division 37-27
9. Creech – ALY-179 v.1 – Failed, voice vote
10. Baker – ALY- 189 v.1 – Failed, division 32-26
11. Nesbitt & Sutton – ALY-195 v.4 – Failed, division, 39-34

The meeting reconvened at 3 pm and the following amendments were offered:

12. Nesbitt – ALY-147 v.5 – Failed, division, 35-34
13. Insko – ALY-183 v.1 – withdrawn
14. Hensley – hand, p. 15 lines 13-20 – Failed, voice vote
15. Insko – ALY – 159 v.2 – Failed, voice vote
16. Nesbitt – ARB-152 v.2 – Failed, Roll Call, 47-24
17. Creech – ALY-178 v.2 – Adopted, Voice vote
18. Sutton – ALH-87 v.4 – Adopted, voice vote
19. Michaux – ALR-63 v.1 – Adopted, voice vote
20. Allred – ALY-197 v.1 – Failed, Roll Call, 40-32
21. Howard – Hand, p. 11 lines 17-18 – Adopted, voice vote
22. Hensley amdt was ruled out of order, motion to overrule Chair failed by Roll Call vote 41-31b

Rep. Nelson Cole's motion to favorably report the committee substitute bill with technical changes passed by voice vote. Co-Chair Redwine adjourned the meeting at 6:15 pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, August 21, 2002
9:30 AM

H 1734 NC Economic Stimulus and Job Creation Act

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **Easterling, Oldham, Redwine & Thompson** Chairs for the Committee on **APPROPRIATIONS**.

☒ Committee Substitute for
H.B. 1734 A BILL TO BE ENTITLED AN ACT TO RAISE THE INVESTMENT THRESHOLD FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO ESTABLISH TIERED RATES FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO REQUIRE A TAXPAYER AND ITS RELATED ENTITIES TO SATISFY ANY OUTSTANDING STATE TAX ASSESSMENTS BEFORE RECEIVING A BILL LEE ACT CREDIT; TO MODIFY THE WAGE STANDARD FOR THE CREDIT FOR WORKER TRAINING; TO MODIFY THE WAGE STANDARD FOR ENTERPRISE TIER ONE AND TWO COUNTIES; TO MODIFY THE WAGE STANDARD FOR TAXPAYERS WITH A TAX YEAR OTHER THAN A CALENDAR YEAR; TO TREAT CERTAIN PARCELS OF LAND PARTIALLY LOCATED IN A DEVELOPMENT ZONE AS IF THE ENTIRE PARCEL WERE LOCATED WITHIN THE DEVELOPMENT ZONE; TO ENACT A JOB DEVELOPMENT INVESTMENT GRANT PROGRAM TO PROVIDE ECONOMIC STIMULUS, TO CREATE JOBS, AND TO AID IN THE DEVELOPMENT OF BUSINESS AND INDUSTRIAL PROJECTS AND EXPANSIONS IN NORTH CAROLINA; TO MODIFY THE INDUSTRIAL DEVELOPMENT FUND TO ALLOW FOR EXPENDITURES RELATED TO TELECOMMUNICATIONS AND BROADBAND LINES AND EQUIPMENT AND TO ALLOW FOR EXPENDITURES FROM THE UTILITY ACCOUNT IN ENTERPRISE TIER THREE AREAS; AND TO MAKE A TECHNICAL CORRECTION REGARDING THE AUTHORITY OF A LOCAL GOVERNMENT TO LEVY A PROPERTY TAX FOR ECONOMIC DEVELOPMENT.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

X With a favorable report as to the committee substitute bill # 2, unfavorable as to Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

8.21.2002

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ the House amendment (s).
_____the House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ the House amendment (s).
_____the House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

House Bill 1734:
NC Economic Stimulus and Job Creation Act

BILL ANALYSIS

Committee:	House Finance	**Sponsor:**	Reps. Owens and Allen
Date:	August 5, 2002	**Analysis by:**	Y. Canaan Huie
Version:	Finance PCS as amended		Staff Attorney

SUMMARY: ***There are two main components to this bill: changes to the Bill Lee Act and the establishment of a new economic development grant program. There are different effective dates for the various parts of the bill.***

BACKGROUND: The William S. Lee Quality Jobs and Business Expansion Act (hereinafter Bill Lee Act) was enacted in 1996, effective beginning with the 1996 tax year with a 2002 sunset. The Act is a package of State tax incentives and has been modified in each subsequent year. The incentives are primarily in the form of tax credits for investment in machinery and equipment and real property, for job creation, for worker training, and for research and development. Counties are divided into five economic distress tiers based on the unemployment rate, per capita income, and population growth of the county. For many of the credits, the lower the tier of a county, the more favorable the incentive. The Act requires the Department of Commerce and the Department of Revenue to report periodically on the credits allowed by the Act.

Before 1996, North Carolina had made little use of tax incentives to lure businesses to the State. Even without incentives, North Carolina was consistently one of the top states in attracting industry. The array of credits authorized by the Bill Lee Act was viewed as an experiment, to be evaluated in five years to determine whether the incentives were cost effective and actually affected behavior, or merely provided tax reductions to businesses that would have located or expanded in any case. In 1999, the General Assembly extended the 2002 sunset to 2006.

ANALYSIS: Bill Lee Act Changes. Sections 1 through 3 of this bill make significant changes to the Bill Lee Act. These changes affect the credit for investing in machinery and equipment, the eligiblity of a taxpayer who has received a notice of final assessment, the wage standard, and the definition of a development zone.

Machinery and Equipment. Under current law, a taxpayer is allowed a credit for the cost of machinery and equipment placed into service during a taxable year that exceeds the applicable threshold based on the location where the machinery and equipment is placed into service. The amount of the credit is equal to 7% of the cost of the machinery and equipment in excess of the applicable threshold. Section 1 of this act makes two changes to this credit. First, the amount of the credit is reduced in enterprise tiers three, four, and five. In those areas, the amount of the credit is reduced to 6%, 5%, and 4%, respectively, of the cost of the machinery and equipment in excess of the applicable threshold. Second, the amount of the threshold is increased in enterprise tiers four and five. In enterprise tier four, the threshold is increased from $500,000 to $1,000,000. In enterprise tier five, the threshold is increased from $1,000,000 to $2,000,000.

Notice of Final Assessment. Under current law, if the Secretary of Revenue discovers that any tax is due from a taxpayer, the Secretary must notify the taxpayer in writing of the Secretary's intent to assess the taxpayer for the tax. The notice must describe the basis for the assessment, the amount of tax to be

assessed and any interest and penalties due. If the taxpayer disagrees with the assessment, the taxpayer has thirty days to request a hearing before the Secretary. The Secretary must then schedule a hearing to occur within 90 days of the request. Within 90 days after the hearing, the Secretary must issue a decision on the hearing. If the taxpayer does not request a hearing within the 30 days allowed, or if the Secretary finds that the tax is due after the hearing, the proposed assessment becomes a final assessment. Payment of a final assessment is not an admission of liability and does not affect the right of the taxpayer to pursue further administrative or judicial review. Section 1.1 of this act would make a taxpayer who has received notice of a final assessment and who has not satisfied that assessment ineligible for the credits under the Bill Lee Act.

Wage standard. Under current law, a taxpayer is eligible for a credit under the Bill Lee Act only if the jobs provided by the taxpayer meet a wage standard. The wage standard is 110% (100% in an enterprise tier one area) of the applicable average weekly wage. The jobs that are included in calculating the wage standard vary depending on the particular credit.

Section 2 of this bill makes three substantive changes to the wage standard. First, this section eliminates the wage standard in enterprise tier one and two areas.

Second, this act eliminates the wage standard for the credit for worker training. In order to be eligible for the credit for worker training, the employee who is being retrained must either (i) occupy a job for which the taxpayer is eligible to claim a credit for creating jobs, or (ii) be trained to operate machinery and equipment for which a taxpayer is eligible to claim a credit for investing in machinery and equipment. Thus, the jobs for which the credit for worker training may be claimed have already been included in a larger group of jobs that has met the wage standard. Often the specific jobs for which worker training is required are lower-paying jobs that could not themselves meet the wage standard. This change allows the credit for worker training to be taken by more taxpayers.

Third, this act makes an allowance for a taxpayer that has a taxable year other than a calendar year. To perform the wage standard test, the taxpayer compares the average weekly wage of certain jobs to the wage standard determined on an annual basis. The test is performed for the calendar year that jobs are created or for which worker training is provided. However, performing a wage standard test based on a calendar year is not feasible because many companies have taxable years that do not coincide with the calendar year. Consequently, the taxpayer can engage in activity that qualifies for a credit during a taxable year that spans two calendar years. If the taxpayer creates jobs in different calendar years, it must compute the combined average weekly wage of the jobs created during its taxable year and compare this average to the county wage standard to determine if it qualifies for a tax credit. It cannot however, compute this average "for the calendar year the jobs are created" as required by the current statute because the jobs are created over the course of two calendar years. Under this bill, the wage standard test would be based on the taxpayer's taxable year and not the calendar year. When a taxable year spans two calendar years, the applicable wage standard is that of the earlier calendar year. In addition to correcting a practical problem, this change generally will be favorable for taxpayers because county wage standards generally trend upward.

Development zones. In 1998, the General Assembly amended the Bill Lee Act to provide additional incentives for businesses that locate or expand in development zones, which are economically distressed areas located within cities. The statutory conditions for qualifying as a development zone were designed to target only these relatively small, economically distressed areas. The statutory conditions contained loopholes, however, that allowed large areas outside of cities to qualify, even if they were not economically distressed throughout. In 1999, the General Assembly moved to close those loopholes.

Current law defines a development zone as an area that meets all of the following conditions: (1) consists of one or more contiguous census tracts, block groups, or both, (2) has a population of 1,000 or more, at least 20% of whom are below the poverty level, (3) is located at least partly in a city with a population over 5,000, (4) every census tract and census block group in the zone must be located in whole or in part within the primary corporate limits of the city, (5) every census tract and census block group in the zone must have more than 10% of its population below the poverty level, or must be immediately adjacent to a tract or group that has more than 20% of its population below the poverty level, and (6) none of the census tracts or census block groups may be located in another development zone.

This act amends the definition of development zone to include all of a parcel of land that is located partially within the zone if all of the following conditions are met:

- At least 50% of the parcel is located within the zone.
- The parcel was in existence and under common ownership prior to the previous decennial federal census.
- The parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary.

The following enhanced incentives apply in development zones: If a business locates in a development zone, the wage standard it has to meet is the same as for tier one counties -- slightly lower than the standard for other counties under current law and eliminated entirely under Section 2 of this act. In addition, if a business locates in a development zone, its maximum worker training credit is $1,000 rather than $500, it receives an additional $4,000 per job on its jobs tax credit, and the credit for investing in machinery and equipment is calculated as if the zone were in a tier one county.

Jobs Development Investment Grant Program. Section 5 of this act creates a new economic development tool for new and expanding businesses in North Carolina. This tool would be used to attract businesses to the State by allowing a three-member committee to award grants to businesses. The amount of the grants would be based on income tax withholdings from new jobs created by the businesses.

Which projects are eligible for a grant? In order to be eligible for a grant under this Part, the business must create a minimum number of new jobs. The number of new jobs that must be created varies based on the enterprise tier designation of the location where the jobs will be located. For projects located in enterprise tiers one through three, the project must create at least 10 new full-time positions. For projects located in enterprise tiers four and five, the project must create at least 20 new full-time positions. If a project is located in more than one location, the enterprise tier designation of the location in the highest enterprise tier area determines the number of new jobs that must be created.

As with the Bill Lee Act, a business must provide health insurance for all full-time jobs associated with the project in order to be eligible for this new program. The test is the same as under the Bill Lee Act – the business must, for all full-time employees of the project, pay at least 50% of the premiums for health insurance that meets at least the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee. In addition, the average wage of all jobs at the location with respect to which a grant is sought must meet the Bill Lee wage standard, as amended by this bill. Finally, as with the Bill Lee Act, as amended by this bill, in order to be eligible for a grant the business and its related members must not have any outstanding final tax assessments against it.

Unlike under the Bill Lee Act, there are few restrictions based on the industry in which the business is engaged. All facilities other than retail facilities are eligible for a grant under this Part.

More generally, the project must satisfy the following conditions in order to be eligible for a grant:

- The project will result in net new employment in the State by the business.
- The project will benefit the people of the State by increasing employment opportunities and strengthening the State's economy.
- The project is consistent with economic development goals for the State.
- A grant is needed in order to secure the project for the State
- The total benefits of the project to the State outweigh the costs associated with the project.

How a grant is obtained? In order to obtain a grant under this Part, the business must apply to the Economic Investment Committee for consideration. The Economic Investment Committee is a three-member committee consisting of the Secretary of Commerce, the Secretary of Revenue, and the Director of the Office of State Budget and Management. The Committee may only act upon unanimous consent. The Committee is subject to the open meetings law and the public records law. Members of the Committee are forbidden to work for a business that receives a grant under this program for at least two years after the member is no longer on the Committee.

The application for a grant must be under oath, be on a form prescribed by the Committee, and contain any information required by the Committee. At a minimum, the application must contain the following information:

- The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site.
- The names and addresses of the principals or management of the business, and the nature of the business, and the form of business organization under which the business is operated.
- The most recent audited financial statements of the business.
- The number of new jobs proposed to be created by the project.
- An estimate of the withholdings of personal income tax of employees of the project.
- Information concerning other possible locations of the project, and the benefits, including tax benefits or grants, associated with locating the project at that other location.
- Information concerning other State grants for which the business is applying or that it expects to receive.
- Certification that the project will not be undertaken in the State without the grant.

A group of related business involved in a project may submit a joint application for a grant under this Part.

Any application for a grant must be accompanied by a fee in the amount of $5,000. This fee will be allocated among the agencies responsible for evaluating the application (Department of Commerce, Department of Revenue, and the Office of State Budget and Management) in the discretion of the Committee.

The Committee will evaluate applications to determine which businesses shall receive grants under this Part. The awarding of a grant is solely in the discretion of the Committee. The Committee shall develop criteria for evaluating applications. These criteria shall take into consideration the economic impact of the project, the strategic importance of the project to the State, region, or locality, the quality of the jobs to be created, the quality of the industry and the project, and the environmental impact of the projects. The Committee is exempt from the rulemaking process in developing these criteria.

The Committee is required to be somewhat selective in which projects with which it chooses to enter into an agreement. The Committee may not enter into more than 25 agreements in any fiscal year. However,

there may be significantly more than 25 agreements outstanding at any time because the term of an agreement may be as long as 15 years.

How is the amount of a grant determined? If the Committee approves a business's application, the Committee will then negotiate and enter into a community economic development agreement with the business. The agreement is a binding commitment on the part of the State to provide the grant for a set number of years, subject to the Committee's right to amend or terminate the agreement under certain limited circumstances. Each agreement shall include a description of the project, the term of the agreement, the number of positions expected to be subject to the grant and a method for determining the number of positions that are subject to the grant, and the amount of the grant as a percentage of the withholdings of personal income tax from eligible positions. The Committee has wide discretion in determining the percentage that determines the amount of a grant under an agreement. The Committee shall develop criteria to be used when negotiating the appropriate percentage. The Committee is exempt from the rulemaking process in developing these criteria. However, at a minimum, the following conditions apply:

- The amount of the grant may not be less than ten percent (10%) or more than eighty percent (80%) of the withholdings associated with new jobs at the project.
- The term of the grant shall not exceed 15 years.
- The percentage used to determine the amount of the grant shall be reduced by one-fourth for any eligible position located in an enterprise tier four or five area.
- Unless the Committee makes a specific determination that the grant should be calculated based on eligible positions created in any year during the term of the agreement, the amount of the grant shall be calculated based only on eligible positions created during the base years, the first two years, of the agreement.
- Unless the Committee makes an explicit finding otherwise, the total amount of all grants provided by the State may not exceed 80% of the withholding of eligible positions.

In addition, the Committee must consider at least the following factors when negotiating an percentage to be used in determining the amount of a grant:

- The number of eligible positions to be created.
- The expected duration of those positions.
- The type of contribution the business can make to the long-term growth of the State's economy.
- The amount of other financial assistance the project will receive from the State or local governments.
- The total dollar investment the business is making in the project.
- Whether the project utilizes existing infrastructure.
- Whether the project is located in a development zone.
- The number of eligible positions that will be filled by residents of a development zone.

Use of funds? There are no restrictions on the use of the grant fund by the business. South Carolina has a similar grant program. Under the South Carolina program, grant funds may be used for certain specific purposes only, such as worker training, worker relocation, purchase or construction of real property, and construction or repairs to certain transportation-related real property.

The withholdings retained by the State shall be used in two different ways. First, the withholdings in excess of the percentage negotiated in the agreement shall flow to the General Fund.[1] Second, the withholdings that are included in the agreement, but that are excluded from the grant because the percentage was reduced by one-fourth because the eligible position is located in an enterprise tier four or five area, will be transferred to the Utility Account of the Industrial Development Fund.[2] Under current law, funds in the Utility Account may be used to assist local governments in tiers one and two in constructing or improving utility lines or equipment (amendments to the law regarding the Industrial Development Fund and the Utility Account are discussed later in this summary).

Follow-up on grantee businesses? This bill provides for monitoring of grantee businesses in several ways and allows the Committee to amend or terminate agreements if the business fails to live up to the terms of the agreement or the requirements of this new Part.

The business must submit annual reports to the Committee. In addition, the Committee may audit at any time a business receiving a grant. At a minimum, the business must submit a copy of its federal and State income tax returns which show business and nonbusiness income, a report that shows withholdings, and a payroll report. This annual submission must also include any additional information the Committee considers necessary to implement the grant program. Finally, this annual submission must include a report on the amount of tonnage of any freight moved in ocean borne commerce that passes through State ports in North Carolina and other United States ports. The report must contain an explanation of why any other U.S. was used rather than the State ports of North Carolina.

This annual submission must be accompanied by a fee of $1,500. The Committee shall allocate the fee among the agencies responsible for evaluating the submission.

The Committee must also obtain information from the Department of Revenue before the disbursement of a grant. The Department of Revenue must certify the amount of withholdings from the eligible business and that the business has no outstanding final assessments against it.

The Committee has a right to amend or terminate the agreement and to recapture all or part of a grant made in previous years under certain circumstances. If the business fails to meet or comply with any term of the agreement or with criteria developed by the Committee, the Committee, in it discretion, may amend the agreement. This amendment may take the form of a lower percentage being used to determine the amount of the grant or of a shorter term for the agreement. If the business fails to meet or comply with any term of the agreement or with criteria developed by the Committee for two consecutive years, the Committee, in its discretion, may terminate the agreement. In addition, in each agreement the Committee must include a provision describing the conditions that will lead to recapture of a grant made in an earlier year. The statute mandates that all agreements contain a provision allowing recapture if the business does

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1 Even though the maximum percentage that may be used to determine the amount of a grant is 80%, there may be no additional revenue from these positions that would flow to the General Fund. This is because most taxpayers over-withhold, meaning that more taxes are withheld than are actually due, resulting in a refund to the taxpayer. Because of this, a grant based on the maximum percentage of 80% could result in a net loss to the General Fund.

2 The following example will clarify this. Assume a project that is located in an enterprise tier five area is allowed a grant based on 80% of the withholdings of the eligible positions. Because those positions are located in an enterprise tier five area, that percentage is reduced by one-fourth, so that the business is allowed a grant equal to 60% of the withholdings of eligible positions. (80% multiplied by ¾ equals 60%.) Twenty percent of the withholdings of eligible positions would flow to the General Fund, 60% would be given to the business in the form of a grant, and 20% would be transferred to the Utility Account of the Industrial Development Fund.

not maintain operations at the project location or another location approved by the Committee for at least 150% of the term of the grant agreement.

Program evaluation. This bill would require the Committee to make annual reports regarding the program and the funding needed to implement the program. By October 31 of each year, the Committee must publish the following information:

- A listing of each agreement entered into during the previous fiscal year, the cost/benefit analysis conducted with respect to each agreement, a description of each project, and the amount of the initial grant.
- An update on the status of projects under agreements entered into in earlier fiscal years.
- The number, enterprise tier levels, and wage levels of eligible positions created by projects with respect to which grants were awarded.
- The amount of new income tax revenue received by the State related to the projects.
- The criteria developed by the Committee to implement the grant program and in changes in those criteria over the previous year.
- The effectiveness of the program in recruiting new and expanding businesses.
- The environmental impact of businesses that have received grants.
- The geographic distribution of grants, by number and amount.

In addition, the Committee shall conduct a study annually to determine the amount of funding needed to successfully implement the grant program. The results of that study must be reported to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1 of each year.

Finally, the authority of the Committee to enter into additional agreements expires as of January 1, 2006. This will allow the General Assembly an opportunity to review the program after it has been in effect for a few years in order to determine if the program is meeting its objectives.

Miscellaneous changes associated with the program. Sections 7 and 8 of this bill provide exceptions to current law needed to implement the provision of the grant program.

Section 7 allows an exemption from the confidentiality requirements of the Department of Revenue. Generally, the Department of Revenue must keep confidential all information it receives in the course of administering the tax laws. There are numerous, specific exceptions to this requirement. This bill would allow the Department of Revenue to share information with the Economic Investment Committee relating to businesses that are applying for a grant or that are subject to an agreement.

Section 8 allows the Committee an exemption from the rulemaking process.

Industrial Development Fund changes. Section 6 of this bill makes two significant changes to the Industrial Development Fund and to the Utility Account, which is part of that Fund. The Industrial Development Fund provides assistance to local governments for improvements to infrastructure to enable the locality to attract new businesses. Usually, this assistance is provided to make general improvements, such as improvements to or development of industrial parks, and is not tied to luring a specific project.

First, the purposes for which funds in both the Fund and the Account may be used are expanded to allow expenditures for telecommunications and high-speed broadband lines and equipment. Currently funds under both the Fund and the Account may be used for construction of and improvements to water, sewer,

gas, and electricity lines and equipment. This change recognizes the growing importance to industry of telecommunications and high-speed broadband.

Second, under current law, funds in the Utility Account may be used to assist local governments located in enterprise tiers one and two only. This bill would expand the focus of the Account to allow funds in the Account to be used to assist local governments in enterprise tier three as well.

Property Tax Technical Correction. Section 9 of this bill would correct a statutory reference in two laws dealing with the purposes for which a local government may levy a property tax.

Revenue Laws Study. Section 9.1 of this bill requires the Revenue Laws Study Committee to study the use, the effectiveness, and the cost versus benefit of the Job Development Investment Grant Program, the Bill Lee Act, and the Industrial Recruitment Competitive Fund. Given that the Job Development Investment Grant Program is just starting up, the time frame for the study is longer than usual. Revenue Laws may report to the 2004 Regular Session of the General Assembly and a final report is due by March 15, 2005, to the 2005 General Assembly.

FISCAL ANALYSIS MEMORANDUM

[This confidential fiscal memorandum is a fiscal analysis of a draft bill, amendment, committee substitute, or conference committee report that has not been formally introduced or adopted on the chamber floor or in committee. This is not an official fiscal note. If upon introduction of the bill you determine that a formal fiscal note is needed, please make a fiscal note request to the Fiscal Research Division, and one will be provided under the rules of the House and the Senate.]

DATE: August 5, 2002

TO: House Finance Committee

FROM: Dave Crotts
Fiscal Research Division

RE: HB 1734 (NC Economic Recovery and Competitiveness Act)
Proposed House Finance Committee Substitute With Committee Amendments

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FISCAL IMPACT ($MIL.)

Yes (X) **No ( )** **No Estimate Available ( )**

		FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES:						
Bill Lee Act Changes: State General Fund						
Machinery/Equip. Credit	-		3.64	7.27	10.91	14.54
Wage Test for Tiers 1 & 2	-		-.08	-.16	-.24	-.32
Worker Training Wage Test	-		-.11	-.11	-.11	-.11
			3.45	**7.00**	**10.56**	**14.11**

Job Creation Grant Program "See Assumptions and Methodology"

EXPENDITURES: The enactment of the bill is not expected to affect budget requirements of any of the affected agencies.

PRINCIPAL DEPARTMENTS AFFECTED: Department of Revenue, Department of Commerce, Office of State Budget and Management

ISSUE BACKGROUND: The Bill Lee Act is the package of state tax incentives that was first adopted in 1996 and has been modified in each subsequent year. The incentives are primarily in the form of tax credits for investment in machinery and equipment, job creation, worker training, and research/development. The credits apply to activities undertaken by specifically named industrial classifications. For many of the credits, the counties of the State are divided into five economic distress tiers based on the unemployment rate, per capita income, and population growth. In general, the lower the tier of a county, the more favorable the incentive.

BILL SUMMARY:

Restructure Machinery and Equipment Credits. Under current law, the targeted statewide investment tax credit is equal to 7% of eligible investment in machinery and equipment. The credit is taken over seven years and applies to the investment that exceeds a certain threshold. The threshold amount varies by tier as follows:

Tier	Threshold	Credit
1	0	7%
2	100,000	7%
3	200,000	7%
4	500,000	7%
5	1,000,000	7%

The threshold is used first to determine eligibility. In addition, the credit is based on the amount of the investment in machinery and equipment that exceeds the threshold amount. The bill restructures the credit rate and threshold by increasing the minimum investment threshold in Tiers 4 and 5 and lowers the credit percentage in Tiers 3 through 5. The new credit schedule would be as follows:

Tier	Threshold	Credit
1	0	7%
2	100,000	7%
3	200,000	6%
4	1,000,000	5%
5	2,000,000	4%

The change is effective for business activities that occur on or after January 1, 2003, but not for those activities occurring on or after that date that are subject to a letter of commitment signed before the date.

Worker Training Credit Wage Test. In order to be eligible for Lee Act credits, taxpayers must meet certain wage tests. These tests are based on the average wage of the company's jobs, calculated based on all jobs at an establishment. The bill eliminates the wage test for the worker training credit. The change is effective for tax years beginning on or after January 1, 2003.

Eliminate Wage Test for Tiers 1 and 2. Under current law, taxpayers applying for the Lee Act credits must meet 100% of the wage standard in Tier 1 and exceed 110% of the wage standard in

the remaining tiers. The bill eliminates the wage standard for Tiers 1 and 2. The change is effective for tax years beginning on or after January 1, 2003.

Development Zone Technical Change. Enhanced Lee Act credits are allowed for projects in development zones (high poverty areas). The bill indicates that a parcel of property partially located in a development zone is considered entirely within the zone if all of the following conditions are met: (1) at least 50% of the parcel is located within the zone; (2) the parcel was in existence and under common ownership prior to the most recent population census; and (3) the parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary. This change becomes effective July 1, 2002.

Job Development Investment Grant Program. Establishes the Job Development Investment Grant Program to be administered by the Economic Investment Committee. Under the program, the Committee may enter into agreements with businesses to provide grants in the form of withholding tax payment givebacks. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State.
(2) The project will benefit the people of the state by increasing employment opportunities and by strengthening the state's economy.
(3) The project is consistent with economic development goals for the State and for the area where it will be located.
(4) A grand is necessary for the completion of the project in North Carolina.
(5) The total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

The number of agreements the Committee may enter into during a state fiscal year is limited to 25.

A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one enterprise tier area, the location with the highest enterprise tier area designation determines the minimum number of eligible positions that must be created.

Enterprise Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	10
Tier Three	10
Tier Four	20
Tier Five	20

A project that consists solely of retail facilities is not eligible for a grant. If a project consists of both retail facilities and non-retail facilities, only the portion of the project consisting of non-retail facilities is eligible for a grant, and only the withholdings from employees in eligible positions that are employed exclusively in the portion of the project that represents non-retail facilities may be used to determine the amount of the grant. If a warehouse facility is part of a

retail facility and supplies only that retail facility, the warehouse facility is not eligible for a grant. Catalog distribution centers are not considered retail facilities.

Just like the Bill Lee Act, a business must provide health insurance for all of the full-time employees of the project for which the grant is made. In addition, the average wage for all jobs at the location with respect to which the grant is sought must meet the Lee Act wage standard and the business and related members must not have any outstanding final state tax assessments against it.

The Economic Investment Committee will consist of the following members:

(1) The Secretary of Commerce.
(2) The Secretary of Revenue.
(3) The Director of the Office of State Budget and Management.

The Committee may act only upon the unanimous consent of the members. A business shall apply, under oath, to the Committee for a grant on a form prescribed by the Committee that includes at least all the following:

(1) The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site or sites.
(2) The names and addresses of the principals or management of the business, the nature of the business, and the form of business organization under which it is operated.
(3) The most recent audited financial statements of the business and any other financial information the Committee considers necessary.
(4) The number of eligible positions proposed to be created during the base years and thereafter, and the salaries for these positions.
(5) An estimate of the total withholdings.
(6) Information concerning other states being considered for the project and the nature of any benefits the company would enjoy as a result of locating in those states.
(7) Certification that the business will provide health insurance to all full-time employees of the project.
(8) Information concerning any other state or local government incentives for which the business is applying or that it has an expectation of receiving.
(9) Certification that the project will not be undertaken in North Carolina unless the applicant is awarded a grant.
(10) Any other information necessary for the Committee to evaluate the application.

A business may apply, in one consolidated application in a form and manner determined by the Committee, for a grant on its own behalf as a business and for grants on behalf of the related members of the business who may qualify.

The Committee will consider a application by a business for grants on behalf of its related members only if the related members for whom the application is submitted have assigned to the business any claim of right the related members may have under this program to apply for grants individually during the term of the agreement and have agreed to cooperate with the business in providing to the Committee all the information required for the initial application and the agreement, and any other information the Committee may require. The applicant business is responsible for providing to the Committee all the information required.

If a business applies for a grant on behalf of its related members, the related members included in the application may be permitted to meet the qualifications for a grant collectively by participating in a project that meets the requirements of the program. The amount of a grant may be calculated as if the related members were all collectively one business entity. Any conditions for a grant, other than the number of eligible positions created, apply to each related member who is listed in the application as participating in the project. The grants awarded shall be paid to the applicant business. A grant received by a business may be apportioned to the related members in a manner determined by the business. In order for an agreement to be executed, each related member included in the application must sign the agreement and agree to abide by its terms.

When filing an application under this section the business must pay the Committee a fee of $5,000. The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee imposed by this section among the agencies responsible for evaluating the application. The proceeds of the fee are receipts of the agency to which they are credited.

The bill establishes extensive reporting requirements for the Committee.

The Committee is required to conduct a study to determine the minimum funding level required to implement the program successfully and to report the results of this study no later than March 1 of each year.

The amount of the grant awarded in each case shall be a percentage of the withholdings of eligible positions. The percentage shall be no less than 10% and no more than 80% of the withholdings of the eligible positions for a period of years. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee after considering the following:

(1) The number of eligible positions to be created.
(2) The expected duration of those positions.
(3) The type of contribution the business can make to the long-term growth of the State's economy.
(4) The amount of other financial assistance the business will receive from the State for the project.
(5) The total dollar investment the business is making in the project.
(6) Whether the project uses existing infrastructure and resources in the community
(7) Whether the project is located in a development zone

(8) The number of eligible positions that would be filled by residents of a development zone.

The term of the grant shall not exceed 15 years starting with the first year a grant is made.

The grant percentage may be based only on eligible positions created during the base years (first two years of program) unless the Committee makes an explicit determination that the grant shall also be based on additional eligible positions created during the remainder of the term of the grant.

The percentage established in the agreement shall be reduced by 25% for any eligible position that is located in an enterprise tier four or five area.

A business that is receiving any other grant by operation of State law may not receive grant monies under this program if the total state grants exceed (80%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

Each community economic development agreement shall include the following:

(1) A detailed description of the proposed project that will result in job creation and the number of new employees to be hired in the base years and later years.
(2) The term of the grant and the criteria used to determine the first year for which the grant may be claimed.
(3) The number of eligible positions that are subjects of the grant and a description of those positions and the location of those positions.
(4) The amount of the grant based on a percentage of withholdings.
(5) A method for determining the number of new employees hired during a grant year.
(6) A method for the business to report annually to the Committee the number of eligible positions for which the grant is to be made.
(7) A requirement that the business report to the Committee annually the aggregate amount of withholdings during the grant year.
(8) A provision permitting an audit of the payroll records of the business by the Committee from time to time as the Committee considers necessary.
(9) A provision that permits the Committee to amend an agreement pursuant to certain guidelines.
(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least 150% of the term of the grant and a provision to permit the Committee to recapture all or part of the grant at its discretion if the business does not remain at the site for the required term.
(11) A provision that requires the business to maintain employment levels in this State at the level of the year immediately preceding the base years.
(12) A provision establishing the conditions under which the grant agreement may be terminated and grant funds recaptured by the Committee.
(13) A provision stating that unless the agreement is amended or terminated the agreement is binding and constitutes a pledge and a continuing appropriation of the amount of the grant.
(14) A provision setting out any allowed variation in terms of the agreement that will not subject the business the business to amendment or termination of the agreement.

A community economic development agreement may contain the following:

(1) A provision setting out allowed variation in the terms of the agreement that will not subject the business to amendment or termination of the agreement
(2) A provision that allows the Committee to consider entering into an additional agreement with the business within five years after the execution of the agreement regardless of whether the program is still in effect at that time if all of the following conditions are met:

a. The business's decision to locate in North Carolina is contingent upon the ability to have a later project considered for a grant.

b. The later project is described in detail in the agreement. This description must include the nature of the additional project, the anticipated investment and new jobs associated with the later project, the anticipated location of the later project, the anticipated wage of the new jobs, and the relationship of the later project to the business's current project.

c. The later project will create at least 75 new jobs in counties currently designated as enterprise tier one, two, or three areas, or 150 new jobs in counties currently designated as enterprise tier four and five areas.

If the current program is still in effect at the time the business applies for a grant for the later project, the business must apply for a grant as it exists at that time. If the current grant program is no longer in effect at the time the business applies for a grant for the later project, the business must apply for a grant according to the provisions of the grant program as it existed immediately before it was repealed or otherwise became ineffective.

No later than February 1 of each year, for the preceding grant year, every business that is awarded a grant shall submit to the Committee a copy of its State and federal tax returns showing business and nonbusiness income and a report showing withholdings as a condition of its continuation in the grant program. In addition, the business shall submit to the Committee an annual payroll report showing the eligible positions that are created during the base years and the new eligible positions created during each subsequent year of the grant. When making a submission under this section the business must pay the Committee a fee of $1,500. The fee is due at the time the submission is made. The Committee shall determine the allocation of the fee imposed by this section among the agencies responsible for evaluating the submission. The proceeds of the fee are receipts of the agency to which they are credited.

The Committee may require any information that it considers necessary to effectuate the provisions of this program. The Committee may audit any business receiving a grant at any time.

If the business receiving a grant fails to meet or comply with any condition or requirement set forth in an agreement or with criteria developed by the Committee, the Committee may amend the agreement to reduce the amount of the grant or the term of the agreement. The reduction of the grant is applicable to the grant year immediately following the grant year in which the Committee amends the agreement.

If a business fails to maintain employment at the levels stipulated in the agreement or otherwise fails to comply with any condition of the agreement for any two consecutive years, the Committee may terminate the agreement.

A qualifying business may receive an annual disbursement of a grant only after the Committee has certified to the State Controller that the business has met the terms and conditions of the agreement. No amount shall be disbursed to a business as a grant under this program in any year until the Secretary of Revenue has certified to the Committee the amount of withholdings

received in that year by the Department of Revenue from the business. A qualifying business that has met the terms of the agreement shall make an annual certification of this to the Committee. The Committee shall verify this information and certify to the State Controller that the terms of the agreement have been met. The Committee shall further certify to the State Controller the amount of a grant for which the business is eligible under the agreement and the amount of a grant for which the business would be eligible under the agreement without regard to the 25% grant reduction in Tiers 4 and 5. The State Controller shall remit a check to the business in the amount of the certified grant amount within 90 days of receiving the certification of the Committee.

At the time the State Controller remits a check to a business, the State Controller shall transfer to the Utility Account of the Industrial Development Fund an amount equal to the amount certified by the Committee as the difference between the amount of the grant and the amount of the grant for which the business would be eligible without regard to the 25% reduction for Tiers 4 and 5.

In developing criteria for the awarding of grants and for determining the percentage upon which the amount of a grant is based, the Economic Investment Committee shall consider criteria that address the following:

(1) Economic impact of the project.
   a. Impact on gross regional product and gross State product.
   b. Costs and benefits of the project to the State, including the expected return on investment made in the project by the State.
   c. Number of direct jobs that will be created by the project, the wages of those jobs, and the total payroll for the project.
   d. Number of induced short-term, project-related jobs expected to be generated by the project as well as the number of long-term permanent jobs expected to be generated indirectly in the economy as a result of the project.
   e. Dollar value of the investment, including the size of the investment in real versus personal property and expected depreciation rates.
   f. Economic circumstances of the county and region, including the extent to which the project will serve to mitigate unemployment.
   g. The expected time frame during which the project is expected to pay back in State tax revenues the amount of any grants to be paid out.
   h. The economic demands the project is expected to place upon the community or communities in which it will locate.
   i. The number of eligible positions that would be filled by residents of development zones.

(2) Strategic importance of the project to the State, region, or locality.
   a. The extent to which the project builds or enhances an industrial cluster.
   b. The extent to which the project falls within a classification of business and industry that the Department of Commerce regards as a target for growth and expansion in the State.

c. The ability of the project to attract follow-on investment in the State by suppliers and vendors.
d. The extent to which the project serves to maintain and grow jobs in the State in a business undergoing an internal restructuring or rationalization process.
e. The extent to which the project can be expected to contribute significantly to and support the local community.

(3) Quality of jobs.
a. The wage level and status of the jobs to be created.
b. The quality and value of benefits offered by the company.
c. The potential for employee advancement.
d. The extent of training programs offered by the company.
e. The sustainability of the jobs in the future.
f. The workplace safety record of the company.

(4) Quality of the industry and the project.
a. The nature of the project and the projects' relationship to the larger business of the company.
b. The nature of the industrial classification of the project and the nature of the business of the company undertaking it.
c. The long-term prospects for growth at the project site or sites.
d. The long-term prospects for growth of the company and the industry within the United States.
e. The financial stability of the company associated with the project.

(5) Environmental impact of the project.
a. The nature of the business to be conducted.
b. The ability of the project to satisfy State, federal, and local environmental law and regulations.

The bill also makes two changes to the Industrial Development Fund (IDF) and to the Utility Account, which is part of that Fund. The IDF provides assistance to local governments for improvements to infrastructure to enable the locality to attract new businesses. Usually, this assistance is provided to make general improvements, such as improvements to or development of industrial parks, and is not tied to luring a specific project.

The first change is to expand the purposes for which funds in both the Fund and the Account may be used to allow expenditures for telecommunications and high-speed broadband lines and equipment. In addition, the bill would expand the focus of the Utility Account to allow funds to be used to assist local governments in enterprise Tier 3 as well as Tiers 1 and 2 (current law).

The provisions dealing with the job development investment grant are effective when the bill becomes law.

ASSUMPTIONS AND METHODOLOGY:

Bill Lee Act Changes. The fiscal impact estimates for the proposals modifying the Bill Lee Act are based on a sampling of 1999 tax returns filed by businesses reporting or claiming Lee Act credits. The sampling was carried out by the Department of Commerce, based on a universe of 566 firms claiming credits, and was based on scientific methodology. The actual sample size represented 39% of the firms. Since some firms in the sample had facilities at two or more sites, there were a total of 260 locations included in the sample.

Job Development Investment Grant. This initiative represents a significant change from the structure of the Bill Lee Act incentives. Eligibility language in the bill leaves the determination to the Economic Investment Committee. This committee will have broad discretion to negotiate the terms of an agreement, including the amount of the grant and the number of years for which the grant is provided. This makes it impossible to determine the dollar cost of the grant program, even with the limitation of 25 projects during any state fiscal year.

In lieu of an actual projection, the Department of Commerce developed a simulation of the impacts under a specific set of assumptions. The first step in the model was a discussion with industrial recruitment personnel within Commerce. This discussion suggested approximately 140 prospects per year. Of this amount it was assumed that about 70 would be new projects of interest under the program. The next step was to assume 30 would qualify for a grant, with 22 of the projects resulting in an actual agreement. Of this total, 10 units would be located in Tiers 4 and 5 and the remaining 12 projects would be allocated equally to Tiers 1 through 3. For the new jobs in Tiers 4 and 5, an average salary of $40,000 was used. The salary amount for Tiers 1 through 3 was $30,000. The model assumed that withholding taxes would amount to 6% of total salary. Each project was based on 200 employees. Annual salary growth of 4% was use by Fiscal Research in lieu of the 3% rate in the Commerce simulation. Finally, the term of the grant was assumed to be 10 years.

Job Development Investment Grant ($Million)

State Fiscal Year	Withholding Tax Collected	Amount Retained By General Fund	Amount Retained By Taxpayer	Rural Infrastructure Allocation
03-04	9.48	1.90	6.58	1.00
04-25	19.53	3.91	13.55	2.08
05-06	30.22	6.04	20.93	3.24
06-07	31.42	6.28	21.77	3.37
07-08	32.68	6.54	22.64	3.50
08-09	34.00	6.80	23.55	3.65
09-10	35.34	7.07	24.48	3.79
10-11	36.79	7.36	25.49	3.95
11-12	38.27	7.65	26.51	4.10
12-13	39.81	7.96	27.58	4.27
13-14	27.36	5.47	18.92	2.96

14-15	14.10	2.82	9.74	1.54

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H 2

HOUSE BILL 1734
Committee Substitute Favorable 8/5/02

Short Title: NC Economic Stimulus and Job Creation Act. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO RAISE THE INVESTMENT THRESHOLD FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO ESTABLISH TIERED RATES FOR THE CREDIT FOR INVESTING IN MACHINERY AND EQUIPMENT; TO REQUIRE A TAXPAYER AND ITS RELATED ENTITIES TO SATISFY ANY OUTSTANDING STATE TAX ASSESSMENTS BEFORE RECEIVING A BILL LEE ACT CREDIT; TO MODIFY THE WAGE STANDARD FOR THE CREDIT FOR WORKER TRAINING; TO MODIFY THE WAGE STANDARD FOR ENTERPRISE TIER ONE AND TWO COUNTIES; TO MODIFY THE WAGE STANDARD FOR TAXPAYERS WITH A TAX YEAR OTHER THAN A CALENDAR YEAR; TO TREAT CERTAIN PARCELS OF LAND PARTIALLY LOCATED IN A DEVELOPMENT ZONE AS IF THE ENTIRE PARCEL WERE LOCATED WITHIN THE DEVELOPMENT ZONE; TO ENACT A JOB DEVELOPMENT INVESTMENT GRANT PROGRAM TO PROVIDE ECONOMIC STIMULUS, TO CREATE JOBS, AND TO AID IN THE DEVELOPMENT OF BUSINESS AND INDUSTRIAL PROJECTS AND EXPANSIONS IN NORTH CAROLINA; TO MODIFY THE INDUSTRIAL DEVELOPMENT FUND TO ALLOW FOR EXPENDITURES RELATED TO TELECOMMUNICATIONS AND BROADBAND LINES AND EQUIPMENT AND TO ALLOW FOR EXPENDITURES FROM THE UTILITY ACCOUNT IN ENTERPRISE TIER THREE AREAS; AND TO MAKE A TECHNICAL CORRECTION REGARDING THE AUTHORITY OF A LOCAL GOVERNMENT TO LEVY A PROPERTY TAX FOR ECONOMIC DEVELOPMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-129.9(a) and (c) read as rewritten:

"(a) General Credit. – If a taxpayer that has purchased or leased eligible machinery and equipment places them in service in this State during the taxable year, the taxpayer is allowed a credit equal to ~~seven percent (7%)~~ the applicable percentage of

the excess of the eligible investment amount over the applicable threshold. Machinery and equipment are eligible if they are capitalized by the taxpayer for tax purposes under the Code and not leased to another party. In addition, in the case of a large investment, machinery and equipment that are not capitalized by the taxpayer are eligible if the taxpayer leases them from another party. The credit may not be taken for the taxable year in which the machinery and equipment are placed in service but shall be taken in equal installments over the seven years following the taxable year in which they are placed in service. The applicable percentage is as follows:

Area Enterprise Tier	Applicable Percentage
Tier One	7%
Tier Two	7%
Tier Three	6%
Tier Four	5%
Tier Five	4%

...

(c) Threshold. – The applicable threshold is the appropriate amount set out in the following table based on the enterprise tier where the eligible machinery and equipment are placed in service during the taxable year. If the taxpayer places eligible machinery and equipment in service at more than one establishment in an enterprise tier during the taxable year, the threshold applies separately to the eligible machinery and equipment placed in service at each establishment. If the taxpayer places eligible machinery and equipment in service at an establishment over the course of a two-year period, the applicable threshold for the second taxable year is reduced by the eligible investment amount for the previous taxable year.

Area Enterprise Tier	Threshold
Tier One	$ -0-
Tier Two	100,000
Tier Three	200,000
Tier Four	~~500,000~~1,000,000
Tier Five	~~1,000,000~~2,000,000"

SECTION 1.1. G.S. 105-129.4 is amended by adding a new subsection to read:

"(b6) Final Assessments. – A taxpayer is not eligible for a credit allowed under this Article if, at the time the taxpayer claims an installment or carryforward of the credit, the taxpayer or a related entity of the taxpayer has received a notice of final assessment and that assessment has not been satisfied or otherwise resolved."

SECTION 2. G.S. 105-129.4(b) reads as rewritten:

"(b) Wage Standard. – A taxpayer is eligible for the credit for creating jobs ~~or the credit for worker training~~ in an enterprise tier three, four, or five area if, for the calendar year the jobs are ~~created or the worker training is provided,~~created, the average wage of the jobs for which the credit is claimed meets the wage standard and the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. No credit is allowed for jobs not included in the wage calculation. A taxpayer is eligible for the credit for investing in machinery and equipment, the credit for

research and development, or the credit for investing in real property for a central office or aircraft ~~facility, or the credit for substantial investment in other property~~facility in a tier three, four, or five area if, for the calendar year the taxpayer engages in the activity that qualifies for the credit, the average wage of all jobs at the location with respect to which the credit is claimed meets the wage standard. In making the wage calculation, the taxpayer must include any positions that were filled for at least 1,600 hours during the calendar year the taxpayer engages in the activity that qualifies for the credit even if those positions are not filled at the time the taxpayer claims the credit. For a taxpayer with a taxable year other than a calendar year, the taxpayer must use the wage standard for the calendar year in which the taxable year begins. No wage standard applies to credits for activities in an enterprise tier one or two area.

Jobs meet the wage standard if they pay an average weekly wage that is at least equal to ~~the applicable percentage times~~one hundred ten percent (110%) of the applicable average weekly wage for the county in which the jobs will be located, as computed by the Secretary of Commerce from data compiled by the Employment Security Commission for the most recent period for which data are available. ~~The applicable percentage for jobs located in an enterprise tier one area is one hundred percent (100%). The applicable percentage for all other jobs is one hundred ten percent (110%).~~ The applicable average weekly wage is the lowest of the following: (i) the average wage for all insured private employers in the county, (ii) the average wage for all insured private employers in the State, and (iii) the average wage for all insured private employers in the county multiplied by the county income/wage adjustment factor. The county income/wage adjustment factor is the county income/wage ratio divided by the State income/wage ratio. The county income/wage ratio is average per capita income in the county divided by the annualized average wage for all insured private employers in the county. The State income/wage ratio is the average per capita income in the State divided by the annualized average wage for all insured private employers in the State. The Department of Commerce must annually publish the wage standard for each county."

SECTION 3. G.S. 105-129.3A is amended by adding a new subsection to read:

"(d) Parcel of Property Partially in a Development Zone. – For the purposes of this section, a parcel of property that is located partially within a development zone is considered entirely within the development zone if all of the following conditions are satisfied:

(1) At least fifty percent (50%) of the parcel is located within the development zone.

(2) The parcel was in existence and under common ownership prior to the most recent federal decennial census.

(3) The parcel is a portion of land made up of one or more tracts or tax parcels of land that is surrounded by a continuous perimeter boundary."

SECTION 4. In addition to heightening the incentive effect of the William S. Lee Quality Jobs and Business Expansion Act in lower-tiered counties, the changes

in Section 1 of this act are intended to reduce the cost of the Act and make more revenues available to the State of North Carolina in future years. It is the intent of the General Assembly in making these changes to provide a source of funds that could be used in future years to support other, more targeted economic development programs aimed at helping create new jobs in North Carolina.

SECTION 5.(a) Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2F.

"Job Development Investment Grant Program.

"**§ 143B-437.44. Legislative findings and purpose.**

The General Assembly finds that:

(1) It is the policy of the State of North Carolina to stimulate economic activity and to create new jobs for the citizens of the State by encouraging and promoting the expansion of existing business and industry within the State and by recruiting and attracting new business and industry to the State.

(2) Both short-term and long-term economic trends at the State, national, and international levels have made the successful implementation of the State's economic development policy and programs both more critical and more challenging; and the decline in the State's traditional industries, and the resulting adverse impact upon the State and its citizens, have been exacerbated in recent years by adverse national and State economic trends that contribute to the reduction in the State's industrial base and that inhibit the State's ability to sustain or attract new and expanding businesses.

(3) The economic condition of the State is not static and recent changes in the State's economic condition have created economic distress that requires a reevaluation of certain existing State programs and the enactment of a new program as provided in this Part that are designed to stimulate new economic activity and to create new jobs within the State.

(4) The enactment of this Part is necessary to stimulate the economy, facilitate economic recovery, and create new jobs in North Carolina; and this Part will promote the general welfare and confer, as its primary purpose and effect, benefits on citizens throughout the State through the creation of new jobs, an enlargement of the overall tax base, an expansion and diversification of the State's industrial base, and an increase in revenue to the State and its political subdivisions.

(5) The purpose of this Part is to stimulate economic activity and to create new jobs within the State.

(6) It is not the intent of the General Assembly that grants provided through this Part be used as venture capital funds, business incubator funds, or business start-up funds or to otherwise fund the initial capitalization needs of new businesses.

(7) Nothing in this Part shall be construed to constitute a guarantee or assumption by the State of any debt of any business or to authorize the taxing power or the full faith and credit of the State to be pledged.

"**§ 143B-437.45. Definitions.**

The following definitions apply in this Part:

(1) Agreement. – A community economic development agreement under G.S. 143B-437.51.

(2) Base years. – The first two complete calendar years following the effective date of an agreement.

(3) Business. – A corporation, sole proprietorship, cooperative association, partnership, S corporation, limited liability company, nonprofit corporation, or other form of business organization, located either within or outside this State.

(4) Committee. – The Economic Investment Committee established pursuant to G.S. 143B-437.48.

(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base years or in subsequent years of a grant.

(6) Full-time employee. – A person who is employed for consideration for at least 35 hours a week, whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statutes, and who is determined by the Committee to be employed in a permanent position according to criteria it develops. The term does not include any person who works as an independent contractor or on a consulting basis for the business.

(7) New employee. – A full-time employee who represents a net increase in the number of the business's employees statewide and who is first employed on the project that is the subject of an agreement. The term includes an employee rehired or called back from a layoff that occurs during or following the base years to a vacant position previously held by that employee or to a new position established during or following the base years.

(8) Related member. – Defined in G.S. 105-130.7A.

(9) Withholdings. – The amount withheld by a business from the wages of employees in eligible positions under Article 4A of Chapter 105 of the General Statutes.

"**§ 143B-437.46. Job Development Investment Grant Program.**

(a) Program. – There is established the Job Development Investment Grant Program to be administered by the Economic Investment Committee. In order to foster job creation and investment in the economy of this State, the Committee may enter into negotiated agreements with businesses to provide grants in accordance with the provisions of this Part. The Committee shall develop criteria to be used in determining whether the conditions of this section are satisfied and whether the project described in

the application is otherwise consistent with the purposes of this Part. Before entering into an agreement, the Committee must find that all the following conditions are met:

(1) The project proposed by the business will create, during the term of the agreement, a net increase in employment in this State by the business.

(2) The project will benefit the people of this State by increasing opportunities for employment and by strengthening this State's economy by, for example, providing worker training opportunities, constructing and enhancing critical infrastructure, increasing development in strategically important industries, or increasing the State and local tax base.

(3) The project is consistent with economic development goals for the State and for the area where it will be located.

(4) A grant under this Part is necessary for the completion of the project in this State.

(5) The total benefits of the project to the State outweigh its costs and render the grant appropriate for the project.

(b) Cap. – The maximum number of agreements the Committee may enter into each fiscal year is 25.

"**§ 143B-437.47. Eligible projects.**

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one enterprise tier area, the location with the highest enterprise tier area designation determines the minimum number of eligible positions that must be created.

Enterprise Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	10
Tier Three	10
Tier Four	20
Tier Five	20

(b) Nonretail Facilities. – A project that consists solely of retail facilities is not eligible for a grant under this Part. If a project consists of both retail facilities and nonretail facilities, only the portion of the project consisting of nonretail facilities is eligible for a grant, and only the withholdings from employees in eligible positions that are employed exclusively in the portion of the project that represents nonretail facilities may be used to determine the amount of the grant. If a warehouse facility is part of a retail facility and supplies only that retail facility, the warehouse facility is not eligible for a grant. For the purposes of this Part, catalog distribution centers are not retail facilities.

(c) Health Insurance. – A business is eligible for a grant under this Part only if the business provides health insurance for all of the full-time employees of the project with respect to which the grant is made. For the purposes of this subsection, a business provides health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health

care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.

Each year that a business receives a grant under this Part, the business must provide with the submission required under G.S. 143B-437.52 a certification that the business continues to provide health insurance for all full-time employees of the project with respect to which the grant is made. If the business ceases to provide health insurance to all full-time employees of the project with respect to which a grant is made, the Committee may amend or terminate the agreement as provided in G.S. 143B-437.53.

(d) Wage Standard. – In order for a business to be eligible for a grant under this Part, the average wage of all jobs at the location with respect to which a grant is made must meet the wage standard set out in G.S. 105-129.4(b). If a project is to be located at more than one location, the average wage of all jobs at a location must meet the wage standard set out in G.S. 105-129.4(b) in order for that location to be included in the agreement.

"**§ 143B-437.48. Economic Investment Committee established.**

(a) Membership. – The Economic Investment Committee is established. The Committee consists of the following members:

(1) The Secretary of Commerce.

(2) The Secretary of Revenue.

(3) The Director of the Office of State Budget and Management.

(b) Unanimous Decision Required. – The Committee may act only upon a unanimous decision of its members.

(c) Conflict of Interest. – It is unlawful for a former member of the Committee to, within two years after the end of service on the Committee, provide services for compensation, as an employee, consultant, or otherwise, to any business or a related member of the business that was awarded a grant under this Part while the former member was serving on the Committee. Violation of this subsection is a Class 1 misdemeanor.

(d) Sunshine. – Meetings of the Committee are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. All documents of the Committee, including applications for grants, are public records governed by Chapter 132 of the General Statutes, including applicable provisions of that Chapter protecting confidential information.

"**§ 143B-437.49. Applications; fees; reports; study.**

(a) Application. – A business shall apply, under oath, to the Committee for a grant on a form prescribed by the Committee that includes at least all of the following:

(1) The name of the business, the proposed location of the project, and the type of activity in which the business will engage at the project site or sites.

(2) The names and addresses of the principals or management of the business, the nature of the business, and the form of business organization under which it is operated.

(3) The most recent audited financial statements of the business and any other financial information the Committee considers necessary.

(4) The number of eligible positions proposed to be created during the base years and thereafter and the salaries for these positions.
(5) An estimate of the total withholdings.
(6) Certification that the business will provide health insurance to all full-time employees of the project.
(7) Information concerning other locations, including locations in other states and countries, being considered for the project and the nature of any benefits that would accrue to the business if the project were to be located in one of those locations.
(8) Information concerning any other State or local government incentives for which the business is applying or that it has an expectation of receiving.
(9) Any other information necessary for the Committee to evaluate the application.
(10) Certification that the project will not be undertaken in North Carolina unless the applicant is awarded a grant.

A business may apply, in one consolidated application in a form and manner determined by the Committee, for a grant on its own behalf as a business and for grants on behalf of the related members of the business who may qualify under this Part.

The Committee will consider an application by a business for grants on behalf of its related members only if the related members for whom the application is submitted have assigned to the business any claim of right the related members may have under this Part to apply for grants individually during the term of the agreement and have agreed to cooperate with the business in providing to the Committee all the information required for the initial application and the agreement, and any other information the Committee may require for the purposes of this Part. The applicant business is responsible for providing to the Committee all the information required under this Part.

If a business applies for a grant on behalf of its related members, the related members included in the application may be permitted to meet the qualifications for a grant collectively by participating in a project that meets the requirements of this Part. The amount of a grant may be calculated under the terms of this Part as if the related members were all collectively one business entity. Any conditions for a grant, other than the number of eligible positions created, apply to each related member who is listed in the application as participating in the project. The grants awarded shall be paid to the applicant business. A grant received under this Part by a business may be apportioned to the related members in a manner determined by the business. In order for an agreement to be executed, each related member included in the application must sign the agreement and agree to abide by its terms.

(b) Application Fee. – When filing an application under this section, the business must pay the Committee a fee of five thousand dollars ($5,000). The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(c) Reports. – The Committee shall publish a report on the Job Development Investment Grant Program on or before October 31 of each year. The report shall include the following:

(1) A listing of each community economic development agreement negotiated and entered into during the preceding fiscal year, including the cost/benefit analysis conducted by the Committee during the application process, a description of the project, and the amount of the grant made under the agreement during that year.

(2) An update on the status of projects under agreements entered into before the preceding fiscal year.

(3) The number and enterprise tier area of eligible positions created by projects with respect to which grants were awarded.

(4) The wage levels of eligible positions created by projects with respect to which grants were awarded.

(5) The amount of new income tax revenue received from withholdings related to the projects for which grants were awarded.

(6) The criteria developed by the Committee to implement this Part and any changes in those criteria from the previous fiscal year.

(7) The effectiveness of the program in recruiting new and expanding businesses.

(8) The environmental impact of businesses that have received grants under the program.

(9) The geographic distribution of grants, by number and amount, awarded under the program.

(d) Study. – The Committee shall conduct a study to determine the minimum funding level required to implement the Job Development Investment Grant Program successfully. The Committee shall report the results of this study to the House of Representatives Finance Committee, the Senate Finance Committee, the House of Representatives Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division no later than March 1 of each year.

"**§ 143B-437.50. Calculation of minimum and maximum grants; factors considered.**

(a) Subject to the limitations of subsection (d) of this section, the amount of the grant awarded in each case shall be a percentage of the withholdings of eligible positions. The percentage shall be no less than ten percent (10%) and no more than eighty percent (80%) of the withholdings of the eligible positions for a period of years. The percentage used to determine the amount of the grant shall be based on criteria developed by the Committee after considering at least the following:

(1) The number of eligible positions to be created.

(2) The expected duration of those positions.

(3) The type of contribution the business can make to the long-term growth of the State's economy.

(4) The amount of other financial assistance the project will receive from the State or local governments.

(5) The total dollar investment the business is making in the project.
(6) Whether the project utilizes existing infrastructure and resources in the community.
(7) Whether the project is located in a development zone.
(8) The number of eligible positions that would be filled by residents of a development zone.

(b) The term of the grant shall not exceed 15 years starting with the first year a grant is made.

(c) The grant may be based only on eligible positions created during the base years, unless the Committee makes an explicit determination that the grant shall also be based on additional eligible positions created during the remainder of the term of the grant.

(d) The percentage established in the agreement shall be reduced by one-fourth for any eligible position that is located in an enterprise tier four or five area.

(e) A business that is receiving any other grant by operation of State law may not receive an amount as a grant pursuant to this Part that, when combined with any other grants, exceeds eighty percent (80%) of the withholdings of the business, unless the Committee makes an explicit finding that the additional grant is necessary to secure the project.

"**§ 143B-437.51. Community economic development agreement.**

Each community economic development agreement shall include at least the following:

(1) A detailed description of the proposed project that will result in job creation and the number of new employees to be hired in the base years and later years.
(2) The term of the grant and the criteria used to determine the first year for which the grant may be claimed.
(3) The number of eligible positions that are subjects of the grant and a description of those positions and the location of those positions.
(4) The amount of the grant based on a percentage of withholdings.
(5) A method for determining the number of new employees hired during a grant year.
(6) A method for the business to report annually to the Committee the number of eligible positions for which the grant is to be made.
(7) A requirement that the business report to the Committee annually the aggregate amount of withholdings during the grant year.
(8) A provision permitting an audit of the payroll records of the business by the Committee from time to time as the Committee considers necessary.
(9) A provision that permits the Committee to amend an agreement pursuant to G.S. 143B-437.53.
(10) A provision that requires the business to maintain operations at the project location or another location approved by the Committee for at least one hundred fifty percent (150%) of the term of the grant and a

provision to permit the Committee to recapture all or part of the grant at its discretion if the business does not remain at the site for the required term.

(11) A provision that requires the business to maintain employment levels in this State at the level of the year immediately preceding the base years.

(12) A provision establishing the conditions under which the grant agreement may be terminated, in addition to those under G.S. 143B-437.53, and under which grant funds may be recaptured by the Committee.

(13) A provision stating that unless the agreement is amended or terminated pursuant to G.S. 143B-437.53, the agreement is binding and constitutes a pledge and a continuing appropriation of the amount of the grant.

(14) A provision setting out any allowed variation in the terms of the agreement that will not subject the business to amendment or termination of the agreement under G.S. 143B-437.53.

"**§ 143B-437.52. Grant recipient to submit records.**

(a) No later than February 1 of each year, for the preceding grant year, every business that is awarded a grant under this Part shall submit to the Committee a copy of its State and federal tax returns showing business and nonbusiness income and a report showing withholdings as a condition of its continuation in the grant program. In addition, the business shall submit to the Committee an annual payroll report showing the eligible positions that are created during the base years and the new eligible positions created during each subsequent year of the grant. When making a submission under this section, the business must pay the Committee a fee of one thousand five hundred dollars ($1,500). The fee is due at the time the submission is made. The Committee shall determine the allocation of the fee imposed by this section among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

(b) The Committee may require any information that it considers necessary to effectuate the provisions of this Part.

(c) The Committee may require any business receiving a grant to submit to an audit at any time.

(d) Grant recipients are encouraged to use the State ports of North Carolina and must include in the report required by subsection (a) of this section a report on the tonnage of any freight moved in ocean-borne commerce through the State ports and through any other United States port. If freight is moved through a United States port other than the State ports, then the report must disclose the reasons for using that port.

"**§ 143B-437.53. Failure to comply with agreement.**

(a) If the business receiving a grant fails to meet or comply with any condition or requirement set forth in an agreement or with criteria developed by the Committee, the Committee may amend the agreement to reduce the amount of the grant or the term of

the agreement. Any reduction of the grant is applicable to the grant year immediately following the grant year in which the Committee amends the agreement.

(b) If a business fails to maintain employment at the levels stipulated in the agreement or otherwise fails to comply with any condition of the agreement for any two consecutive years, the Committee may terminate the agreement.

"**§ 143B-437.54. Disbursement of grant.**

A business may not receive an annual disbursement of a grant if, at the time of disbursement, the business or a related member of the business has received a notice of final assessment of State tax due and that assessment has not been satisfied or otherwise resolved. A business may receive an annual disbursement of a grant only after the Committee has certified to the State Controller that there are no outstanding final assessments of State tax due and that the business has met the terms and conditions of the agreement. No amount shall be disbursed to a business as a grant under this Part in any year until the Secretary of Revenue has certified to the Committee (i) that there are no outstanding final assessments of State tax due against the business or a related member of the business and (ii) the amount of withholdings received in that year by the Department of Revenue from the business. A business that has met the terms of the agreement shall make an annual certification of this to the Committee. The Committee shall verify this information and certify to the State Controller that the terms of the agreement have been met. The Committee shall further certify to the State Controller the amount of a grant for which the business is eligible under the agreement and the amount of a grant for which the business would be eligible under the agreement without regard to G.S. 143B-437.50(d). The State Controller shall remit a check to the business in the amount of the certified grant amount within 90 days of receiving the certification of the Committee.

"**§ 143B-437.55. Transfer to Industrial Development Fund.**

At the time the State Controller remits a check to a business under G.S. 143B-437.54, the State Controller shall transfer to the Utility Account of the Industrial Development Fund an amount equal to the amount certified by the Committee as the difference between the amount of the grant and the amount of the grant for which the business would be eligible without regard to G.S. 143B-437.50(d).

"**§ 143B-437.56. Sunset.**

The authority of the Committee to enter into new agreements expires January 1, 2006."

SECTION 5.(b) In developing criteria under G.S. 143B-437.46 for the awarding of grants under Part 2F of Article 10 of Chapter 143B of the General Statutes and under G.S. 143B-437.50 for determining the percentage upon which the amount of a grant is based, the Economic Investment Committee may consider criteria that address the following:

(1) Factors related to the economic impact of the project, such as the following:

a. Impact on gross regional product and gross State product.

b. Costs and benefits of the project to the State, including the expected return on investment made in the project by the State.

c. Number of direct jobs that will be created by the project, the wages of those jobs, and the total payroll for the project.
d. Number of induced short-term, project-related jobs expected to be generated by the project as well as the number of long-term permanent jobs expected to be generated indirectly in the economy as a result of the project.
e. Dollar value of the investment, including the size of the investment in real versus personal property and expected depreciation rates.
f. Economic circumstances of the county and region, including the extent to which the project will serve to mitigate unemployment.
g. The expected time frame during which the project is expected to pay back in State tax revenues the amount of any grants to be paid out.
h. The economic demands the project is expected to place upon the community or communities in which it will locate.
i. The number of eligible positions that would be filled by residents of development zones.

(2) Factors related to the strategic importance of the project to the State, region, or locality, such as the following:
a. The extent to which the project builds or enhances an industrial cluster.
b. The extent to which the project falls within a classification of business and industry that the Department of Commerce regards as a target for growth and expansion in the State.
c. The ability of the project to attract follow-on investment in the State by suppliers and vendors.
d. The extent to which the project serves to maintain and grow jobs in the State in a business undergoing an internal restructuring or rationalization process.
e. The extent to which the project can be expected to contribute significantly to and support the local community.

(3) Factors related to the quality of jobs, such as the following:
a. The wage level and status of the jobs to be created.
b. The quality and value of benefits offered by the company.
c. The potential for employee advancement.
d. The extent of training programs offered by the company.
e. The sustainability of the jobs in the future.
f. The workplace safety record of the company.

(4) Factors related to the quality of the industry and the project, such as the following:
a. The nature of the project and the projects' relationship to the larger business of the company.

b. The nature of the industrial classification of the project and the nature of the business of the company undertaking it.
c. The long-term prospects for growth at the project site or sites.
d. The long-term prospects for growth of the company and the industry within the United States.
e. The financial stability of the company associated with the project.

(5) Factors related to the environmental impact of the project, such as the following:
a. The nature of the business to be conducted.
b. The ability of the project to satisfy State, federal, and local environmental law and regulations.

(6) Other factors that the Economic Investment Committee considers relevant that are not inconsistent with this section and that the Committee determines will further the purposes of Part 2F of Article 10 of Chapter 143B of the General Statutes.

SECTION 6.(a) G.S. 143B-437.01(a)(1) reads as rewritten:

"(1) The funds shall be used for (i) installation of or purchases of equipment for eligible industries, (ii) structural repairs, improvements, or renovations of existing buildings to be used for expansion of eligible industries, or (iii) construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial buildings to be used for eligible industries. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall be directly related to the operation of the specific eligible industrial activity."

SECTION 6.(b) G.S. 143B-437.01(b1) reads as rewritten:

"(b1) Utility Account. – There is created within the Industrial Development Fund a special account to be known as the Utility Account to provide funds to assist the local government units of enterprise tier ~~one and tier two~~one, two, and three areas, as defined in G.S. 105-129.3, in creating jobs in eligible industries. The Department of Commerce shall adopt rules providing for the administration of the program. Except as otherwise provided in this subsection, those rules shall be consistent with the rules adopted with respect to the Industrial Development Fund. The rules shall provide that the funds in the Utility Account may be used only for construction of or improvements to new or existing water, sewer, gas, telecommunications, high-speed broadband, or electrical utility distribution lines or equipment for existing or new or proposed industrial buildings to be used for eligible industrial operations. To be eligible for funding, the water, sewer, gas, telecommunications, high-speed broadband, or electrical utility lines or facilities shall be located on the site of the building or, if not located on the site, shall

be directly related to the operation of the specific industrial activity. There shall be no maximum funding amount per new job to be created or per project."

SECTION 7. G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person unless the disclosure is made for one of the following purposes:

...

(28) To provide to the Economic Investment Committee established pursuant to G.S. 143B-437.48 information necessary to implement Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 8. G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(10) The Economic Investment Committee in developing guidelines for the Job Development Investment Grant Program under Part 2F of Article 10 of Chapter 143B of the General Statutes."

SECTION 9.(a) G.S. 153A-149(c)(10b) reads as rewritten:

"(c) Each county may levy property taxes for one or more of the purposes listed in this subsection up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars ($100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate limitation are:

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.(b) G.S. 160A-209(c)(10b) reads as rewritten:

"(c) Each city may levy property taxes for one or more of the following purposes subject to the rate limitation set out in subsection (d):

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12."

SECTION 9.1. The Revenue Laws Study Committee created in Article 12L of Chapter 120 of the General Statutes shall study the use, the effectiveness, and the cost versus benefits of the Job Development Investment Grant Program created in this act, the Bill Lee Act credits in Chapter 105 of the General Statutes, and the Industrial Recruitment Competitive Fund. The Study Committee may report the results of its study and any recommendations to the 2004 Regular Session of the 2003 General Assembly and shall make a final report by March 15, 2005, to the 2005 General Assembly.

SECTION 10. Section 1 of this act is effective for taxable years beginning on or after January 1, 2003, and applies to business activities that occur on or after

January 1, 2003, but does not apply to business activities that occur on or after January 1, 2003, that are subject to a letter of commitment signed under G.S. 105-129.9 before January 1, 2003. Sections 2 and 3 of this act are effective for taxable years beginning on or after January 1, 2003. The remainder of this act is effective when it becomes law.

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

H1734-ALY-184 [v.2]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Gillespie

moves to amend the bill on page 9, line 36 and on page 10. line 17, by replacing the phrase "eighty percent (80%)" with the phrase "seventy-five percent (75%)"; and

on page 10, line 7, by replacing the number "15" with the number "12"; and

on page 10, lines 6-7, by adding the following between those lines:

"(9) The extent to which the project will mitigate unemployment in the State and locality."; and

on page 14, line 13, by rewriting that line to read:

"(6) The degree to which use of the program has been geographically dispersed among the various regions of the State and between rural and urban areas.

(7) Other factors that the Economic Investment Committee considers" .

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

Original

(Please type or use ballpoint pen)

2
Failed voice vote

EDITION No. 2

H. B. No. 1734, 2nd Ed DATE 8-20-02

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Hurley
Sen.)

1 moves to amend the bill on page 6, lines 28-30
2 ( ) WHICH CHANGES THE TITLE
3 by rewriting the lines to read:
4
5 "Tier Three 20
6 Tier Four 30
7 Tier Five 35".
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SIGNED Rep. Hurley

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT 3A

(Please type or use ballpoint pen)

Adopted voice vote

EDITION No. 2

H. B. No. 1734 DATE 8.21.02 perfects Sherrill #3

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sherrill
(Sen.)

H1734-ALY-193

moves to amend ~~the bill~~ on page 1, line 4

( ) WHICH CHANGES THE TITLE

by adding the following after that line:

"and moves to amend the bill on page 7, line 21 by replacing the word "Unanimous" with the phrase "Four-Fifths Majority"

and on page 7, line 22 by replacing the word "unanimous" with the phrase "four-fifths majority"".

SIGNED Trilby Sherrill

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

~~Disparect~~
Adopted
voice vote
as perfected by
3H

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

H1734-ALY-193 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Sherrill

moves to amend the bill on page 7, lines 20-21, by adding the following between those lines:

"(4) The President of the Community College System.
(5) The Commissioner of Labor." .

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT 4A

(Please type or use ballpoint pen)

adopted voice vote Perfecting Amendment to ALY-190(v2) Harrington amend.

EDITION No. _____

H. B. No. 1734 (2nd) DATE 8/21/02

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) Sutton

as amended

moves to amend the bill on page _____, line _____

( ) WHICH CHANGES THE TITLE

by amending amendment H1734-ALY-190(v2) on page 1, line 16, of the amendment, by deleting "in a year" and substituting "in any year"

SIGNED _____

ADOPTED ✓ Voicevote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Original

Adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. ~~A~~ 4
(to be filled in by Principal Clerk)

H1734-ALY-190 [v.2]

Date 8.21 ,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Harrington

moves to amend the bill on page 11, lines 17-18, by adding the following between those lines:

"(15) A provision that prohibits the business from manipulating or attempting to manipulate employee withholdings with the purpose of increasing the amount of the grant and that requires the Committee to terminate the agreement and take action to recapture grant funds if the Committee finds that the business has manipulated or attempted to manipulate withholdings with the purpose of increasing the amount of the grant."; and

on page 12, lines 5-6, by adding the following between those lines:

"(c) Notwithstanding the provisions of subsections (a) and (b) of this section, if the Committee finds that the business has manipulated or attempted to manipulate employee withholdings with the purpose of increasing the amount of a grant, the Committee shall immediately terminate the agreement and take action to recapture any grant funds disbursed in a year in which the Committee finds the business manipulated or attempted to manipulate employee withholdings with the purpose of increasing the amount of the grant."

original

adopted voice

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 4
(to be filled in by
Principal Clerk)

H1734-ALY-190 [v.2]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 5
(to be filled in by Principal Clerk)

H1734-ALY-185 [v.1]

Date 6.21. ,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Baddour

moves to amend the bill on page 9, line 1, by adding the word "Annual" before the word "Reports."; and

on page 9, line 5 by adding after the word "including" the phrase "the name of the business,"; and

on page 9, line 25, by rewriting that line to read:

"(d) Quarterly Reports. – The Committee shall publish a report on the Job Development Investment Grant Program within two months of the end of each fiscal quarter. This report shall include a listing of each community economic development agreement negotiated and entered into during the preceding fiscal quarter, including the name of the business, the cost/benefit analysis conducted by the Committee during the application process, a description of the project, and the amount of the grant expected to be made under the agreement during the current fiscal year.

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

H1734-ALY-185 [v.1]

(e) Study. – The Committee shall conduct a study to determine the minimum".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 6
(to be filled in by Principal Clerk)

H1734-ALY-187 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Insko

moves to amend the bill on page 9, lines 4-8 by rewriting those lines to read:

"(1) A listing of each community economic development agreement negotiated and entered into during the preceding fiscal year, including the name of the business, the cost/benefit analysis conducted by the Committee during the application process, a description of the project, the term of the agreement, the percentage used to determine the amount of the grant, and the amount of the grant made under the agreement during that year."

on page on page 9, lines 13-14, by rewriting those lines to read:

"(4) The wage levels of all eligible positions created by projects with respect to which grants are awarded, aggregated and listed in increments of five thousand dollars ($5,000)."; and

on page 9, lines 24-25, by adding the following between those lines:

"(10) An explanation of whether the projects with respect to which agreements are entered into involve new businesses in the State or expanding existing businesses in the State.

(11) A listing of all businesses making an application under this Part and an explanation of whether each business ultimately located the project in

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 6
(to be filled in by Principal Clerk)

H1734-ALY-187 [v.1]

this State regardless of whether the business was awarded a grant for the project under this Part."; and

SIGNED Vera Ingram
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Perfect Ellis #7

(Please type or use ballpoint pen)

7A

EDITION No. 2

H. B. No. 1734 DATE Fails vote vote

S. B. No. _____ Amendment No. _____

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Goodwin

Sen.)

1 moves to amend the bill on page 11, lines 17-18

2 ( ) WHICH CHANGES THE TITLE

3 by inserting the following between the lines:

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5 "(16) A provision requiring that the

6 business obtain and maintain

7 certification under the Safety

8 Health Achievement Recognition

9 Program, the Rising Star Program,

10 or the Carolina Star Program

11 of the Department of Labor.".

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SIGNED Wayne Goodwin

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Fails d voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 7
(to be filled in by
Principal Clerk)

H1734-ALR-62 [v.4]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Ellis

moves to amend the bill by amending the Sherrill Amendment H1734-ALY-193, to include the following after line 4:

"and further moves to amend the bill on page 7, lines 14-15, by inserting the following between the lines:

"(e) Safety Qualification Standards. – To qualify for grants under this Part, each business shall submit an application to the Department of Labor to participate in the Safety Health Achievement Recognition Program ("SHARP"), the Rising Star Program ("RSP"), or the Carolina Star Program ("CSP"). Each business receiving grants shall become certified as a member of the SHARP, RSP, or CSP program within one year of its application to the safety program."".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen) 0

* 8 Division 8 Fails 37 N / 27

EDITION No. _____

H. B. No. 1734

S. B. No. _____

COMMITTEE SUBSTITUTE _____

DATE 8/20/02

Amendment No. _____
(to be filled in by Principal Clerk)

Rep.) Hensley
~~Sen.~~)

1 moves to amend the bill on page 10, line 7
2 ( ) WHICH CHANGES THE TITLE,
3 by changing the term "15 years"
4 to read "8 years".
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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Failed voice

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 9
(to be filled in by Principal Clerk)

H1734-ALY-179 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Creech

moves to amend the bill on page 10, line 21,
by adding the following at the beginning of the line:
"(a) Terms. –";

and on page 11, lines 11 – 14, by rewriting the lines to read:
"(13) A statement setting out the provisions of subsection (b) of this section.";

and on page 11, lines 17 - 18, by adding the following between the lines:
"(b) Nature. – A community economic development agreement does not obligate the State to appropriate funds. The payment of grants under a community economic development agreement and any other related documentation during any fiscal biennium or fiscal year shall be limited to funds appropriated for that purpose by the General Assembly in its discretion. No provision of this Part and no community economic development agreement or any other related documentation shall be construed or interpreted as creating a binding obligation of the State or creating a pledge of the faith and credit of the State or any agency, department, or commission of the State.

No judgment may be rendered against the State or any State governmental unit in any action for breach of any provision contained in a community economic development agreement or any other related documentation, and the taxing power of the State is not and may not be pledged directly or indirectly to secure any grants provided under a community economic development agreement or any other related

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 9
(to be filled in by
Principal Clerk)

H1734-ALY-179 [v.1]

documentation. In the event that the General Assembly does not appropriate funds sufficient to pay a grant provided under a community economic development agreement or any other related documentation, there is no recourse or remedy against the State or any State governmental unit.";

And on page 12, line 23, by deleting the word "The" and substituting the phrase "Subject to the availability of funds appropriated for that purpose, the";

And on page 12, line 28, by deleting the word "transfer" and substituting the phrase "transfer from available funds appropriated for that purpose".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Division Failed 32 no 26

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 10
(to be filled in by Principal Clerk)

H1734-ALY-189 [v.1]

Date 8.21. ,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Baker

moves to amend the bill on page 10, lines 19-20, by adding the following between those lines:

"(f) The amount of a grant associated with any specific eligible position may not exceed six thousand five hundred dollars ($6,500) in any year." .

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

original

Fails - Division 39/34

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 11
(to be filled in by Principal Clerk)

H1734-ALY-195 [v.4]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Nesbitt and Sutton

moves to amend the bill on page 7, line 20, by rewriting that line to read:

"(3) The Co-Chair, other than the Secretary of Commerce, of the North Carolina Partnership for Economic Development"; and

on page 7, line 20-21, by adding the following between those lines:

"(6) One member appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. This member may not be a member of the General Assembly; a State or local government employee; a person engaged in economic development, business recruitment, or related consulting; or a person employed by an entity that engages in economic development, business recruitment, or related consulting.

(7) One member appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. This member must be a local government official.

The members of the Committee appointed by the General Assembly serve at the pleasure of the General Assembly."; and

on page 7, line 21, by deleting the word "Unanimous"; and

on page 7, line 22, by rewriting that line to read:

Fails
Division
34
39 NO

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 11
(to be filled in by
Principal Clerk)

H1734-ALY-195 [v.4]

"decision of five of its seven members.

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

(1)

Division
Fails 35/34

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 12
(to be filled in by
Principal Clerk)

H1734-ALY-147 [v.5]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Nesbitt

moves to amend the bill on page 6, lines 18-19, by adding the following between those lines

"(c) Ceiling. – The maximum amount of total annual liability for grants in a fiscal year may not exceed twenty million dollars ($20,000,000). No agreement may be entered into that, when considered together with other existing agreements, could cause the State's potential total annual liability for grants in a fiscal year to exceed this amount."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

With Drawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

H1734-ALY-183 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Insko

moves to amend the bill on page 10, line 19-20, by adding the following between those lines:

"(f) The amount of a grant to a business in any year may not exceed the combined tax liability of the business for that year for the franchise tax levied under Article 3 of Chapter 105 of the General Statutes, the income tax levied under Article 4 of Chapter 105 of the General Statutes, and the gross premiums tax levied under Article 8B of Chapter 105 of the General Statutes."; and

on page 11, lines 21-25, by rewriting those lines to read:
"its State and federal tax returns showing business and nonbusiness income; a report showing withholdings; an annual payroll report showing the eligible positions that are created during the base and the new eligible positions created during each subsequent year of the grant; its State franchise tax return, if applicable; and its State gross premiums tax report, if applicable, as a condition of its continuation in the grant program. When making a submission"; and

on page 12, line 16 by replacing the phrase "business and" with the phrase "business,"; and

on page 12, line 17, by replacing the phrase "the business." with the following:

WD

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

H1734-ALY-183 [v.1]

"the business, and (iii) the combined tax liability of the business for the franchise tax levied under Article 3 of Chapter 105 of the General Statutes, the income tax levied under Article 4 of Chapter 105 of the General Statutes, and the gross premiums tax levied under Article 8B of Chapter 105 of the General Statutes."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

14 Fails V/V

EDITION No. _____

H. B. No. 1734 DATE 8/20/02

S. B. No. _____ Amendment No. _____

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Henley
Sen.)

1 moves to amend the bill on page 15, lines 13 - 20

2 ( ) WHICH CHANGES THE TITLE

3 by deleting those lines

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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Fails voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

H1734-ALY-159 [v.2]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Insko

moves to amend the bill on page 11, line 1, by substituting the word "require" for the word "permit"; and

on page 11, lines 17-18, by inserting the following between those lines:

"(15) A provision stating that any recapture of a grant and any amendment to an agreement reducing the amount of the grant or the term of the agreement must, at a minimum, be proportional to the failure to comply measured relative to the condition or criterion with respect to which the failure occurred."; and

on page 7, line 8; page 11, line 43; and page 12, line 5,
by deleting the word "may" on each line and substituting "shall"; and

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 15
(to be filled in by
Principal Clerk)

H1734-ALY-159 [v.2]

on page 12, line 1, by adding the following after the period:
"The reduction in the amount or the term must, at a minimum, be proportional to the failure to comply measured relative to the condition or criterion with respect to which the failure occurred."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

(2)

Fails
Rollcall 47/24

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 16
(to be filled in by
Principal Clerk)

H1734-ARB-152 [v.2]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Nesbitt

moves to amend the bill on page 6, lines 16 and 17, by inserting a new subdivision between those lines to read:

"(6) The total amount of grants made to all businesses on an annual basis may not vary by more than five percent (5%) from one Congressional District to another."

SIGNED Martha Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Fails

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8.21, 2002

AMENDMENT NO. 16 Nesbitt ARB-152 v2

Total: Yes 24 No 47

Bill Number: H 1734

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair			Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
		~~Thompson, Chair~~		✓	Cole
	✓	Owens, Vice-Chair			Crawford, Mark
	✓	Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
		Adams		✓	Culpepper
✓		Allred		✓	Daughtry
		Arnold	✓		Davis
	✓	Baker			Dockham
✓		Barbee		✓	Earle
	✓	Barefoot			Ellis
	✓	Barnhart	✓		Esposito
	✓	Bell		✓	Fox
		Blue	✓		Gillespie
	✓	Bonner			Goodwin
	✓	Bowie			Grady
		Boyd-McIntyre		✓	Gulley
		Brubaker		✓	Haire
✓		Carpenter		✓	Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
		Harrington		✓	Rogers
✓		Hensley		✓	Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
		Holmes		✓	Sexton
✓		Howard, Julia		✓	Sherrill
		Hunter, Howard	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus, Maggie	✓		Sutton
✓		Justus, Larry			Teague
✓		Kiser		✓	Tolson
✓		Lucas		✓	Tucker
✓		McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
✓		Michaux		✓	Walker
	✓	Miller		✓	Warner
		Miner		✓	Warren
	✓	Mitchell		✓	Warwick
	✓	Morgan		✓	Weatherly
✓		Nesbitt		✓	West
	✓	Nye	✓		Wilson, G
	✓	Preston	✓		Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
___	___	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

47 NO.
24

adopted voice

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 17
(to be filled in by Principal Clerk)

H1734-ALY-178 [v.2]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Creech

moves to amend the bill on page 6, line 31, by replacing the phrase "Nonretail Facilities." with the phrase "Ineligible Businesses."; and

on page 6, lines 39-40, by adding the following between those lines:

"A project that consists of a professional or semiprofessional sports team or club is not eligible for a grant under this Part." .

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted voice

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 18
(to be filled in by
Principal Clerk)

H1734-ALH-87 [v.4]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Sutton

moves to amend the bill on page 7, lines 28,
by adding at the end of the line the following:
" In addition to the penalties imposed under G.S. 15A-1340.23, the court shall also make a finding as to what compensation was received by the defendant for services in violation of this section and shall order the defendant to forfeit that compensation.

If a person is convicted under this section, the person shall not provide services for compensation, as an employee, consultant, or otherwise, to any business or a related member of the business that was awarded a grant under this Part while the former member was serving on the Committee until two years after the person's conviction under this section."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

adopted voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 19
(to be filled in by Principal Clerk)

H1734-ALR-63 [v.2]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Michaux

moves to amend the bill on page 11, lines 17-18, by inserting the following between the lines:

"(16) A provision requiring that the business engage in fair employment practices as required by State and federal law and that the business endeavor to use small contractors, minority contractors, physically handicapped contractors, and women contractors whenever practicable in the conduct of its business.".

and further moves to amend the bill on page 11, lines 30-31, by inserting the following between the lines:

"(a1) No later than February 1 of each year, for the preceding grant year, every business that is awarded a grant under this Part shall submit a detailed report of its

adopted voice

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 19
(to be filled in by
Principal Clerk)

H1734-ALR-63 [v.2]

compliance with the provisions required by G.S. 143B-437.51(16)."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Fails
roll call
40/32

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 20
(to be filled in by
Principal Clerk)

H1734-ALY-197 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Allred

moves to amend the bill on page 1, line 15, by adding the phrase "AND MAINTAIN" after the word "CREATE"; and

on page 1, line 16, by adding the phrase "AND MAINTENANCE" after the word "DEVELOPMENT"; and

on page 4, line 16, by adding the following on the end of that line:

"It is also the policy of the State to encourage and promote existing business in this State that are considering closing or moving to another State to remain in operation in this State."; and

on page 4, line 33, by adding the phrase "and maintain existing jobs" after the word "jobs"; and

on page 4, line 36, by deleting the word "jobs," and sustituting the phrase "jobs and maintenance of existing jobs,"; and

on page 4, line 40, by adding the phrase "and maintain existing jobs" after the word "jobs"; and

on page 5, lines 16-18. by rewriting those lines to read:

Fails rollcall 40/32

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 20
(to be filled in by Principal Clerk)

H1734-ALY-197 [v.1]

"(5) Eligible position. – A position created by a business and filled by a new full-time employee in this State during the base years or in subsequent years of a grant or a position that is filled by a full-time employee and that is in existence in the year immediately preceding the base years at a business that is at-risk of closure or moving out-of-State."; and

on page 6, lines 3- 4, by deleting those line and renumbering the remaining subdivisions of G.S. 143B-437.46 accordingly; and

on page 6, line 5, by adding the phrase "or maintaining" at the end of that line; and

on page 6, line 9, by adding the phrase "or maintaining" after the word "increasing"; and

on page 6, line 13, by adding the phrase "or maintenance" after the word "completion"; and

on page 6, line 20, by adding the phrase "new or expanding" before the word "business"; and

on page 6, line 24, by adding the following at the end of that line:
"An existing business that is at-risk of closure or moving out-of-State is not required to create any new eligible positions."; and

on page 7, lines 37-39, by rewriting those lines to read:
"(1) The name of the business, the location or proposed location of the project, and the type of activity in which the business engages or will engage at the project site or sites."; and

on page 8, lines 1-2, by rewriting those lines to read:
"(4) The number of eligible positions proposed to be created by a new or expanding business during the base years and thereafter or the number

Fails
roll call
40/32

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. 28
(to be filled in by
Principal Clerk)

H1734-ALY-197 [v.1]

of eligible positions in existence at an existing business in the year immediately preceding the base year and the salaries for these positions."; and

on page 8, line 15, by adding the phrase "or maintained" after the word "undertaken"; and

on page 9, line 11, and page 9, line 13, as amended, by adding the phrase "or maintained" after the word "created"; and

on page 9, line 20, by rewriting that line to read:
"businesses and maintaining existing businesses."; and

on page 9, line 39, by replacing the word "created." with the phrase "created or maintained."; and

on page 10, line 1, by inserting the phrase "has made or" before the word "is"; and

on page 10, lines 9-12, by rewriting those lines to read:
"(c) For a new or expanding business, the grant may be based only on eligible positions created during the base years, unless the Committee makes an explicit determination that the grant shall also be based on additional eligible positions created during the remainder of the term of the grant. For an existing business, the grant may be based only on eligible positions existing in the year immediately preceding the base years."; and

on page 10, lines 23-25, by rewriting those lines to read:
"(1) A detailed description of the project and the number of new employees to be hired in the base years and later years or the number of existing employees whose positions will be maintained."; and

on page 11, lines 23-25, by rewriting those lines to read:

Fails
40/32

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1734-ALY-197 [v.1]

"addition, the business shall submit to the Committee an annual payroll report showing the eligible positions. For a new or expanding business, the payroll report must show eligible positions that are created during the base years and the new eligible positions created during each subsequent year of the grant. . When making a submission"; and

on page 13, line 1, by adding the phrase "or maintained" after the word "created"; and

on page 13, line 17, by adding the phrase "is located or" before the word "will"; and

page 13, line 35, by replacing the word "created." with the phrase "created or maintained.";

and moves to amend Amendment 6 (H1734-ALY-187) on page 1, lines 17-18, by rewriting those lines to read:

"agreements are entered into involve new businesses in the State, expanding existing businesses in the State, or existing businesses in the State that are at-risk of closure or moving out-of-State."; and

on page 1 of Amendment 6 (H1734-ALY-187), line 20, by adding the phrase "or maintained" after the word "located" .

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Fails

ROLL CALL VOTE

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8.21, 2002

AMENDMENT NO. 20 Allred

Total: Yes 32 No 40

Bill Number: H1734

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair			Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
✓		Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair			Crawford, Mark
	✓	Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
				✓	Culpepper
		Adams			Daughtry
✓		Allred	✓		Davis
		Arnold			Dockham
✓		Baker		✓	Earle
✓		Barbee			Ellis
	✓	Barefoot	✓		Esposito
	✓	Barnhart		✓	Fox
	✓	Bell	✓		Gillespie
		Blue			Goodwin
		Bonner			Grady
✓		Bowie	✓		Gulley
		Boyd-McIntyre		✓	Haire
✓		Brubaker		✓	Hall
✓		Carpenter			

32 yes
40 N

Fails

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

#20

Allred

YES	NO	NAME	YES	NO	NAME
		Harrington		✓	Rogers
✓		Hensley		✓	Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
		Holmes		✓	Sexton
✓		Howard, Julia		✓	Sherrill
	✓	Hunter, Howard	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry			Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
	✓	McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
✓		Miller		✓	Warner
		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
✓		Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

Fails
#20

Allred

YES	NO	NAME	YES	NO	NAME
___	___	Hackney, Spkr Pro Tem	✓	___	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT #21 adopted voice vote

(Please type or use ballpoint pen)

EDITION No. 2

H. B. No. 1734 DATE 8/21/02

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Howard
Sen.)

1 moves to amend the bill on page 11, lines 17-18

2 ( ) WHICH CHANGES THE TITLE

3 by inserting the following between the lines:

4

5 "(16) A provision requiring that the

6 business give priority consideration

7 to hiring North Cardlina residents."

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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

ROLL CALL VOTE motion to over rule Chair

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 8.21, 2002

AMENDMENT NO. Hensley ALR-61 v1

Total: Yes 31 No 41

Bill Number: _____

YES	NO	NAME	YES	NO	NAME
	✓	Easterling, Chair			Church
	✓	Oldham, Chair	✓		Clary
	✓	Redwine, Chair		✓	Coates
	✓	Thompson, Chair		✓	Cole
	✓	Owens, Vice-Chair			Crawford, Mark
	✓	Crawford, Jim Vice-Chair	✓		Creech
			✓		Culp
				✓	Culpepper
		Adams			Daughtry
✓		Allred	✓		Davis
		Arnold	✓		Dockham
		Baker			Earle
✓		Barbee		✓	Ellis
✓		Barefoot			Esposito
	✓	Barnhart	✓		Fox
	✓	Bell		✓	Gillespie
		Blue	✓		Goodwin
		Bonner			Grady
✓		Bowie			Gulley
		Boyd-McIntyre	✓		Haire
		Brubaker		✓	Hall
✓		Carpenter			

31 yes
41 no

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
		Harrington		✓	Rogers
	✓	Hensley	✓		Russell
		Hiatt		✓	Saunders
✓		Hilton	✓		Setzer
		Holmes	✓		Sexton
✓		Howard, Julia	✓		Sherrill
	✓	Hunter, Howard	✓		Shubert
	✓	Insko		✓	Smith
	✓	Jeffus, Maggie		✓	Sutton
✓		Justus, Larry			Teague
✓		Kiser		✓	Tolson
	✓	Lucas		✓	Tucker
	✓	McAllister		✓	Underhill
	✓	McLawhorn	✓		Walend
	✓	Michaux	✓		Walker
	✓	Miller	✓	✓	Warner
		Miner		✓	Warren
✓		Mitchell		✓	Warwick
✓		Morgan	✓		Weatherly
	✓	Nesbitt	✓		West
	✓	Nye	✓		Wilson, G
✓		Preston		✓	Wright
				✓	Yongue

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
___	___	Hackney, Spkr Pro Tem	___	✓	Dedmon, Maj. Leader
___	✓	Baddour, Maj. Leader	___	✓	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

Chair Redwine ruled out of order motion to override Chair roll call 41 no / 31 Failed

Amdt not considered

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1734-ALR-61 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
Second Edition

Representative Hensley

moves to amend the bill on page 1, line 21 by deleting the word "AND";

and further moves to amend the bill on page 1, line 24, by rewriting the line to read:
"DEVELOPMENT; AND PROVIDING THAT EIGHTY PERCENT OF THE STATE INCOME TAXES COLLECTED FROM PUBLIC SCHOOL PERSONNEL EMPLOYED AT LOW-WEALTH OR LOW-PERFORMING SCHOOLS SHALL BE ALLOCATED TO THOSE LOW-WEALTH AND LOW-PERFORMING SCHOOLS."

and further moves to amend the bill on page 15, lines 42-43, by inserting the following:

"SECTION 9.2. Notwithstanding any other provision of law, eighty percent (80%) of the taxes collected pursuant to Part 2 of Article IV of Chapter 105 of the General Statutes from public school personnel employed in low-wealth or low-performing schools shall be allocated to the local school administrative unit employing the public school personnel."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1734

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

H1734-ALR-61 [v.1]

and further moves to amend the bill on page 16, line 3, by deleting the phrase "Sections 2 and 3" and substituting "Sections 2, 3, and 9.2"

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

Name of Committee

8.21.02
Date

VISITORS: PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Robert W Gibson	Sec. of State's office
Richard Wilgus	NCHEA
Doug Cassiter	NCSTA
Jack Peter	NCEDA
Diana Wilkins	Moore & Isaacs
Chris McGuire	NCEITA
[illegible]	[illegible]
[illegible]	Capitol Group
[illegible]	NCRA
[illegible]	Catawba County
[illegible]	CJK
Esther Mercer Davis	EC
Phil Kirk	NCCBI
Joyce Peters	ElectriCities

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS:. PLEASE SIGN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
KEN MELTON	ALLEY ASSOCIATES, INC.
	NCRA
Perri Morgan	NFIB
Kim Carlton	NC BTC
Susan Carroll	NC DOC
Stephanie McSwain	NC DOC
Jim Haag	NC DOC
L.C. BATCHELOR	NORTH CAROLINA SOUTHEAST
Chad Lowry	NCGA
Ed Regan	N.C.A.C.C.
Eddie Finch	NCDOR
Ruth Sappie	NCDOT
Sonia Schmidt	NC Justice
Kim Carlton	Budget & Tax Center
David Mills	Common Sense Foundation
Leila Keen	" "
	GSK
Steve Mitchell	Novartis
	Auditory Learning Center
	EC
Betty Thanel	BAE
D. Duzk	
V.L McBride	
Gene Causby	NCSFSA
Frabyth Dalton	Bone & Associates
Natalie English	Charlotte Chamber
	EGHS

VISITOR REGISTRATION SHEET

APPROPRIATIONS , 2001

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Chad W. Essick	Edmisten & Webb
Lori C. Adams	L.A. Harris & Associates Inc
M. Lewis	NCC
Gary Salamido	GK
Betty Turner	BAC
Betsy Justus	ACS
Gail Furlington	Brooks Pierce
Chris McElroy	NCETA
JOHN PETERSON	NCEDA
Carole Lauer	EGIS
TAD BOGGS	COMMERCE
JOAN MYERS	NCETA
DON HOBART	DOC
Meg Jorgensen	covenant w/ NR's children
Paula Coy	"
[illegible]	Sierra Club
[illegible]	Capital Associates
Linda Hayes	SBE

Minutes
House Appropriations Committee Meeting
Tuesday, August 27, 2002
8:45 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:45 am for the purposes of considering **H 1726, UNC Nonappropriated Capital**.

The Co-Chair recognized Representative Thomas Wright, Capital Committee Chair to explain the bill sponsored by Representative Gordon Allen. Capital Chair Representative Wright stated that the bill authorized the construction of numerous projects by the University of North Carolina. He explained that the projects will be financed through revenue bonds and special obligations bonds, not appropriations from the General Fund and referred the membership to the Bill Analysis (attached).

Chairman Redwine recognized Dwayne Pickney and Jeff Davies with the University of North Carolina System to answer questions regarding the bill. Speaker Pro Tem Representative Joe Hackney was also recognized and explained that this legislation is part of the 60/40 agreement with the UNC Bond Proposal, adopted by the BOG and approved by the General Assembly and is not new but part of the 6-year plan.

An amendment by Representative Martin Nesbitt was submitted to the Chair but was withdrawn and not offered.

Speaker Pro Tem Representative Joe Hackney moved to favorably report the Bill and re-refer the bill to the Finance Committee. By a voice vote the motion passed and the meeting was adjourned at 10 am.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, August 27, 2002

8:30 AM

H 1726 **UNC NONAPPROPRIATED CAPITAL, Rep. Allen**

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE, & THOMPSON**
(Chair/Chairs) for the Committee on **APPROPRIATIONS**.

☐ Committee Substitute for
H.B. 1726 A BILL TO BE ENTITLED AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

☐ With a favorable report.

☒ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☒ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report as to the committee substitute bill (#), ☐ which changes the title, unfavorable as to (the original bill) (Committee Substitute Bill #), (and recommendation that the committee substitute bill #) be re-referred to the Committee on .)

☐ With a favorable report as to House committee substitute bill (#), ☐ which changes the title, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

5/13/02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ the House amendment (s).
_____the House committee substitute bill.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

HOUSE BILL 1726:
UNC Nonappropriated Capital

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Rep. Allen
Date:	August 27, 2002	**Summary by:**	Emily Johnson and Phyllis Pickett Committee Counsel
Version:	First Edition		

SUMMARY: ***House Bill 1726 authorizes the construction of numerous projects by The University of North Carolina. The projects will be financed through revenue bonds and special obligation bonds, not appropriations from the General Fund.***

CURRENT LAW: There are two types of self-liquidating bonds that may be issued by the Board of Governors of the University of North Carolina. Article 21 of Chapter 116 of the General Statutes authorizes the Board of Governors to issue revenue bonds for the types of projects enumerated in the article. The types of projects for which revenue bonds may be issued include educational buildings, dormitories, recreational facilities, dining facilities, student centers, health care buildings, parking decks, etc. The revenue bonds are payable from rentals, charges, fees, and other revenues generated by the facility. The bonds are not payable from tax revenues.

Article 3 of Chapter 116D of the General Statutes authorizes the Board of Governors to issue special obligation bonds payable with any sources of income or receipts of the Board of Governors or a constituent or affiliated institution, but not including tuition payments or appropriations from the General Fund from State revenues. The bond proceeds could be used for construction, improvement, and acquisition of any capital facilities located at UNC constituent and affiliated institutions. The bonds are not payable from tax revenues.

BILL ANALYSIS:

Section 1. States the purpose of the act to authorize the construction and financing of the capital improvements projects at various constituent institutions of The University of North Carolina. The projects authorized by the bill would not be financed with funds appropriated from the State's General Fund; but may be financed with gifts, grants, receipts, self-liquidating indebtedness, other funds available to the constituent institutions, or a combination of any of those financing methods.

Section 2. Sets out the self-liquidating projects the Board of Governors plans to finance with revenue and/or self-liquidating bonds. Although the UNC revenue bond act in Chapter 116 does not require the enactment of an appropriation bill, the customary practice for UNC system revenue bond issues has been legislation that lists the specific projects to be financed and their costs.

Section 3. Sets out seven additional capital improvements projects and authorizes the financing of some of the costs of those projects with revenue and/or self-liquidating bonds. The seven

projects set out in this section were previously authorized for construction in S.L. 2000-3 as part of the earlier, general obligation bond program.

Section 4. Authorizes the Director of the Budget, at the request of the Board of Governors, to authorize cost increases or decreases, or changes in the method of financing for the projects authorized by the bill. The Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations, but consultation is not required.

Section 5. The UNC special obligation bond act requires that the specific projects and their costs be set forth in legislation approved by the General Assembly and that the maximum amount of special obligation bonds to be issued to finance the specific projects listed be stated. Sections 2 and 3 set forth the specific projects and their costs. This section expressly states that the maximum principal amount of special obligation bonds to be issued shall not exceed the amounts listed in Sections 2 and 3 plus $6 million for related additional costs for which bond proceeds are routinely used, such as issuance expenses, funding of reserve funds, and capitalized interest.

Section 6. The bill is effective when it becomes law.

HOUSE BILL 1726*

Short Title:	UNC Nonappropriated Capital.	(Public)
Sponsors:	Representative Allen.	
Referred to:	Appropriations.	

June 13, 2002

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is: (i) to authorize the construction, by certain constituent institutions of The University of North Carolina, of the capital improvements projects listed in this act for the respective institutions, and (ii) to authorize the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, or other funds, or any combination of these funds, but not including funds appropriated from the General Fund of the State.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be constructed and financed as provided in Section 1 and Section 5 of this act are as follows:

1.	Appalachian State University	
	Residence Halls Comprehensive Renovations	$12,000,000
2.	East Carolina University	
	Clement Residence Hall Renovations	2,833,000
	West End Dining Hall Supplement	3,357,000
3.	Elizabeth City State University	
	Renovation of Campus Dining Facility	1,178,000
4.	Fayetteville State University	
	Athletic Facilities Improvements	2,766,550

5.	North Carolina State University	
	Soccer, Track, and Softball Complex	4,500,000
	Fire Safety – Residence Halls	1,300,000
	University Apartments for Upperclassmen Housing	77,260,700
	Parking Expansion Projects	1,000,000
6.	The University of North Carolina at Chapel Hill	
	208 West Franklin Street	4,000,000
	Kenan, McIver, Alderman Residence Hall Renovations	10,500,000
	Residence College Phase II	46,500,000
	School of Medicine Research Facilities	77,700,000
	Ramshead Development	12,800,000
	Hot Water Replacement Phase II	5,000,000
7.	University of North Carolina at Charlotte	
	Residence Hall Phase VIII	22,000,000
	Brocker Health Center	7,150,000
	Parking Deck G	8,300,000
8.	The University of North Carolina at Pembroke	
	Surface Parking Lot	275,000
	University Center Expansion	3,000,000
	Improvements to Student Recreation Facilities	600,000
9.	The University of North Carolina at Wilmington	
	University Union Building Expansion and Renovation (Supplemental Funding)	22,400,000
	Parking – 650 Spaces	3,000,000
	Wagoner Hall Renovations	4,000,000
	Residence Hall Renovations	6,000,000
10.	Western Carolina University	
	Hospitality Management Center	8,000,000
	TOTAL	$347,420,250

SECTION 3. The capital improvements projects listed in this section were authorized in S.L. 2000-03. The capital improvements projects, and their respective costs, authorized by this act to be financed as provided in Section 1 and Section 5 of this act, are as follows:

1.	North Carolina State University	
	College of Engineering Phase II	$ 8,000,000
	CVM Research Lab Building	14,584,000

	Centennial Campus Building	4,064,000
2.	The University of North Carolina at Chapel Hill	
	Carrington Hall Addition	2,077,900
	Science Complex Phase I	18,037,500
3.	The University of North Carolina at Pembroke	
	Auxiliary Services Complex and Student Bookstore	1,500,000
4.	The University of North Carolina at Wilmington	
	Westside Building Expansion	3,000,000
	TOTAL	$ 51,263,400

SECTION 4. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of funding, the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 5. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Sections 2 and 3 of this act plus six million dollars ($6,000,000) for related additional costs, such as issuance expenses, funding of reserve funds, and capitalized interest.

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

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE
REVISED NOTE

BILL NUMBER: HB 1726 (Revised First Edition)

SHORT TITLE: UNC Nonappropriated Capital

SPONSOR(S): Representative Allen

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	($million) FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES					
EXPENDITURES					
General Fund	**.05**	**1.1**	**2.3**	**10.9**	**10.2**
POSITIONS*	**3**	**22**	**50**	**167**	**167**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: University of North Carolina General Administration

EFFECTIVE DATE: This act is effective when it becomes law.

* General Fund position totals are cumulative.

BILL SUMMARY: The bill authorizes the construction and financing, without appropriations from the General Fund, of capital improvement projects of the constituent institutions of the University of North Carolina.

ASSUMPTIONS AND METHODOLOGY: The chart on the following pages was compiled with the assistance of the Associate Vice President for Finance for the UNC Office of the President. The chart shows the cost to construct and operate the proposed campus buildings and the source of funds for each facility. All projects are scheduled to begin construction in 2003 and have been approved by the Boards of Trustees of the campuses and the UNC Board of Governors. The effect of the bond debt on students is also shown.

The seven projects in Section 3 of the bill were previously authorized by the 2000 General Assembly as part of the $3.1 billion bond program in SB 912 (S.L. 2000, Chapter 3). These projects have received the following General Obligation bond funding:

	GO Bonds Authorized	HB 1726 Amount
North Carolina State University		
College of Engineering		
Phase I	$32,806,500	
Phase II	$46,565,200	$8,000,000
CVM Research Lab Building	$20,180,000	$14,584,000
Centennial Campus		
Research Lab Space Phase I	$18,900,000	$4,064,000
The University of North Carolina at Chapel Hill		
Carrington Hall Addition	$10,082,100	$2,077,900
Science Complex Phase I	$55,012,500	$18,037,500
Science Complex Phase II	$33,437,500	
The University of North Carolina at Pembroke		
Auxiliary Services Complex and Student Bookstore	$2,696,000	$1,500,000
The University of North Carolina at Wilmington		
Westside Building Expansion	$2,687,300	$3,000,000
TOTAL	$222,367,100	$51,263,400

Eight projects in the bill will require a General Fund appropriation to fund annual operating expenses. UNC-Chapel Hill's School of Medicine Research Facilities is the first to require operating money in FY 2002-03. Three more facilities require General Fund support in FY 2003-04, two more in FY 2004-05, and two more in FY 2005-06. The average operating cost for these eight buildings is $11.9 million over the next twenty years.

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operative Costs
Section 2						
Appalachian State University	Residence Halls Comprehensive Renovations	$12,000,000	Housing Receipts		$817,635	Housing Receipts
East Carolina University	Clement Resident Hall Renovations	$2,833,000	Housing Receipts			
	West End Dining Supplement	$3,357,000	Dining & Housing Receipts		$287,047	Dining & Housing Receipts
Elizabeth City State University	Renovation of Campus Dining Facility	$1,178,000	Dining Receipts		$537,868	Dining Receipts
Fayetteville State University	Athletic Facilities Improvements	$2,766,550	Athletic Receipts, Private Gifts and Debt Service Fee	$95/yr beginning Fall 2003	$238,298	General Fund
North Carolina State University	Soccer, Track, and Softball Complex	$4,500,000	Athletic Receipts		$85,677	Athletic Receipts
	Fire Safety - Residence Halls	$1,300,000	Housing Receipts		$155,399	Housing Receipts
	University Apartments for Upperclassmen Housing	$77,260,700	Housing Receipts		$2,589,558	Housing Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operative Costs
North Carolina State University (continued)	Parking Expansion Projects	$1,000,000	Parking Receipts		$15,728	Parking Receipts
UNC-Chapel Hill	208 West Franklin Street	$4,000,000	Private Gifts		$210,050	Private Gifts
	Kenan, McIver, Alderman Residence Hall Renovations	$10,500,000	Housing Receipts		$434,821	Housing Receipts
	Residence College Phase II	$46,500,000	Housing Receipts		$3,016,114	Housing Receipts
	School of Medicine Research Facilities	$77,700,000	Facilities & Administrative Receipts		$3,732,787	General Fund
	Ramshead Development	$12,800,000	Parking, Dining, Student Recreation Fee, Sales & Gift	$30-$40/yr beginning Fall 2003 (50% of fee)	$3,677,704	Parking, Dining, Student Recreation Fee, & Sales
	Hot Water Replacement Phase II	$5,000,000	Utilities Trust Fund			
UNC-Charlotte	Residence Hall Phase VIII	$22,000,000	Housing Receipts		$926,244	Housing Receipts
	Brocker Health Center	$7,150,000	Student Health Fee	$14/yr beginning Fall 2003	$219,757	Student Health Fee
	Parking Deck G	$8,300,000	Parking Receipts		$1,842	Parking Receipts

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operative Costs
UNC-Pembroke	Surface Parking Lot	$275,000	Parking Receipts			
	University Center Expansion	$3,000,000	University Center Debt Service Fee	$80/yr beginning Spring 2003	$138,159	Book Store Receipts and potential increase in Student Activity Fee
	Improvements to Student Recreation Facilities	$600,000	Student Recreation Debt Service Fee	$16/yr beginning Spring 2003	$88,714	Student Recreation Receipts
UNC-Wilmington	University Union Building Expansion and Renovation (Supplemental Funding)	$22,400,000	Dining Receipts, Bookstore Receipts, and University Union Debt Fee	$115/yr beginning Spring 2003	$549,017	Will request increase in Student Recreation Fee
	Parking - 650 Spaces	$3,000,000	Parking Receipts			
	Wagoner Hall Renovations	$4,000,000	Dining Receipts			
	Residence Hall Renovations	$6,000,000	Housing Receipts			
Western Carolina University	Hospitality Management Center	$8,000,000	Federal Grant		$246,276	General Fund
Total		**$347,420,250**			**$4,217,361**	General Fund
					$13,751,334	**Other Sources**

Campus	Project	Amount	Source of Funds	Effect of Debt on Students	Increase in Annual Operating Costs	Source of Operative Costs
Section 3 Previously Authorized						
North Carolina State University	College of Engineering Phase II	$8,000,000	Facilities & Administrative Receipts and Engineering Foundation funds		$1,764,997	General Fund
	College of Veterinary Medicine Research Lab Building	$14,584,000	Facilities & Administrative Receipts and Veterinary Practice Plan		$1,034,033	General Fund
	Centennial Campus Building	$4,064,000	Centennial Campus Receipts		$943,276	General Fund
UNC-Chapel Hill	Carrington Hall Addition	$2,077,900	Private Gifts		$877,879	General Fund
	Science Complex Phase I	$18,037,500	Private Gifts		$3,041,424	General Fund
UNC-Pembroke	Auxiliary Services Complex and Student Bookstore	$1,500,000	Student Services Debt Fee	$40/yr beginning Spring 2003		
UNC-Wilmington	Westside Building Expansion	$3,000,000	Student Debt Service Fee	$20/yr	$83,523	Available balance in receipts
Total		**$51,263,400**			**$7,661,609 $83,523**	**General Fund Other Sources**

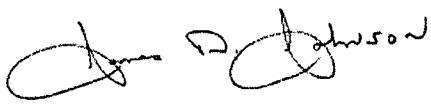
SOURCES OF DATA: Associate Vice President for Finance for the UNC Office of the President

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Richard Bostic

APPROVED BY: James D. Johnson



DATE: July 29, 2002

Withdrawn

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1726

AMENDMENT NO. 1
(to be filled in by
Principal Clerk)

H1726-ALH-85 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
First Edition

Representative Nesbitt

moves to amend the bill on page 2, line 34,
by adding the following:
"Student Recreation Center 11,500,000";

and by adjusting the appropriate totals accordingly.

SIGNED Martin Nesbitt (BJ)
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

VISITOR REGISTRATION SHEET

APPROPRIATIONS — 8.27.2007

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Shirley Jones	Admin/SCO
Rob Sandt	NCCCS
J. Woodward	UNC
Mark Fleming	UNC
JD Merrill	UNC
Dwayne Pinkney	UNC
K Nelson	UNC
Jeff Davies	UNC
Kevin Fitzgerald	UNC-CH
Susan Coward	NCDOT
Kara Owen	NC SCA
Robert Wilson	S.O.S.
Brian Wilkins	Hoover & Assoc
Dick Carlton	Carlton + Alexander
John Cyrus	N.C. State Grange
Jerry Cooper	NC ALA
Roy Rogers	Double R Ranch
Jeb Allen	Allen Associates Inc

VISITOR REGISTRATION SHEET

APPROPRIATIONS , 2001

Name of Committee **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Dave Rudwal	The Post

Minutes
House Appropriations Committee Meeting
Wednesday, August 28, 2002
3:55 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 3:55 pm for the purposes of considering **S 901 NC Health Choice Program Enroll Management.**

The Co-Chair recognized Representative Edd Nye to explain the bill. Representative Beverly Earle moved to adopt the proposed committee substitute, which passed by voice vote. Representative Edd Nye then offered an amendment inserting language "not to exceed five million", which passed by voice vote.

Co-Chair Representative Earle moved to favorably report the Bill as amended. By a voice vote the motion passed and the meeting was adjourned at 4:05 pm.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

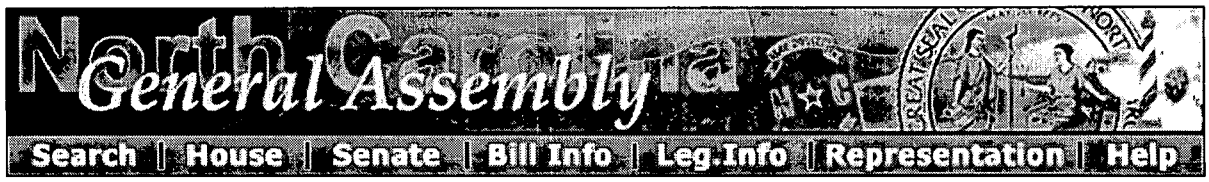
STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, August 28, 2002
8:30 AM

S 901 NC Health Choice Enrollment Management



Senate Bill 901

DOT Cash Management.

Bill Text: Edition 1 | Edition 2

Introduced by: Wib Gulley

P/L = Public/Local Bill | $ = Affects Appropriations
* = Bill Text Has Changed

Session:	2001-2002 Session	**Prime Sponsors:**	Wib Gulley.
Fiscal Note:	N/A	**Attributes:**	P *

Date		Action
04/04/2001	S	Filed
04/05/2001	S	Ref to Transportation. If fav, re-ref to Appropriations/Base Budget
06/18/2001	S	Reptd Fav Com Substitute
06/18/2001	SA	Com Substitute Adopted
06/18/2001	S	Re-ref Com On Appropriations/Base Budget
06/20/2001	S	Withdrawn From Comm
06/20/2001	S	Placed On Cal For 6/20/2001
06/20/2001	S	Passed 2nd Reading
06/21/2001	S	Passed 3rd Reading
06/26/2001	H	Rec From Senate
06/26/2001	H	Ref To Com On Appropriations

[how a law is made]

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2001-2002 Session **Bill Number:** Look-Up

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 901

Committee Substitute Adopted 6/18/01

PROPOSED HOUSE COMMITTEE SUBSTITUTE S901-CSLY-51 [v.1]

8/28/2002 2:16:41 PM

Short Title: NC Health Choice Program Enroll. Management (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO ALLOW A ONE-TIME TRANSFER OF STATE FUNDS TO SUPPORT EXCESS PROGRAM ENROLLMENT IN THE NC HEALTH CHOICE PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services shall manage NC Health Choice program enrollment. In the current State fiscal year, one-time matching funds may be transferred to support State fiscal year 2002-2003 program expenditures that are attributable to excess program enrollment.

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

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

~~H. B. No. 95~~ _____ DATE 8/28/02

S. B. No. 901 _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) Nye
Sen.)

1 moves to amend the bill on page 1, line 8
2 ( ) WHICH CHANGES THE TITLE
3 by inserting between those lines the
4 following:
5 "not to exceed five million dollars
6 ($5,000,000)"
7
9
10
11
12
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14
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18
19

Fiscal Impact ✓

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S 2

SENATE BILL 901

Transportation Committee Substitute Adopted 6/18/01

Short Title: DOT Cash Management. (Public)

Sponsors:

Referred to:

April 5, 2001

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE STUDY OF DOT CASH MANAGEMENT.

The General Assembly of North Carolina enacts:

Whereas, at the end of fiscal year 1999-2000, the Highway Trust Fund had a cash balance of $858 million and the Highway Fund had a cash balance of $270 million; and

Whereas, Section 25.14 of S.L. 2000-67 directed the Joint Legislative Oversight Committee to contract for a study of these cash balances to determine if DOT could more effectively use its cash balances to meet the transportation needs of the State; and

Whereas, the study produced numerous recommendations to improve DOT's management of these cash balances; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. DOT Directed to Use Cash Flow Financing. – The Department of Transportation is directed to reorganize its cash management procedures consistent with the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report. The Department is directed to:

(1) Utilize cash flow financing to the maximum extent possible to fund highway construction projects, with the goal of reducing the combined average daily cash balance of the Highway Trust Fund and the Highway Fund to an amount equal to twelve percent (12%) of the combined estimate of the yearly receipts of the Funds, exclusive of municipal aid funds.

(2) Establish necessary management controls to facilitate use of cash flow financing, such as establishment of a financial planning committee, development of a monthly financial report, establishment of

appropriate fund cash level targets, review of revenue forecasting procedures, and reduction of accrued unbilled costs.

(3) Strengthen the project delivery process by reorganization of preconstruction functions in order to expedite project delivery and maximize use of cash flow financing of projects. The Department shall designate one person responsible for project delivery, develop project delivery reports, and continually assess which projects can be accelerated using cash flow financing.

(4) Report quarterly for a period of two years, beginning in September 2001, to the Joint Legislative Transportation Oversight Committee on its efforts to reorganize the cash management and project delivery process and the results of those efforts.

SECTION 2. Article 6A of the General Statutes is amended by adding a new section to read:

"**§ 147-86.15. Cash management of the Highway Fund and the Highway Trust Fund.**

The State Treasurer is authorized to combine the balances of the Highway Fund and the Highway Trust Fund for cash management purposes. The State Treasurer is authorized to make short-term loans between the Funds to accomplish the purposes of this section."

SECTION 3. Study of Short-Term Borrowing to Facilitate Cash Flow Financing. – The Department of Transportation and the State Treasurer are directed to jointly:

(1) Evaluate the recommendations of the March 2001 Joint Legislative Transportation Oversight Committee Cash Management Study final report concerning authorization for the State Treasurer to borrow funds on a short-term basis in order to allow the Department of Transportation to maintain lower target cash balances and expedite highway construction projects;

(2) Develop recommendations concerning short-term borrowing for cash management purposes, including any needed legislation; and

(3) Submit findings and recommendations to the Joint Legislative Transportation Oversight Committee by February 1, 2002.

SECTION 4. G.S. 136-176 is amended by adding a new subsection to read:

"(a1) The Department is authorized to use one hundred fifty million dollars ($150,000,000) per year of the cash balance of the Highway Trust Fund, in fiscal years 2001-2002, 2002-2003, and 2003-2004 only, for primary route pavement preservation. The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the cash balances of the Highway Trust Fund for this purpose will not affect the delivery schedule of Highway Trust Fund projects in the 2002-2008 Transportation Improvement Program."

SECTION 5. G.S. 136-176 is amended by adding a new subsection to read:

"(a2) The Department is authorized to use fifteen million dollars ($15,000,000) per year of the cash balance of the Highway Trust Fund, in fiscal years 2001-2002, 2002-2003, and 2003-2004 only, to fund preliminary engineering costs for projects not included in the current year Transportation Improvement Plan. The Department shall certify to the Joint Legislative Transportation Oversight Committee each year, on or before November 1, that use of the cash balances of the Highway Trust Fund for this purpose will not affect the delivery schedule of Highway Trust Fund projects."

SECTION 6. G.S. 136-176 is amended by adding a new subsection to read:

"(b1) The Secretary may authorize the transfer of funds allocated under subdivisions (b)(1) through (b)(4) of this section to other projects that are ready to be let and were to be funded from allocations to subdivisions (b)(1) through (b)(4) of this section. The Secretary shall ensure that any funds transferred pursuant to this subsection are repaid promptly and in any event in no more than four years. The Secretary shall certify, prior to making any transfer pursuant to this subsection, that the transfer will not affect the delivery schedule of Highway Trust Fund projects in the current Transportation Improvement Program. No transfers shall be allowed that do not conform to the applicable provisions of the equity formula for distribution of funds, G.S. 136-17.2A. If the Secretary authorizes a transfer pursuant to this subsection, the Secretary shall report that decision to the next regularly scheduled meetings of the Joint Legislative Commission on Governmental Operations, the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division."

SECTION 7. This act is effective when it becomes law.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — Name of Committee

Aug 28, 2002 — Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John McHugh	COU office
Roz Smith	NCCCC
Joanne Stevens	nursing
David Barnes	Poyner + Spruill
John Bowdish	Bowdish Consulting
Becky Mercer	Mercer & Associates
[illegible]	NCCCA
Ken Melton	Allen Associates, Inc.
Bill Rustin	ACP
Mike James	ACP
John Rust	NCFPC
Bonnie Cramer	OSBM
Barbara Canales	MFSS

Minutes
House Appropriations Committee Meeting
Tuesday, September 24, 2002
8:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:50 am for the purposes of considering **H 1751, NC Tourism Development Act.**

The Co-Chair recognized Bill Sponsor Representative Earle to explain the bill and she stated that the bill creates the Travel and Tourism Capital Incentive Grant Program. The act becomes effective January 2003 and expires for grant applications filed on or after July 2005. Martha Walston, Committee Counsel was recognized to go over the section by section as listed in the Bill Analysis (attached).

Presiding Co-Chair Rep. Redwine recognized Jim Hobbs, NCHLA to make remarks regarding the bill.

No action was taken and Co-Chair Redwine adjourned the meeting at 9:45 am and announced the committee would meet again to consider the bill at 8:30 am Wednesday, September 25th.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

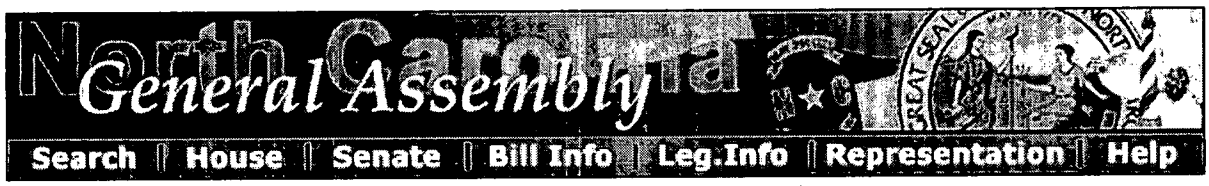
STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, September 24, 2002
8:30 AM

H 1751 NC Tourism Development Act



9.24 Tues

House Bill 1751

NC TOURISM DEVELOPMENT ACT. (= S 1424)

Bill Text: Edition 1 | Edition 2

Introduced by: Alexander; Allen; Barefoot; Church; Clary; Culpepper; Cunningham; Dedmon; Earle; Haire; Hall; Hunter; Insko; Jarrell; Jeffus; Justus; McComas; McMahan; Nye; Preston; Saunders; Sherrill; Smith; Tolson; Wainwright; Warner; Warwick

P/L = Public/Local Bill | **$** = Affects Appropriations
* = Bill Text Has Changed

Session: 2001-2002 Session **Prime Sponsors:** Beverly M. Earle.W. Edwin McMahan.Daniel F. McComas.Daniel W. Barefoot.

Fiscal Note: Edition 1 Edition 2 **Attributes:** P *

Date		Action
06/13/2002	H	Filed
06/17/2002	H	Ref To Com On Finance
09/17/2002	HA	Reptd Fav Com Substitute
09/17/2002	H	Re-ref Com On Appropriations

[how a law is made]

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2001-2002 Session **Bill Number:** Look-Up

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Mtg 9.24.02 1st mtg on 1751
Earle recog to x Bill
Discussion only
no actions no action
Jim Hobbs NC HLA
recog for comments

HOUSE BILL 1751:
NC Tourism Development Act

BILL ANALYSIS

Committee: House Appropriations
Date: September 23, 2002
Version: 2nd Edition

Sponsor: Rep. Earle, McMahan, McComas, and Barefoot
Analysis by: Martha Walston
Committee Counsel

BILL ANALYSIS: House Bill 1751 creates the Travel and Tourism Capital Incentive Grant Program. The act becomes effective January 1, 2003, and expires for grant applications filed on or after July 1, 2005.

Grant recipient - Grants may be awarded to a unit of local government that owns a qualified project in whole or in at least 50% partnership with a private individual or entity. Grant proceeds may not be distributed to any private individual or entity. A "unit of local government" is defined in the bill as a county or municipality in the State.

Qualified project - A qualified project is a newly created travel and tourism project or expansion or renovation of a travel and tourism project that the Travel and Tourism Grant Committee determines, pursuant to a feasibility study funded by the applicant, meets the following conditions:

1. At least half of the project will be financed and owned by a unit of local government in which it is located
2. The project will target at least 35% of its visitors from among persons who reside outside the State or more than 50 miles from the project.
3. The project has a business plan that demonstrates a positive economic impact on the community in which the project is located.
4. The applicant has provided impact projections regarding estimated State and local tax revenues with respect to the project.
5. The project will have a significant and positive economic impact on the community in which the project is located, considering among other factors, the extent to which the tourism project will compete directly with existing tourism attractions in the area and the amount by which tax revenues from the tourism project will exceed the amount of the grant provided.
6. The applicant has provided a cost-benefit analysis of the project.
7. The applicant has provided an economic impact analysis, certified by a CPA, which demonstrates the employment, gross state product, and personal income effects of the project over a 10-year period.
8. The project will be available to the public for a minimum of 100 days per year.
9. The project will generate at least 10 new jobs in the community in which the project is located.
10. The project will have the following minimum cost based on the enterprise tier in which it is located:

Enterprise Tier	Minimum Cost

1 and 2	$ 1,000,000
3 and 4	$ 5,000,000
5	$10,000,000

11. The governing body of the unit of local government has passed a resolution stating the need for and positive economic impact and enhancement of travel and tourism revenues from the project.
12. The applicant has demonstrated by clear and convincing evidence all of the following:
    a. The project will not result in unnecessary duplication of existing services.
    b. The project will generate new visitors to the area rather than drawing visitors away from other existing tourism attractions.
13. The applicant has certified that the project will not be created, expanded, or renovated unless the applicant is awarded a grant.

Amount of the grant - The amount of the grant is determined by multiplying the sum of the total amount of sales taxes collected on sales by or within the qualified project and the net privilege taxes paid by the qualifying project times a percentage not to exceed the following enterprise tier percentage:

Enterprise Tier	Percentage
1 and 2	35
3 and 4	30
5	25

These same percentages are used to calculate the cumulative maximum amount of a grant determined by the applicable percentage of the total project cost.

Maximum term. – The maximum term of the grant is ten years. No project may receive any grant proceeds for a year that is more than ten years beyond the date of the initial grant award.

Use of grant proceeds. - The proceeds of the grant may be used only for capital costs, including debt service, with respect to the qualified project.

Cap on number of projects and amount of projects awarded each year - No more than 10 projects may be awarded grants each fiscal year. No more than $20,000,000 in grants shall be awarded each fiscal year. For purpose of the $20 million maximum, the amount awarded is calculated as the cumulative maximum amount of the grant divided by the number of years in its term.

Travel and Tourism Grant Committee - The Travel and Tourism Grant Committee shall consist of six members: the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and three elected local government officials who will serve two-year terms. The Speaker of the House will appoint an official who represents the Mountains, the President Pro Tem of the Senate will appoint an official who represents the Coastal Plain, and the Governor will appoint an official who represents the Piedmont. The elected local government officials may not be associated with or employed by the travel and tourism industry or an entertainment enterprise, or be in any contractual relationship regarding the qualified project. The Committee may only act upon unanimous consent. The Committee is

subject to the open meetings law and the public records law. Members of the Committee are forbidden to work for a business that receives a grant under this program, or to provide services for compensation to any person or entity who contracts with the project, for a period of two years after the member's service on the Committee ends.

Fees. - Each applicant must pay the Committee a $5,000 application fee.

Information provided by the Committee. Upon awarding a grant, the Committee must provide the Department of Revenue with specific information.

Disbursement of grants by the Department of Revenue - The Department of Revenue must annually disburse the grants by October 1 for the preceding fiscal year, based on information provided to the Department by the owner of the qualified project. In order to pay for the Grant Program, the Department will draw from State sales and use tax collections an amount equal to the grant funds disbursed and the Department's costs of administering the grants.

Exemption from rule making. – The Travel and Tourism Grant Committee is exempt from the rule making provisions under the Administrative Procedure Act when developing guidelines for the Grant Program.

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1751 (2nd Edition)

SHORT TITLE: NC Tourism Development Act

SPONSOR(S): Representatives Earle, McMahan, McComas, and Barefoot

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	(Millions)				
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES					
General Fund					
Sales Tax	0	(20)	(40)	(60)	(60)
EXPENDITURES					
Travel and Tourism Grant Committee	* See Assumptions and Methodology *				
Dept. of Revenue	* See Assumptions and Methodology *				
POSITIONS:					
Department of Revenue	* See Assumptions and Methodology *				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Travel and Tourism Grant Committee, NC Department of Revenue, and local governments.

EFFECTIVE DATE: January 1, 2003

BILL SUMMARY: The bill creates the Travel and Tourism Capital Incentive Grant program to be administered by the Travel and Tourism Grant Committee. The program offers grants to counties and municipalities who own "qualifying projects" that meet the following criteria: 1) the project is financed and owned (in whole or at least in 50% partnership) by the unit of local government in which it is located, 2) the project will target 35% or more of its visitors from at least 50 miles away or out of state, 3) the project has a business plan that indicates that project will be profitable, 4) the applicant provides tax impact projections, 5) the project will have a significant and positive impact on the community, 6) the project will be open at least 100 days per year, 7) the project will generate at least ten new jobs in the local area, 8) the projects will meet a minimum cost criteria based on the North Carolina enterprise tier in which it is located, 9) the governing body of the local government passes a resolution stating the need for, positive economic impact of, and the enhanced travel and tourism opportunities created by the project,

10) the applicant demonstrates that the project will not duplicate services and will draw new visitors to the area, and 11) the applicant guarantees, in writing, that the project would not happen "but for" this grant. Grant funds can be used to fund new projects or the renovation and expansion of existing facilities. The grant amount is determined by multiplying the total amount of sales taxes and entertainment taxes collected by or within the qualified program and the net privilege taxes paid by the qualifying project by an enterprise tier based percentage, with maximum percentages outlined in the bill (35% tier 1 and 2, 30% tier 3 and 4, and 25% for tier 5). These same percentages apply to the maximum amounts of the total project cost that can be funded through this grant program. Projects must meet minimum cost requirements, which differ by tier, to be eligible. The Travel and Tourism Grant Committee is charged with determining if all project criteria are met and the percentages used to calculate the grant amount. Grant funds can only be used for capital costs, including debt service. To receive a grant disbursement, the project owner must provide the Department of Revenue with periodic, verified accounting of the tax collections. Annual disbursements based on this information must be made by the Department of Revenue by October 1 of each year and should reflect tax collections from that project for the previous fiscal year. The Department is only required to distribute funds based on data provided by the owner. If appropriate data is not provided to justify a complete payment, a partial payment can be made to reflect the information provided. Applicants must fund a feasibility study coordinated and directed by the Travel and Tourism Grant Committee and pay a $5,000 application fee. The funds to pay for the grants and the associated departmental costs are drawn from State sales and use tax revenues. The grant application period for the bill sunsets July 1, 2005, although payments for grants authorized before that date will continue to be made up to ten years after the initial award. Only ten (10) grants can be awarded per year. Annual awards are limited to $20 million.

ASSUMPTIONS AND METHODOLOGY:

Impact on Revenue

The bill effectively earmarks a proportion of state tax revenue drawn from a particular qualifying project and returns that funding to the institution to fund capital costs and debt service. The proportion returned varies by location and other factors. The bill would allow funding for ten projects a year, with a maximum of thirty grants awarded before the July 1, 2005 sunset. At present Fiscal Research is aware of several potential projects that have already reach the planning stages, primarily arenas, convention centers and athletic facilities, that could easily qualify for these grants, although local government officials indicate that many local units would likely be interested applying for these grants. Fiscal Research is also not aware of any other state that uses a similar funding mechanism, so no data is available from other states to suggest a fiscal cost. (Kentucky has a state sales tax incentive program for tourism development, which has funded seven (7) projects to date. However, because of substantial differences in the Kentucky plan and this bill, that state's experience cannot be used as a proxy for estimating purposes). Because there is no good data on the type, size and location of qualifying projects or potentially qualifying projects, the fiscal note assumes the committee awards the maximum annual amount of $20 million. Because the bill allows three grant cycle before the sunset, the maximum annual impact is reached in 2004-05 of $60 million ($20 million from each year of awards). Because all economic activity, in total, is considered in determining the state's baseline revenue projections, all grants awarded under this program would be shown as a loss of state revenue. However, none of that loss would appear in FY 2002-03, as the first payment would not be made for any project until October 2003.

Impact on Expenditures

Travel and Tourism Grant Committee: The bill charges the Travel and Tourism Grant Committee (the Committee) with carrying out the following activities in order to administer the grant program:

1. Adopt rules for the administration of the program.

2. Coordinate and direct feasibility studies funded by the applicants. This coordination function includes selection by the Department of qualified, independent consultants and prescription of the scope of each study.

3. Analyze applications to ensure they contain all necessary information regarding the nature and cost of the proposed tourism project, the estimated revenues to be generated by the project, the estimated economic benefit to the community, and the purposes for which the applicant will use grant funds.

Each of these activities will involve a cost to the Committee. The bill allows the Committee itself to determine how the fee revenue and associated responsibilities will be distributed. Since the bill does not specify the financial structure of the Committee, how the Committee will operate, or how the Committee will utilize the $5,000 fee per application, it is not possible to estimate the fiscal impact on the Committee.

Department of Revenue: According to the Department of Revenue, the anticipated responsibilities from the enactment of the bill will not justify any positions being assigned to handle the work and, therefore, no employee costs will be incurred. There will only be very minimal costs for printing and mailings of forms and possibly some other minor administrative costs. The Department's assumption is that there will be a relatively small number of projects that will qualify, at least initially. Therefore, on the basis of this assumption, taxes eligible for grants will not be generated until a project is completed and business performed in the project. The first fiscal year for which grants could be issued would most likely be FY 2003-2004. This should provide the department with ample time to get procedures in place.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps, Adam Levinson, and Michele Nelson

APPROVED BY: James D. Johnson

DATE: September 19, 2002

HOUSE BILL 1751
Committee Substitute Favorable 9/17/02

Short Title: NC Tourism Development Act. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO CREATE A TRAVEL AND TOURISM CAPITAL INCENTIVE GRANT PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-434.4. Travel and Tourism Capital Incentive Grant Program.**

(a) Program Established. – There is established the Travel and Tourism Capital Incentive Grant Program. Under the program, the Travel and Tourism Grant Committee established in subsection (d) of this section may award grants to the owners of qualified projects for the purpose of inducing the creation of new or the expansion or renovation of existing travel and tourism projects. Grant proceeds may not be distributed to any private individual or entity. The Committee shall develop guidelines to be used in determining whether the conditions in this section are satisfied and whether the project described in the application is consistent with the grant program.

(b) Owner Defined. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, the owner of a qualified project is the unit of local government that will own the qualified project in whole or in at least fifty percent (50%) partnership with a private individual or entity.

(c) Unit of Local Government Defined. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, a unit of local government means a county or municipality in the State.

(d) Committee. – The Travel and Tourism Grant Committee shall consist of the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and three elected local government officials. One elected local government official shall represent the Mountains and shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. One elected local government official shall represent the Piedmont and shall be appointed by the Governor. One elected local government official shall

represent the Coastal Plain and shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. The elected local government officials may not be associated with or employed by the travel and tourism industry or an entertainment enterprise, or be in any contractual relationship regarding the qualified project. The General Assembly and Governor appointees shall serve two-year terms. The Committee may act only upon a unanimous decision of its members.

It is unlawful for a member of the Committee to, within two years after the end of service on the Committee, provide services for compensation, as an employee, consultant, or otherwise, to any project that was awarded a grant under this section while the former member was serving on the Committee, or to provide services for compensation to any person or entity that contracts with the project. Violation of this subsection is a Class 1 misdemeanor.

Meetings of the Committee are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. All documents of the Committee, including applications for grants, are public records governed by Chapter 132 of the General Statutes, including applicable provisions of that Chapter protecting confidential information.

(e) Application and Fee. – The owner of a qualified project may apply for a grant no later than one year after the qualified project is opened to the public. When filing an application under this section, the applicant must pay the Committee a fee of five thousand dollars ($5,000). The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee imposed by this subsection among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

The application must contain all information required by the Committee, including a certification of the nature and cost of the tourism project, the estimated revenues to be generated by the project, the estimated economic benefit to the community, and the purposes for which the applicant will use the grant funds. If the tourism project is the result of a public-private partnership, the grant application must set forth in detail the respective rights and obligations of the parties and the specific terms of the agreement. The application must be signed by the finance officer and the chair of the governing body of the owner.

(f) Qualification. – A qualified project is a newly created travel and tourism project or expansion or renovation of a travel and tourism project that the Committee determines, pursuant to a feasibility study under this section, meets all of the following conditions:

(1) At least half of the project will be financed and owned by a unit of local government in which it is located.

(2) The project will target at least thirty-five percent (35%) of its visitors from among persons who reside outside the State or more than 50 miles from the project.

(3) The project has a business plan that demonstrates a positive economic impact on the community in which the project is located.

(4) The applicant has provided impact projections regarding estimated State and local tax revenues with respect to the project.

(5) The project will have a significant and positive economic impact on the community in which the project is located, considering among other factors, the extent to which the tourism project will compete directly with existing tourism attractions in the area and the amount by which tax revenues from the tourism project will exceed the amount of the grant provided.

(6) The applicant has provided a cost-benefit analysis of the project.

(7) The applicant has provided an economic impact analysis, certified by a certified public accountant, which demonstrates the employment, gross State product, and personal income effects of the project over a 10-year period.

(8) The project will be available to the public for a minimum of 100 days per year.

(9) The project will generate at least 10 new jobs in the community in which the project is located.

(10) The project will have the following minimum cost based on the enterprise tier in which it is located:

Enterprise Tier	**Minimum Cost**
1 and 2	$ 1,000,000
3 and 4	$ 5,000,000
5	$10,000,000

(11) The governing body of the unit of local government has passed a resolution stating the need for and positive economic impact and enhancement of travel and tourism revenues from the project.

(12) The applicant has demonstrated by clear and convincing evidence all of the following:

a. The project will not result in unnecessary duplication of existing services.

b. The project will generate new visitors to the area rather than drawing visitors away from other existing tourism attractions.

(13) The applicant has certified that the project will not be created, expanded, or renovated unless the applicant is awarded a grant.

(g) Feasibility Study. – The applicant must fund a feasibility study, certified by a certified public accountant, and coordinated solely by the Committee. The Committee shall develop a list of qualified firms to conduct the study. The Committee shall prescribe the scope of the study to cover all of the qualifications established in this section.

(h) Amount. – Subject to the maximums provided in this section, the amount of a grant with respect to a qualified project is calculated as a percentage of the total amount of the following taxes collected and retained by the State each year:

(1) The net State sales tax collected on sales by or within the qualified project, as determined by the Department of Revenue.

(2) The net privilege tax paid by the qualified project under G.S. 105-37.1, as determined by the Department of Revenue.

(i) Maximums. – The maximum term of a grant is 10 years. No project may receive any grant proceeds for a year that is more than 10 years beyond the date of the initial grant award.

The Committee shall set the grant percentage at the time it awards the grant. The percentage used to calculate a grant may not exceed the applicable percentage provided in the table below based on the enterprise tier, as defined in G.S. 105-129.3, in which the qualified project is located. In addition, the cumulative maximum amount of a grant may not exceed the applicable percentage of the total project cost provided in the table below based on the enterprise tier in which the qualified project is located.

Enterprise Tier	Percentage
1 and 2	35
3 and 4	30
5	25

(j) Use. – The proceeds of a grant may be used only for capital costs, including debt service, with respect to the qualified project for which the grant was awarded.

(k) Disbursement. – In order to receive grant disbursements under this section, the owner of the qualified project must provide the Department of Revenue with periodic, verified accountings of the tax collections provided in subsection (h) of this section. These reports must be made at the times and in the form prescribed by the Department of Revenue. Each report must include the name, address, and tax identification number of every taxpayer whose collections are included in the report and any other information required by the Department of Revenue.

The Department of Revenue must disburse grants awarded under this section in accordance with G.S. 105-269.16. Upon awarding a grant under this section, the Committee must provide the following information to the Department of Revenue:

(1) The name, address, and other identifying information of the owner to whom the grant was awarded.

(2) The name and address of any lessee or individual or entity who has entered into a contract with the owner of the qualified project.

(3) The address and other identifying information of each facility that is part of the qualified project for which the grant was awarded.

(4) The applicable percentage and the maximum cumulative amount of the grant as determined in accordance with this section.

(5) Any other information included in the application, if required by the Department of Revenue.

(l) Reports. – The Committee must report annually to the Revenue Laws Study Committee concerning the applications made for grants and the grants awarded under this section.

(m) Cap. – The maximum number of projects that may be awarded grants each fiscal year is 10. No more than twenty million dollars ($20,000,000) in grants shall be awarded each fiscal year. For the purpose of this maximum, the amount awarded is

calculated as the cumulative maximum amount of the grant divided by the number of years in its term."

SECTION 2. Article 9 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-269.16. Travel and tourism grants.**

The Department must annually disburse the travel and tourism grants awarded under G.S. 143B-434.4. Each annual disbursement must be made by October 1 for the preceding fiscal year. The amount of each grant must be calculated in accordance with G.S. 143B-434.4 based on information provided to the Department by the owner of the qualified project. If information necessary to calculate a portion of a grant is not available, the Department must disburse only that portion for which information is available. To pay for this program, the Department must draw from State sales and use tax collections under Article 5 of this Chapter an amount equal to the grant funds disbursed and the Department's costs of administering the grants. The Department must provide the Committee an annual accounting of grant funds disbursed under this section."

SECTION 3. G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(10) The Travel and Tourism Grant Committee in developing guidelines for the Travel and Tourism Capital Incentive Grant Program under G.S. 143B-434.4 of the General Statutes."

SECTION 4. This act becomes effective January 1, 2003, and expires for grant applications filed on or after July 1, 2005.

handout #1

North Carolina General Assembly
Legislative Services Office

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

Tony C. Goldman, Director
Administrative Division
Room 9, Legislative Building
16 W. Jones Street
Raleigh, NC 27603-5925
(919) 733-7500

Gerry F. Cohen, Director
Bill Drafting Division
Suite 401, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-6660

James D. Johnson, Director
Fiscal Research Division
Suite 619, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-4910

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

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

Memorandum

TO: Rep. Beverly Earle

FROM: Linda Struyk Millsaps
Fiscal Research

DATE: September 24, 2002

SUBJ.: NC Tourism Development Act

I am writing in response to your request for potential projects that could be funded under HB 1751.

As I read the bill, a broad array of projects could qualify for the tourism grants. These include arenas, convention centers, museums, raceways, amusement parks, shopping facilities, hotels, and golf courses to name a few. Given the range of potential projects, it is impossible to provide you with a comprehensive listing of projects that could be in the development process statewide. Conversations with the editor of Trade Week magazine, the primary trade magazine for trade shows, indicate that out the convention center in Concord has moved far along enough in the development process to reach their "radar screen". Communication with travel and tourism officials at the Department of Commerce indicate that they have no listing of potential, under development, or in progress facilities. The County Commissioners Association does not have a listing of potential facilities, although they felt certain that most if not all of their members would be interested. The list of facilities and communities that have shown an interest in this bill to myself, the bill advocates, or both, are as follows:

Ashville – Minor League Baseball
Charlotte – Afro-American Cultural Center
Charlotte – Arena
Charlotte – Minor League Baseball
Charlotte – Motor Sports Museum
Charlotte – Riverwalk
Concord – Convention Center
Durham – Performing Arts Center
Fayetteville – Minor League Baseball
Gastonia – Convention Center
Jacksonville – Convention Center
Jacksonville – Marine Museum
Raleigh – Civic Center

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Wilmington – Civic Center
Wilmington - Ampatheater
Swain County – Great Smokey Mountains Railroad
Union County – Convention Center
Washington—Water Park

It should be noted that this list is clearly not exhaustive and could grow quickly as existing potential projects are modified. As an example, it would not be a far stretch to allow the proposed Durham Tobacco warehouse project highlighted recently in the News and Observer to compete for this grant funding.

Of course, all of these projects are only potential projects. The final decisions about what projects would actually be funded would rest with the committee.

I hope this is of assistance.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

September 24, 2002 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
JZ Hobbs	NCHLA
Mohammad Jenatian	HTA
Cam Cover	BPMHL
Beau Mills	NC Metro Coalition
Ralph Clark	City of Kinston
Jen Royall	NC Family Policy Council
Andy Segal	NCDOR
Brandon Thomas	City of Charlotte
Boyd Cauble	"
Brian Francis	Mecklenburg County
Eddie Caldwell	NCHTLA
[illegible]	NCRA
Mark Emam	HTA
Ken Melton	Alley Associates, Inc
Elizabeth Dalton	Bond + Assoc.
Patrice Roesler	NCACC
Dana Wilkins	Mercer & Assoc
Gene Causby	NCCFSA

VISITOR REGISTRATION SHEET

APPROPRIATIONS — September 24 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Tim McDowell	NCICU
Bill Walker	NCATL

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

September 25, 2002 — **Date** Wed

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Jim Hobbs	NCHLA
T Jerry Miller	NCRA
Donald Dickens	Mercer & Assoc
Boyd Cauble	City of Charlotte
BRANDON THOMAS	CITY OF CHARLOTTE
Gene Canby	NCSFSA
V. M. Thomas	Mullen Co
Beau Mills	NC Metro Coalition
David Crawford	AIA North Carolina
Susan Harrison	WCBS
Steve Wall	Conservation Council
Gayle Sawyer	EGHS
Linda Worrell	NCICU
Cozzie Cowan	BPMHC

Minutes
House Appropriations Committee Meeting
Wednesday, September 25, 2002
8:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:45 am for the purposes of considering **H 1751, NC Tourism Development Act.**

The Co-Chair recognized Bill Sponsor Representative Earle to answer questions on the bill. Martha Walston, Committee Counsel was recognized to summarize and respond to questions from the membership.

Presiding Co-Chair Rep. Redwine recognized members of the committee to make remarks regarding the bill.

No action was taken and Co-Chair Redwine adjourned the meeting at 10:50 am and announced the committee would meet again to continue consideration of the bill at 8:30 am Thursday, September 26th.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, September 25, 2002
8:30 AM

H 1751 NC Tourism Development Act

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 1751 (2nd Edition)

SHORT TITLE: NC Tourism Development Act

SPONSOR(S): Representatives Earle, McMahan, McComas, and Barefoot

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	(Millions)				
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
REVENUES					
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Sales Tax	0	(20)	(40)	(60)	(60)
EXPENDITURES					
Travel and Tourism Grant Committee	* See Assumptions and Methodology *				
Dept. of Revenue	* See Assumptions and Methodology *				
POSITIONS:					
Department of Revenue	* See Assumptions and Methodology *				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Travel and Tourism Grant Committee, NC Department of Revenue, and local governments.

EFFECTIVE DATE: January 1, 2003

BILL SUMMARY: The bill creates the Travel and Tourism Capital Incentive Grant program to be administered by the Travel and Tourism Grant Committee. The program offers grants to counties and municipalities who own "qualifying projects" that meet the following criteria: 1) the project is financed and owned (in whole or at least in 50% partnership) by the unit of local government in which it is located, 2) the project will target 35% or more of its visitors from at least 50 miles away or out of state, 3) the project has a business plan that indicates that project will be profitable, 4) the applicant provides tax impact projections, 5) the project will have a significant and positive impact on the community, 6) the project will be open at least 100 days per year, 7) the project will generate at least ten new jobs in the local area, 8) the projects will meet a minimum cost criteria based on the North Carolina enterprise tier in which it is located, 9) the governing body of the local government passes a resolution stating the need for, positive economic impact of, and the enhanced travel and tourism opportunities created by the project,

10) the applicant demonstrates that the project will not duplicate services and will draw new visitors to the area, and 11) the applicant guarantees, in writing, that the project would not happen "but for" this grant. Grant funds can be used to fund new projects or the renovation and expansion of existing facilities. The grant amount is determined by multiplying the total amount of sales taxes and entertainment taxes collected by or within the qualified program and the net privilege taxes paid by the qualifying project by an enterprise tier based percentage, with maximum percentages outlined in the bill (35% tier 1 and 2, 30% tier 3 and 4, and 25% for tier 5). These same percentages apply to the maximum amounts of the total project cost that can be funded through this grant program. Projects must meet minimum cost requirements, which differ by tier, to be eligible. The Travel and Tourism Grant Committee is charged with determining if all project criteria are met and the percentages used to calculate the grant amount. Grant funds can only be used for capital costs, including debt service. To receive a grant disbursement, the project owner must provide the Department of Revenue with periodic, verified accounting of the tax collections. Annual disbursements based on this information must be made by the Department of Revenue by October 1 of each year and should reflect tax collections from that project for the previous fiscal year. The Department is only required to distribute funds based on data provided by the owner. If appropriate data is not provided to justify a complete payment, a partial payment can be made to reflect the information provided. Applicants must fund a feasibility study coordinated and directed by the Travel and Tourism Grant Committee and pay a $5,000 application fee. The funds to pay for the grants and the associated departmental costs are drawn from State sales and use tax revenues. The grant application period for the bill sunsets July 1, 2005, although payments for grants authorized before that date will continue to be made up to ten years after the initial award. Only ten (10) grants can be awarded per year. Annual awards are limited to $20 million.

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3. Analyze applications to ensure they contain all necessary information regarding the nature and cost of the proposed tourism project, the estimated revenues to be generated by the project, the estimated economic benefit to the community, and the purposes for which the applicant will use grant funds.

Each of these activities will involve a cost to the Committee. The bill allows the Committee itself to determine how the fee revenue and associated responsibilities will be distributed. Since the bill does not specify the financial structure of the Committee, how the Committee will operate, or how the Committee will utilize the $5,000 fee per application, it is not possible to estimate the fiscal impact on the Committee.

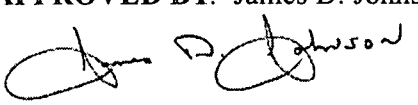
Department of Revenue: According to the Department of Revenue, the anticipated responsibilities from the enactment of the bill will not justify any positions being assigned to handle the work and, therefore, no employee costs will be incurred. There will only be very minimal costs for printing and mailings of forms and possibly some other minor administrative costs. The Department's assumption is that there will be a relatively small number of projects that will qualify, at least initially. Therefore, on the basis of this assumption, taxes eligible for grants will not be generated until a project is completed and business performed in the project. The first fiscal year for which grants could be issued would most likely be FY 2003-2004. This should provide the department with ample time to get procedures in place.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps, Adam Levinson, and Michele Nelson



APPROVED BY: James D. Johnson



DATE: September 19, 2002

North Carolina General Assembly
Legislative Services Office

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

Tony C. Goldman, Director
Administrative Division
Room 9, Legislative Building
16 W. Jones Street
Raleigh, NC 27603-5925
(919) 733-7500

Gerry F. Cohen, Director
Bill Drafting Division
Suite 401, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-6660

James D. Johnson, Director
Fiscal Research Division
Suite 619, LOB
300 N. Salisbury St.
Raleigh, NC 27603-5925
(919) 733-4910

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

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

Memorandum

TO: Rep. Beverly Earle

FROM: Linda Struyk Millsaps
Fiscal Research

DATE: September 24, 2002

SUBJ.: NC Tourism Development Act

I am writing in response to your request for potential projects that could be funded under HB 1751.

As I read the bill, a broad array of projects could qualify for the tourism grants. These include arenas, convention centers, museums, raceways, amusement parks, shopping facilities, hotels, and golf courses to name a few. Given the range of potential projects, it is impossible to provide you with a comprehensive listing of projects that could be in the development process statewide. Conversations with the editor of Trade Week magazine, the primary trade magazine for trade shows, indicate that out the convention center in Concord has moved far along enough in the development process to reach their "radar screen". Communication with travel and tourism officials at the Department of Commerce indicate that they have no listing of potential, under development, or in progress facilities. The County Commissioners Association does not have a listing of potential facilities, although they felt certain that most if not all of their members would be interested. The list of facilities and communities that have shown an interest in this bill to myself, the bill advocates, or both, are as follows:

Ashville – Minor League Baseball
Charlotte – Afro-American Cultural Center
Charlotte – Arena
Charlotte – Minor League Baseball
Charlotte – Motor Sports Museum
Charlotte – Riverwalk
Concord – Convention Center
Durham – Performing Arts Center
Fayetteville – Minor League Baseball
Gastonia – Convention Center
Jacksonville – Convention Center
Jacksonville – Marine Museum
Raleigh – Civic Center

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

10 yrs
50m grants
sales tickets tax
200m
25%

Wilmington – Civic Center
Wilmington - Ampatheater
Swain County – Great Smokey Mountains Railroad
Union County – Convention Center
Washington—Water Park

It should be noted that this list is clearly not exhaustive and could grow quickly as existing potential projects are modified. As an example, it would not be a far stretch to allow the proposed Durham Tobacco warehouse project highlighted recently in the News and Observer to compete for this grant funding.

Of course, all of these projects are only potential projects. The final decisions about what projects would actually be funded would rest with the committee.

I hope this is of assistance.

Minutes
House Appropriations Committee Meeting
Thursday, September 26, 2002
8:30 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 8:45 am for the purposes of considering **H 1751, NC Tourism Development Act.**

The Co-Chair recognized Bill Sponsor Representative Earle to make comments on the bill. Martha Walston, Committee Counsel was recognized to summarize and respond to questions from the membership.

Presiding Co-Chair Rep. Redwine recognized the following members to offer the following amendments to the bill:

1. Gillespie – ALA-94 (v.2) – Adopted, Voice Vote
2. Gillespie – ALA-95 (v.2) – Adopted, Voice Vote
3. Gillespie – Handwritten, p. 1, lines 18-19 – Adopted, Voice Vote
4. Gillespie – ALA-99 (v.1) – Adopted, Voice Vote
5. Gillespie – ALA-100 (v.2) – Adopted, Voice Vote
5a. Earle – Perfecting amendment to Gillespie ALA-100 (v.2) – Failed, Voice Vote
6. Tolson – ALA-105 (v.3) – Failed, Voice Vote
7. Sutton – Handwritten, p. 3, lines 34-35 – Failed, Voice Vote
8. Rogers – ALA-106 (v.2) – Adopted, Voice Vote
9. Nesbitt – Handwritten – p. 5, 17-24, Adopted, Voice Vote
10. Haire – Handwritten – p. 4, line 13, Failed, Voice Vote
11. Nesbitt – Handwritten – p. 4, line 42, Failed, Voice Vote

Co Chair Rep. Easterling made the motion to give the amended bill a favorable report, unfavorable as to the original bill. On a roll call vote the motion failed by a roll call vote of 26-24.

Co-Chair Redwine adjourned the meeting at 9:45 am.

Respectfully,

_____
Representative Ruth Easterling

_____
Representative David Redwine

_____
Representative Warren Oldham

_____
Representative Gregg Thompson

_____
Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Thursday, September 26, 2002
8:30 AM

H 1751	NC Tourism Development Act

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

H

HOUSE BILL 1751
Committee Substitute Favorable 9/17/02

Short Title: NC Tourism Development Act. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO CREATE A TRAVEL AND TOURISM CAPITAL INCENTIVE GRANT PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-434.4. Travel and Tourism Capital Incentive Grant Program.**

(a) Program Established. – There is established the Travel and Tourism Capital Incentive Grant Program. Under the program, the Travel and Tourism Grant Committee established in subsection (d) of this section may award grants to the owners of qualified projects for the purpose of inducing the creation of new or the expansion or renovation of existing travel and tourism projects. Grant proceeds may not be distributed to any private individual or entity. The Committee shall develop guidelines to be used in determining whether the conditions in this section are satisfied and whether the project described in the application is consistent with the grant program.

(b) Owner Defined. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, the owner of a qualified project is the unit of local government that will own the qualified project in whole or in at least fifty percent (50%) partnership with a private individual or entity.

(c) Unit of Local Government Defined. – For the purpose of the Travel and Tourism Capital Incentive Grant Program, a unit of local government means a county or municipality in the State.

(d) Committee. – The Travel and Tourism Grant Committee shall consist of the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and three elected local government officials. One elected local government official shall represent the Mountains and shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. One elected local government official shall represent the Piedmont and shall be appointed by the Governor. One elected local government official shall

represent the Coastal Plain and shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate. The elected local government officials may not be associated with or employed by the travel and tourism industry or an entertainment enterprise, or be in any contractual relationship regarding the qualified project. The General Assembly and Governor appointees shall serve two-year terms. The Committee may act only upon a unanimous decision of its members.

It is unlawful for a member of the Committee to, within two years after the end of service on the Committee, provide services for compensation, as an employee, consultant, or otherwise, to any project that was awarded a grant under this section while the former member was serving on the Committee, or to provide services for compensation to any person or entity that contracts with the project. Violation of this subsection is a Class 1 misdemeanor.

Meetings of the Committee are subject to the open meetings requirements of Article 33C of Chapter 143 of the General Statutes. All documents of the Committee, including applications for grants, are public records governed by Chapter 132 of the General Statutes, including applicable provisions of that Chapter protecting confidential information.

(e) Application and Fee. – The owner of a qualified project may apply for a grant no later than one year after the qualified project is opened to the public. When filing an application under this section, the applicant must pay the Committee a fee of five thousand dollars ($5,000). The fee is due at the time the application is filed. The Committee shall determine the allocation of the fee imposed by this subsection among the agencies whose heads make up the Committee. The proceeds of the fee are receipts of the agency to which they are credited.

The application must contain all information required by the Committee, including a certification of the nature and cost of the tourism project, the estimated revenues to be generated by the project, the estimated economic benefit to the community, and the purposes for which the applicant will use the grant funds. If the tourism project is the result of a public-private partnership, the grant application must set forth in detail the respective rights and obligations of the parties and the specific terms of the agreement. The application must be signed by the finance officer and the chair of the governing body of the owner.

(f) Qualification. – A qualified project is a newly created travel and tourism project or expansion or renovation of a travel and tourism project that the Committee determines, pursuant to a feasibility study under this section, meets all of the following conditions:

(1) At least half of the project will be financed and owned by a unit of local government in which it is located.

(2) The project will target at least thirty-five percent (35%) of its visitors from among persons who reside outside the State or more than 50 miles from the project.

(3) The project has a business plan that demonstrates a positive economic impact on the community in which the project is located.

(4) The applicant has provided impact projections regarding estimated State and local tax revenues with respect to the project.

(5) The project will have a significant and positive economic impact on the community in which the project is located, considering among other factors, the extent to which the tourism project will compete directly with existing tourism attractions in the area and the amount by which tax revenues from the tourism project will exceed the amount of the grant provided.

(6) The applicant has provided a cost-benefit analysis of the project.

(7) The applicant has provided an economic impact analysis, certified by a certified public accountant, which demonstrates the employment, gross State product, and personal income effects of the project over a 10-year period.

(8) The project will be available to the public for a minimum of 100 days per year.

(9) The project will generate at least 10 new jobs in the community in which the project is located.

(10) The project will have the following minimum cost based on the enterprise tier in which it is located:

Enterprise Tier	**Minimum Cost**
1 and 2	$ 1,000,000
3 and 4	$ 5,000,000
5	$10,000,000

(11) The governing body of the unit of local government has passed a resolution stating the need for and positive economic impact and enhancement of travel and tourism revenues from the project.

(12) The applicant has demonstrated by clear and convincing evidence all of the following:

a. The project will not result in unnecessary duplication of existing services.

b. The project will generate new visitors to the area rather than drawing visitors away from other existing tourism attractions.

(13) The applicant has certified that the project will not be created, expanded, or renovated unless the applicant is awarded a grant.

(g) Feasibility Study. – The applicant must fund a feasibility study, certified by a certified public accountant, and coordinated solely by the Committee. The Committee shall develop a list of qualified firms to conduct the study. The Committee shall prescribe the scope of the study to cover all of the qualifications established in this section.

(h) Amount. – Subject to the maximums provided in this section, the amount of a grant with respect to a qualified project is calculated as a percentage of the total amount of the following taxes collected and retained by the State each year:

(1) The net State sales tax collected on sales by or within the qualified project, as determined by the Department of Revenue.

(2) The net privilege tax paid by the qualified project under G.S. 105-37.1, as determined by the Department of Revenue.

(i) Maximums. – The maximum term of a grant is 10 years. No project may receive any grant proceeds for a year that is more than 10 years beyond the date of the initial grant award.

The Committee shall set the grant percentage at the time it awards the grant. The percentage used to calculate a grant may not exceed the applicable percentage provided in the table below based on the enterprise tier, as defined in G.S. 105-129.3, in which the qualified project is located. In addition, the cumulative maximum amount of a grant may not exceed the applicable percentage of the total project cost provided in the table below based on the enterprise tier in which the qualified project is located.

Enterprise Tier	Percentage
1 and 2	35
3 and 4	30
5	25

(j) Use. – The proceeds of a grant may be used only for capital costs, including debt service, with respect to the qualified project for which the grant was awarded.

(k) Disbursement. – In order to receive grant disbursements under this section, the owner of the qualified project must provide the Department of Revenue with periodic, verified accountings of the tax collections provided in subsection (h) of this section. These reports must be made at the times and in the form prescribed by the Department of Revenue. Each report must include the name, address, and tax identification number of every taxpayer whose collections are included in the report and any other information required by the Department of Revenue.

The Department of Revenue must disburse grants awarded under this section in accordance with G.S. 105-269.16. Upon awarding a grant under this section, the Committee must provide the following information to the Department of Revenue:

(1) The name, address, and other identifying information of the owner to whom the grant was awarded.

(2) The name and address of any lessee or individual or entity who has entered into a contract with the owner of the qualified project.

(3) The address and other identifying information of each facility that is part of the qualified project for which the grant was awarded.

(4) The applicable percentage and the maximum cumulative amount of the grant as determined in accordance with this section.

(5) Any other information included in the application, if required by the Department of Revenue.

(l) Reports. – The Committee must report annually to the Revenue Laws Study Committee concerning the applications made for grants and the grants awarded under this section.

(m) Cap. – The maximum number of projects that may be awarded grants each fiscal year is 10. No more than twenty million dollars ($20,000,000) in grants shall be awarded each fiscal year. For the purpose of this maximum, the amount awarded is

calculated as the cumulative maximum amount of the grant divided by the number of years in its term." Gillespie - 50% total grants go to Tier 1,2,3 co.

SECTION 2. Article 9 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"**§ 105-269.16. Travel and tourism grants.**

The Department must annually disburse the travel and tourism grants awarded under G.S. 143B-434.4. Each annual disbursement must be made by October 1 for the preceding fiscal year. The amount of each grant must be calculated in accordance with G.S. 143B-434.4 based on information provided to the Department by the owner of the qualified project. If information necessary to calculate a portion of a grant is not available, the Department must disburse only that portion for which information is available. To pay for this program, the Department must draw from State sales and use tax collections under Article 5 of this Chapter an amount equal to the grant funds disbursed and the Department's costs of administering the grants. The Department must provide the Committee an annual accounting of grant funds disbursed under this section."

SECTION 3. G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(10) The Travel and Tourism Grant Committee in developing guidelines for the Travel and Tourism Capital Incentive Grant Program under G.S. 143B-434.4 of the General Statutes."

SECTION 4. This act becomes effective January 1, 2003, and expires for grant applications filed on or after July 1, 2005.

ROLL CALL VOTE

Motion to favorably report Fails

2002 HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS

Date: 9.26, 2002 AMENDMENT NO.

Total: Yes 24 No 26 Bill Number: #1751

Bill was NOT reported!

YES	NO	NAME	YES	NO	NAME
✓		Easterling, Chair		✓	Church
✓		Oldham, Chair			Clary
	✓	Redwine, Chair		✓	Coates
		Thompson, Chair	✓		Cole
		Owens, Vice-Chair		✓	Crawford, Mark
✓		Crawford, Jim Vice-Chair			Creech
				✓	Culp
		Adams			Culpepper
		Allred		✓	Daughtry
		Arnold			Davis
		Baker		✓	Dockham
		Barbee	✓		Earle
		Barefoot			Ellis
		Barnhart		✓	Esposito
✓		Bell	✓		Fox
	✓	Blue		✓	Gillespie
✓		Bonner			Goodwin
		Bowie			Grady
		Boyd-McIntyre			Gulley
		Brubaker	✓		Haire
		Carpenter	✓		Hall

APPROPRIATIONS COMMITTEE ROLL CALL VOTE

YES	NO	NAME	YES	NO	NAME
✓		Harrington	✓		Rogers
	✓	Hensley		✓	Russell
		Hiatt	✓		Saunders
	✓	Hilton			Setzer
		Holmes			Sexton
		Howard, Julia	✓		Sherrill
✓		Hunter, Howard			Shubert
	✓	Insko			Smith
✓		Jeffus, Maggie		✓	Sutton
		Justus, Larry		✓	Teague
	✓	Kiser	✓		Tolson
✓		Lucas	✓		Tucker
		McAllister	✓		Underhill
✓		McLawhorn		✓	Walend
	✓	Michaux		✓	Walker
	✓	Miller			Warner
		Miner	✓		Warren
	✓	Mitchell			Warwick
		Morgan		✓	Weatherly
	✓	Nesbitt		✓	West
✓		Nye		✓	Wilson, G
		Preston			Wright
					Yongue

26 N
24 Y

CALL THE CHAIRS NAMES NOW,
THEN COME BACK TO THE EX OFFICIO MEMBERS

YES	NO	NAME	YES	NO	NAME
____	____	Hackney, Spkr Pro Tem	____	____	Dedmon, Maj. Leader
✓	____	Baddour, Maj. Leader	____	____	Cunningham, Mem. At Large

ROLLCALL
Revised 8.02

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 1
(to be filled in by Principal Clerk)

H1751-ALA-94 [v.2]

Date 9/26/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Gillespie

moves to amend the bill on page 1, line 25, by rewriting the line to read:
"Budget and Management, the President of the North Carolina Rural Economic Development Center, and three elected local government officials. One elected".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 2
(to be filled in by
Principal Clerk)

H1751-ALA-95 [v.2]

Date 9/26/ ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Gillespie

moves to amend the bill on page 3, line 17, by adding the following language after the period:
"At least three of the new jobs will be full-time positions if the project is located in an enterprise tier one, two, or three area. At least ten of the new jobs will be full-time positions if the project is located in an enterprise tier four or five area."

SIGNED Gillespie
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Adopted, V. V.

(Please type or use ballpoint pen)

EDITION No. 2nd

H. B. No. 1751 DATE 9/26/02

S. B. No. Amendment No. 3
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE

Rep.) G. Illespie
)
Sen.)

moves to amend the bill on page 1, line 18-19

( ) WHICH CHANGES THE TITLE

by rewriting those lines to read:

"government that will own the qualified project in whole or in partnership with a private individual or entity. If the qualified project is located in an enterprise tier one, two, three, or four area then the local government must own at least twenty-five percent (25%) of the qualified project. If the qualified project is located in an enterprise tier five area, then the local government must own at least fifty percent (50%) of the qualified project.";

and on page 2, lines 37 and 38, by rewriting those lines to read:

"(1) At least twenty-five percent (25%) of the project will be financed and

SIGNED

ADOPTED ✓ FAILED TABLED

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Adopted, VN;

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.)
) _____
Sen.)

1 moves to amend the bill on page _____, line _____
2 ( ) WHICH CHANGES THE TITLE
3 by _____
4 owned by a unit of local government
5 in which it is located if the project
6 is located in an enterprise tier one,
7 two, three, or four area. At least
8 fifty percent (50%) of the
9 project will be financed and owned
10 by a unit of local government
11 in which it is located if the
12 project is located in an
13 enterprise tier five area."
14
15
16
17
18
19

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 4
(to be filled in by
Principal Clerk)

H1751-ALA-99 [v.1]

Date 9-26- ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Gillespie

moves to amend the bill on page 4, lines 39 and 40, by rewriting those lines to read:
"Committee concerning the applications made for grants, the grants awarded under this section, and the guidelines developed by the Committee."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Failed, division perfects #5 22-17 Gillespie

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 9-26-02

S. B. No. _____ Amendment No. 5A
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Gillespie Earle
)
Sen.)

1 moves to amend the bill on page 5, line 2
2 ( ) WHICH CHANGES THE TITLE
3 by adding the following sentence after
4 the period:
5 "At least fifty percent (50%) of
6 the total amount awarded in grants
7 each fiscal year must go to
9 qualified projects in an enterprise
10 tier one, two, or three area
11 if qualified projects in any of
12 these enterprise tier areas have
13 submitted applications to the Committee."
14
15
16
17
18
19

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Adopted, v.v.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

H1751-ALA-100 [v.2]

Date 9, 26, ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Gillespie

moves to amend the bill on page 5. line 2, by adding the following sentence after the period:
"At least fifty percent (50%) of the total amount awarded in grants each fiscal year must go to qualified projects in an enterprise tier one, two, or three area."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

Failed, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 6
(to be filled in by
Principal Clerk)

H1751-ALA-105 [v.3]

Date 9/26/02 ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative

moves to amend the bill on page 1, line 26, by deleting the word "Mountains" and substituting the word "Piedmont"; and

on page 1, line 28, be deleting the word "Piedmont" and substituting the word "Mountains".

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Failed 24-23 division

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 1751 DATE 9/26/02

S. B. No. _____ Amendment No. 7
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE ~~DMW~~

(Rep.) Sutton
Sen.)

1 moves to amend the bill on page 3, lines 34-35
2 ( ) WHICH CHANGES THE TITLE
3 by inserting a new subsection between the lines
4 to read:
5 "(g) Incligible Projects. – An arena, coliseum,
6 stadium, or any other professional sports team
7 ~~sports~~ facility is ineligible for a grant
8 under this Program." ;
9
10 and relettering the ~~[illegible]~~ subsections
11 accordingly.
12
13
14
15
16
17
18
19

SIGNED _____

ADOPTED _____ FAILED ✓ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Adopted, V.V.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 1751

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

H1751-ALA-106 [v.2]

Date 9-26- ,2002

Comm. Sub. [YES]
Amends Title [NO]
Second Edition

Representative Rogers

moves to amend the bill on page 2, lines 22-24, by rewriting those lines to read:
"application fee shall be deposited with the State Treasurer and credited to the General Fund."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Adopted, V.V.

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. 1751 (2nd)

S. B. No. _____

COMMITTEE SUBSTITUTE _____

DATE 9/26/02

Amendment No. 9
(to be filled in by Principal Clerk)

Rep.) Nesbitt
Sen.)

moves to amend the bill on page 5, lines 17-24

( ) WHICH CHANGES THE TITLE

by deleting those lines and renumbering the following sections ~~appr~~ accordingly.

SIGNED _____

ADOPTED ✓ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

not done
chair closed discussion
on amdt # 945

(Please type or use ballpoint pen)

EDITION No. 2

H. B. No. 1751 DATE 9/26/02

S. B. No. _____ Amendment No. 10
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Haire
Sen.)

1 moves to amend the bill on page 4, line 13
2 ( ) WHICH CHANGES THE TITLE
3 by deleting the number "35" and substituting the
4 number "40" on that line;
5
6 and on page 4, line 15
7 by deleting the number "25" and substituting the
8 number "20" on that line.
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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Not done
Chair closed debate
on amdt @ 9:45

EDITION No. 2

H. B. No. 1751

S. B. No. _____

COMMITTEE SUBSTITUTE _____

DATE _____

Amendment No. 11
(to be filled in by
Principal Clerk)

(Rep.) Nesbitt
Sen.)

1 moves to amend the bill on page 4, line 42
2 ( ) WHICH CHANGES THE TITLE
3 by deleting the words "twenty million dollars
4 ($20,000,000)" and substituting the
5 words "ten million dollars ($10,000,000)"
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SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

Pulled

EDITION No. 2

H. B. No. 1751

S. B. No. _____

COMMITTEE SUBSTITUTE _____

DATE 9/~~25~~ 25/02

Amendment No. ~~2~~ _____
(to be filled in by Principal Clerk)

(Rep.) Russell
Sen.)

1 moves to amend the bill on page 3, lines 21-22
2 ( ) WHICH CHANGES THE TITLE ~~those~~
3 by rewriting ~~that~~ lines to read:
4 " 1 and 2 $ 500,000
5 3 and 4 $ 2,500,000 "
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SIGNED C B Russell

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

Minutes
Joint House Appropriations/Finance Committee Meeting
Thursday, September 26, 2002
12:25 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine and House Finance Chair Paul Luebke called the Joint Appropriations/Finance Committee meeting to order at 12:25 pm for the purposes of considering **H 1753, Bond and Incentive Act of 2002**. He stated that this meeting was for explanation purposes only and no committee action would be taken.

The Co-Chair recognized Representative Bill Owens who explained that earlier this session the House passed House Bill 1734, the NC Economic Stimulus and Job Creation Act. The Senate changed the House bill by adding various provisions. The Proposed Committee Substitute for House Bill **1753** contains the various provisions added by the Senate to House Bill **1734** as listed in the Bill Analysis (attached) which include: changes to the film industry incentives, the condemnation authority of a railroad company, the corporate tax rate structure, and the industrial and pollution control facilities financing law. It gives the Health and Wellness Trust Fund Commission the one-time authority to direct the State Treasurer in invest 3 million of the reserved funds in the Health and wellness Trust Fund. It also authorized the issuance of special obligation settlement bonds for a biopharmaceutical training center and six regional training centers and for a cancer treatment center. The bonds would be secured by future payments under the master settlement agreement for the health and wellness trust fund and the tobacco trust fund.

Co-Chairman Redwine recognized Canaan Huie, Counsel with Bill Drafting Division to explain the handout **Outline of Difference between 4th Edition (House) and 5th Edition (current Senate) of H 1734.** The Appropriations Committee did not report the bill at this meeting.

Chairman Luebke announced that the Finance Committee would meet on Monday, September 30th at 3:30pm in the Finance Hearing Room 544 LOB to continue consideration of H 1753.

The meeting was adjourned at 2:30 pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Representative Paul Luebke

Representative Gordon Allen

Representative William Wainwright

Representative Monroe Buchanan

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA

NORTH CAROLINA GENERAL ASSEMBLY

STATE LEGISLATIVE BUILDING

RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Thursday, September 26, 2002

12:00 PM

H 1753 Bond and Incentive Act of 2002

HOUSE BILL 1753:
Bond and Incentive Act of 2002

BILL ANALYSIS

Committee:	House Finance & Appropriations	**Introduced by:**	
Date:	September 26, 2002	**Summary by:**	Canaan Huie
Version:	PCS for 1st Edition		Committee Counsel

SUMMARY: ***Earlier this session the House passed House Bill 1734, the NC Economic Stimulus and Job Creation Act. The Senate has made several changes to the bill and added various provisions to it. The Proposed Committee Substitute for House Bill 1753 contains the various provisions added by the Senate to House Bill 1734:***

- ***It makes changes to the film industry incentives, the condemnation authority of a railroad company, the corporate tax rate structure, and the industrial and pollution control facilities financing law.***
- ***It gives the Health and Wellness Trust Fund Commission the one-time authority to direct the State Treasurer to invest $3,000,000 of the reserved funds in the Health and Wellness Trust Fund.***
- ***It authorizes the issuance of special obligation settlement bonds for a biopharmaceutical training center and six regional training centers and for a cancer treatment center. The bonds would be secured by future payments under the Master Settlement Agreement to the Settlement Reserve Fund for the Health and Wellness Trust Fund and the Tobacco Trust Fund.***

Title I. Business and Economic Incentives

Part 1A. Film Industry Incentives.

Section 1A.1 of this bill amends the Film Industry Development Account to require a minimum expenditure in North Carolina before a project may be eligible for a grant from the Account. The Film Industry Development Account was established in 2000 with the intent of providing economic incentives to production companies for operations in North Carolina. Under the account, a production company is eligible for a grant based on expenditures made in the State. The grant may not exceed fifteen percent of those expenditures. The grant is not available for political or issue advertising or for any production that is considered obscene under G.S. 14-190.1. The amount of the grant may not exceed $200,000. This section adds an additional requirement that the production company have expenditures of at least $1 million in the State. This more narrowly targets this incentive to large productions.

Section 1A.2 of this bill provides for a refund of the State sales tax on certain rentals of transient accommodations. Transient accommodations include such things as motel and hotel rooms, tourist camps, and private residences and cottages rented on a short-term basis. Under this bill, a production company that rents a transient accommodation for a period in excess of 30 days, but less than 90 days[1], is eligible for a refund of the State sales tax paid on the rental. This refund does not apply to the local sales tax or to any local occupancy tax.

Section 1A.3 directs the Revenue Laws Study Committee to study other incentives for the film industry and to report to the 2003 General Assembly.

[1] The sales tax does not apply to rentals of 90 or more continuous days.

Part 1B. North Carolina Railroad Condemnation Authority.

Section 1B.1 makes a technical correction to the condemnation authority of a railroad. In 1998, State responsibility for railroad regulation was moved from the Utilities Commission to the Department of Transportation. At that time, G.S. 62-232 was repealed. This section deletes a cross-reference to that statute. This does not appear to have any substantive affect on the power of a railroad to condemn property.

Part 1C. Corporate Income Tax Rate Change.

Part 1C of this bill would establish a graduated tax rate for corporate income tax. Under current law, all C corporations are subject to a flat rate of tax of 6.9% on their State net income. For at least the last twenty years, North Carolina has had a flat corporate income tax rate. Under this bill, income taxes would be lower for all corporate taxpayers but particularly so for corporations with less State net income. The last time the corporate income tax rate was modified was in 1996 when the rate was reduced from 7.75% to 6.9% over a four-year period beginning in 1997.

Part 1D. Industrial and Pollution Control Facilities Financing.

The Department of Commerce hopes to reinstate a program begun in the late 1980's that would permit small companies to take advantage of industrial development bond financing by grouping several small loans into a single bond issue. In order to make that program workable, the process needs to be as streamlined as much as possible. As currently written, bonds issued under Article 1 of Chapter 159D (for industrial projects) require a public hearing at the local level - that is, by the county commissioners of the county in which the facility will be located. In addition, for those bonds the federal tax exemption rules require a hearing at the state level by the agency, with the result that there would be two public hearings. Bonds issued under Article 2 of Chapter 159D (which are special purpose projects and educational facilities) require a public hearing by the North Carolina Capital Facilities Finance Agency (NCCFFA), with notice to the governing bodies of the localities in which the facilities will be located.

Section 1D.2 would modify Part 1 of Chapter 159D so that the public hearing for a bond issue dealing with multiple projects would take place at a location determined by the NCCFFA – most likely at its headquarters in Raleigh. This change simply removes the requirement of multiple public hearings throughout the State for one bond issue. The local government would still have to approve the project in its jurisdiction under a different section of the statute. This change would not affect bond issues involving a single project.

Section 1D.3 is a conforming change. In both Chapter 159C (relating to industrial development bonds through local authorities) and Chapter 159D, Article 2 (relating to special purpose projects and educational facilities) the Local Government Commission is permitted to take into consideration credit enhancement when determining whether a project is feasible. That language was omitted from Article 1 of Chapter 159D. There appears to be no reason to treat an industrial development project differently when it comes through a local authority rather than the NCCFFA.

Part 1E. One-Time Investment by the Health and Wellness Trust Fund Commission.

Section 1E.1 allows the Health and Wellness Trust Fund Commission to direct the State Treasurer to invest up to $3,000,000 in reserved funds. The Commission may direct the State Treasurer to invest in preferred or common stock issued by a health related company incorporated or otherwise created or located in the State. This authority of the Commission to direct the State Treasurer to make such an investment expires as of July 1, 2003.

Title II. Special Obligation Settlement Bonds

Title II of the bill authorizes the State to issue special obligation bonds, which would be secured solely by, and payable solely from, a part of the expected receipts from the Master Settlement Agreement. Currently, the receipts from the Master Settlement Agreement are divided as follows: One-half goes to The Golden L.E.A.F., Inc., one-fourth goes to the Tobacco Trust Fund, and one-fourth goes to the Health and Wellness Trust Fund. The special obligation bonds would be secured by up to $25 million a year that would otherwise go to the Tobacco Trust Fund and the Health and Wellness Trust Fund. The precise amount pledged would be specified in the bond documents. These annual amounts would be intercepted in the Settlement Reserve Fund and used to pay the debt service on the bonds until the bonds are retired.

A maximum of $175 million in special obligation bonds could be issued, up to $130 million for construction of a new cancer rehabilitation and treatment center to be located at U.N.C. Hospitals and up to $45 million for construction of a new biopharmaceutical/bioprocess manufacturing training center to be located at North Carolina State University.

Special obligation bonds are not general obligation bonds and thus are not required to be approved by the voters. Neither the faith and credit nor the taxing power of the State would secure them and a statement to this effect would appear on the face of the bonds. Property could not be pledged to secure the bonds. The sole security and source of repayment would be up to $25 million a year of that part of the receipts from the Master Settlement Receipts otherwise designated to be divided evenly between the Tobacco Trust Fund and the Health and Wellness Trust Fund. The part of the settlement receipts designated for The Golden L.E.A.F., Inc. is not affected by this bill. Although the part of the annual receipts designated for the two trust funds is currently estimated at about $70 to $80 million a year, if it were to fall to a lower level, the pledged amount for repaying the bonds each year would have priority over the funds going to the two trust funds.

If the Master Settlement Agreement receipts designated to the two trust funds fell to a point where they were insufficient to pay debt service on the bonds, the bill provides that no other source of funds may be used to pay the bonds. The State would not be obligated to pay the debt from other sources and a default not within the State's control would not be expected to affect its credit rating. The General Assembly could choose, however, to amend the legislation at that time to authorize the use of other State revenues to pay the debt service. Such a provision is not in the bill at this point because it could make the proposed bonds a liability of the State, which could affect the State's existing bond rating, rather than a liability solely of the pledged settlement receipts.

Cancer Center. The UNC Health Care System provides the most advanced, cutting edge services for patients with cancer in the Gravely Building, a building that opened in 1953 as a tuberculosis sanitarium. This nearly 50-year-old facility has been remodeled, adjusted, and renovated to its fullest extent, and can no longer meet the needs of modern-day programs and services required to treat patients with cancer. The Gravely Building is also inadequate for the support of UNC's clinical research mission for clinical trials and for testing new medications that are essential for enhancing treatment options and increasing the knowledge base for new treatment opportunities. The UNC Health Care System proposes a replacement to the North Carolina Clinical Cancer Center to address these deficiencies and to provide a more appropriate environment for patients with cancer. The North Carolina Clinical Cancer Center will be approximately 272,000 gross square feet at a projected cost of $130 million.

Training Center. The State has invested greatly through the North Carolina Biotechnology Center to bring close to 150 biotechnology companies to the State over the past 15 years. The biopharmaceutical and bioprocessing industry anticipates the need for 3,000 to 5,000 new employees each year for the

foreseeable future. These workers will require training and education at a variety of levels in biotechnology, bioprocessing, and biomanufacturing. An Alliance Council, representing the universities, community colleges, and biomanufacturing companies, will develop a comprehensive training and education program capable of training 3,000 to 5,000 people for the industry annually through a combination of large-scale equipment training and academic programs at the Central Training Center and programs at the Regional Training Centers.

The Central Training Center would house small and large-scale equipment to prepare trainees at all levels with large-scale, realistic experience. The Center would accommodate approximately 2,500 trainees each year. The opportunity to train in the Center would be open to qualified students in both the UNC system and the NC Community Colleges system. The Center will enhance the existing training facilities for the NC State Biotechnology Program and relevant programs at other UNC campuses. It will also provide contract research and project laboratories for pilot scale experimentation and validation as a service to newly emerging biotechnology companies in the State. The projected cost for construction, equipment, and up-fitting, along with the associated infrastructural costs, bring the project costs to approximately $35 million.

The Central Training Center will be complemented with six Regional Community College Training Centers. The regional centers will offer specialized short courses/training programs, support new and expanding industry training, and provide related certificate and associate degree programs. The six regional centers will be selected through a Request for Proposal process. The Partnership for Biotechnology Workforce Training Industrial Advisory Committee, established in 1998, will screen the RFPs and make recommendations to the State Board of Community Colleges. The projected cost for funding these regional centers is $10 million.

History of the Master Settlement Agreement. On November 23, 1998, forty-six states, including North Carolina, and four tobacco manufacturers signed a Master Settlement Agreement that settled existing and potential claims of the states against the manufacturers for damages arising from the tobacco products of the manufacturers.[2] This settlement agreement is also known as "Phase I."[3] The manufacturers agreed to make payments to the states totaling $206 billion through the year 2025. Pursuant to the terms of the Master Settlement Agreement, North Carolina and the four tobacco manufacturers entered into a consent decree, filed in Wake County Superior Court on December 21, 1998. State of North Carolina v. Phillip Morris, Incorporated, et al., 98 CVS 14377. As part of the North Carolina consent decree, the judge (at the request of the Attorney General) awarded 50% of the settlement funds to the State's Settlement Reserve Fund and 50% to a nonprofit corporation that will assist tobacco-dependent and economically affected communities. The Settlement Reserve Fund is essentially a "holding tank" within the General Fund for tobacco settlement monies.

The consent decree directed the Attorney General to create a nonprofit corporation for purposes of receipt and expenditure of 50% of the funds allocated to North Carolina under the Master Settlement Agreement, and required that the creation of the corporation be approved by the General Assembly. On March 16, 1999, the General Assembly in S.L. 1999-2 approved the creation of the nonprofit corporation, The Golden L.E.A.F., Inc., and directed that its portion of the settlement funds be used for the public charitable purposes of providing economic impact assistance to economically affected or

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[2] The four tobacco manufacturers are Phillip Morris, Inc., R. J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, and Lorillard Tobacco Company.

[3] Phase II refers to a settlement between the four tobacco companies and tobacco farmers and allotment holders.

tobacco-dependent regions of the State. S.L. 1999-2 further stated the intent of the General Assembly to divide the remaining 50% of the settlement funds evenly between:

1. A trust fund to be established by the General Assembly for the benefit of tobacco producers, tobacco allotment holders, and persons engaged in tobacco-related businesses; and
2. A trust fund to be established by the General Assembly for the benefit of health.

These two trust funds were created the following year, in S.L. 2000-147. The purpose of the Health and Wellness Trust Fund is to improve the health and wellness of North Carolinians. S.L. 2000-147 created an 18-member Health and Wellness Trust Fund Commission to administer the trust fund. In order to build up a fund reserve for future projects, the Commission may spend only half of each annual settlement payment effective beginning in 2001. The Commission may spend unreserved funds and investment earnings in the reserve to award grants to state and local agencies and to nonprofit corporations.

The purpose of the Tobacco Trust Fund is to assist tobacco producers, tobacco allotment holders, and persons engaged in tobacco related businesses. S.L. 2000-147 created an 18-member Tobacco Trust Fund Commission to administer the fund. Both the Health and Wellness Commission and the Tobacco Commission must report annually to the Joint Legislative Commission on Governmental Operations on the details of its expenditures.

Outline of Difference between 4th Edition (House) and 5th Edition (current Senate) of H 1734.

Prepared by: Y. Canaan Huie, Bill Drafting Division

I. Bill Lee Act changes.

A. Eligibility of a taxpayer for the credits under the Act.

1. The House version would not allow a taxpayer to claim a credit under the Act if the taxpayer or a related entity of the taxpayer had an outstanding final assessment of tax that had not been satisfied.
2. The current Senate version would not allow a taxpayer to claim a credit under the Act if the taxpayer had an overdue tax debt that had not been satisfied.
3. The Senate version differs in two key ways. First, the Senate version refers to an overdue tax debt whereas the House version refers to a final assessment. An overdue tax debt is a final assessment once all opportunities for appeal have been exhausted. Second, the Senate version makes no reference to a related entity of the taxpayer.

B. Wage standard.

1. The House version eliminated the wage standard in tiers one and two. This had the effect of eliminating the wage standard in development zones.
2. The current Senate version eliminates the wage standard in tiers one and two, but retains the wage standard in development zones.
3. Currently, the wage standard for a location in a development zone (100% of the applicable average weekly wage of the county) is equivalent to the wage standard applicable in tier one counties. The Senate version decouples the wage standard for development zones from the wage standard for tier one counties. In effect, the Senate version makes no change from current law to the wage standard for development zones located in tier three through five counties.

II. Job Development Investment Grant Program. There were numerous changes made to this program. This outline will highlight the major changes.

A. Limitations on program.

1. Sunset.
   a) The House version sunsetted the program 1/1/06.
   b) The current Senate version sunsets the program 1/1/05.
2. Annual cap on agreements.
   a) The House version limited the Committee to 25 agreements in a fiscal year.

b) The current Senate version limits the Committee to 15 agreements in a calendar year.

3. Ceiling on grant amounts.
   a) The House Version limited the total cost of agreements entered into during one fiscal year to $15 million in any fiscal year.
   b) The current Senate version limits the total cost of agreements entered into during one calendar year to $10 million in any fiscal year.
4. The cumulative effect of these changes was to reduce the maximum cost of the program from $540 million over 15 years to $240 million over 14 years.

B. Committee membership.
1. The House version had a seven-member committee made up of the Secretary of Commerce, the Secretary of Revenue, the Co-Chair of the North Carolina Partnership for Economic Development, the Commissioner of Labor, the President of the Community College System, and two members appointed by the General Assembly.
2. The current Senate version has a five- member committee made up of the Secretary of Commerce, the Secretary of Revenue, the Director of the Office of State Budget and Management, and two members appointed by the General Assembly.

C. Effect of failure to comply with agreement.
1. The House version allowed, but did not require the Committee to amend the agreement if one of its terms was violated in a single year and to terminate the agreement if a term was violated in two consecutive years.
2. The current Senate version requires the Committee to amend and allows the Committee to terminate the agreement if one of its terms is violated in single year and requires the Committee to terminate the agreement if a term is violated in two consecutive years.

D. Reporting requirements.
1. The House version required reports on the use of State Ports and efforts to use minority contractors.
2. The Senate version encourages business to use the State Ports and minority contractors, but does not require reports.

E. Rulemaking exemption.
1. The House version allowed the Committee an exemption from the APA rulemaking procedures.
2. The Senate version did not allow this exemption.

F. Amount of individual agreements.
1. The House version had no cap on the amount of an agreement that could be related to a specific position.

2. The current Senate version places a $6,500 cap per year on the amount of a grant that may be based on any specific position.

G. Review by Attorney General
   1. The House version was silent on this issue.
   2. The current Senate version requires the Attorney General to review all proposed agreement and to personally sign them.

H. Binding arbitration.
   1. The House version was silent on this issue.
   2. The current Senate version requires any dispute involving the agreements to be submitted to binding arbitration.

I. Congressional encouragement.
   1. The House version contained a section encouraging to Congress to prohibit the use of tax and other incentives to attract business.
   2. The Senate version eliminated this section.
   3. It was discovered upon further research that a provision such as the one included in the House bill might affect the constitutionality of the act.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

H D

HOUSE BILL 1753
PROPOSED COMMITTEE SUBSTITUTE H1753-PCS4332-SCx-36

Short Title: Bond and Incentive Act of 2002. (Public)

Sponsors:

Referred to:

June 17, 2002

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH FILM INDUSTRY INCENTIVES; TO AMEND THE CONDEMNATION AUTHORITY OF NORTH CAROLINA RAILROADS; TO ESTABLISH A GRADUATED RATE STRUCTURE FOR THE CORPORATE INCOME TAX; TO AMEND PROVISIONS RELATING TO INDUSTRIAL AND POLLUTION CONTROL FACILITIES FINANCING; TO AUTHORIZE A ONE-TIME INVESTMENT OF THREE MILLION DOLLARS BY THE HEALTH AND WELLNESS TRUST FUND COMMISSION; TO AUTHORIZE THE ISSUANCE OF SPECIAL OBLIGATION BONDS FOR STATE CONSTRUCTION PROJECTS; AND TO MAKE TECHNICAL AND CONFORMING CHANGES.

The General Assembly of North Carolina enacts:

TITLE I. BUSINESS AND ECONOMIC INCENTIVES

PART 1A. FILM INDUSTRY INCENTIVES

SECTION 1A.1. G.S. 143B-434.3(a) reads as rewritten:

"(a) Creation and Purpose of Account. – There is created in the Department of Commerce, Division of Tourism, Film, and Sports Development, the Film Industry Development Account to provide annual grants as incentives to production companies that engage in production activities in this State. The Division of Tourism, Film, and Sports Development shall administer this program in accordance with the following provisions:

(1) To be eligible for a grant, a production company must engage in production activities in this ~~State.~~State with expenditures in this State of at least one million dollars ($1,000,000). A grant may not be used for political or issue advertising.

(2) A grant may not exceed fifteen percent (15%) of the amount the production company spends for goods and services in this State during the calendar year.

(3) A grant may not exceed two hundred thousand dollars ($200,000) per production."

SECTION 1A.2. G.S. 105-164.14 is amended by adding a new subsection to read:

"(j) Production Companies. – A production company is allowed an annual refund of part of the State sales tax it pays under G.S. 105-164.4(a)(3) on the rental of transient accommodations for occupancy by its employees. If an employee of the production company occupies a transient accommodation for a continuous period of more than 30 days but less than 90 days, the production company is allowed a refund of the State sales tax it paid on the rental for the entire rental period. Notwithstanding any other provision of law, the refund allowed in this subsection does not apply to general local sales and use taxes levied under Subchapter VIII of this Chapter, Chapter 1069 of the 1967 Session Laws, or any other local act.

A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred."

SECTION 1A.3. The Revenue Laws Study Committee created in Article 12L of Chapter 120 of the General Statutes shall study options for additional economic incentives for the film industry and shall make a report to the 2003 General Assembly on its findings, including any recommendations for legislative action.

SECTION 1A.4. Section 1C.2 becomes effective January 1, 2003, and applies to rentals of transient accommodations that begin on or after that date. The remainder of this part is effective when it becomes law.

PART 1B. NORTH CAROLINA RAILROAD CONDEMNATION AUTHORITY

SECTION 1B.1. G.S. 40A-3(a)(4) reads as rewritten:

"(a) Private Condemnors. – For the public use or benefit, the persons or organizations listed below shall have the power of eminent domain and may acquire by purchase or condemnation property for the stated purposes and other works which are authorized by law.

...

(4) Any railroad company has the power of eminent domain for the purposes of: constructing union depots; maintaining, operating, improving or straightening lines or of altering its location; constructing double tracks; constructing and maintaining new yards and terminal facilities or enlarging its yard or terminal facilities; connecting two of its lines already in operation not more than six miles apart; or constructing an industrial ~~siding ordered by the Utilities Commission as provided in G.S. 62-232.~~siding."

SECTION 1B.2. This part is effective when it becomes law.

PART 1C. CORPORATE INCOME TAX RATE CHANGE

SECTION 1C.1. G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this State. An S Corporation is not subject to the tax levied in this section. The tax is a percentage of the taxpayer's State net income computed as follows:

~~Income Years Beginning~~ ~~Tax~~
~~In 1997~~ ~~7.5%~~
~~In 1998~~ ~~7.25%~~
~~In 1999~~ ~~7%~~
~~After 1999~~ ~~6.9%.~~

(1) On State net income up to three thousand dollars ($3,000), one percent (1%).

(2) On State net income over three thousand dollars ($3,000) and up to six thousand dollars ($6,000), two percent (2%).

(3) On State net income over six thousand dollars ($6,000) and up to nine thousand dollars ($9,000), three percent (3%).

(4) On State net income over nine thousand dollars ($9,000) and up to twelve thousand dollars ($12,000), four percent (4%).

(5) On State net income over twelve thousand dollars ($12,000) and up to fifteen thousand dollars ($15,000), five percent (5%).

(6) On State net income over fifteen thousand dollars ($15,000) and up to thirty thousand dollars ($30,000), six percent (6%).

(7) On State net income over thirty thousand dollars ($30,000), six and nine-tenths percent (6.9%)."

SECTION 1C.2. This part is effective for taxable years beginning on or after January 1, 2004.

PART 1D. INDUSTRIAL AND POLLUTION CONTROL FACILITIES FINANCING

SECTION 1D.1. The General Assembly finds that there are small manufacturing companies in the State that are eligible for industrial development bond financing for capital improvements and expansions, but are not able to take advantage of that financing because of the administrative costs involved. This problem can be addressed by reviving the composite bond program under Chapter 159D of the General Statutes, under which the North Carolina Capital Facilities Finance Agency could combine several series of bonds into a single bond offering, thereby reducing transaction costs and permitting eligible small manufacturers to access tax exempt financing for capital investments. The composite bond program would be facilitated by the changes proposed to Chapter 159D in this part that will streamline the procedures

for composite issues by requiring only one public hearing and align the review standard for bonds issued as part of a composite bond program with the standard for bonds issued by county industrial development projects.

SECTION 1D.2. G.S. 159D-7(d) reads as rewritten:

"(d) Public ~~Hearing.~~Hearing, Generally. – The Secretary of Commerce shall not approve any proposed project pursuant to this section unless the governing body of the county in which the project is located has first conducted a public hearing and, at or after the public hearing, approved in principle the issuance of bonds under this Article for the purpose of paying all or part of the cost of the proposed project. Notice of the public hearing shall be published at least once in at least one newspaper of general circulation in the county not less than 14 days before the public hearing. The notice shall describe generally the bonds proposed to be issued and the proposed project, including its general location, and any other information the governing body considers appropriate or the Secretary of Commerce prescribes for the purpose of providing the Secretary with the views of the community. The notice shall also state that following the public hearing the agency intends to file an application for approval of the proposed project with the Secretary of Commerce.

(d1) Public Hearing, Multiple Projects. – Notwithstanding subsection (d) of this section, in the event the bonds proposed to be issued are to finance more than one project, the public hearing shall be conducted by the agency or by a hearing officer designated by the agency to conduct public hearings. The public hearing may be held at any location designated by the agency. Notice of the public hearing shall be published at least once in at least one newspaper of general circulation in each county in which a proposed project is to be located not less than 14 days before the public hearing. The notice shall describe generally the bonds proposed to be issued and any proposed project in that county, including its general location, and any other information the agency considers appropriate or the Secretary of Commerce prescribes for the purpose of providing the Secretary with the views of the community. A copy of the notice of public hearing must be mailed to the board of county commissioners of any county in which a proposed project is to be located and to the governing body of any municipality in which a proposed project is to be located."

SECTION 1D.3. G.S. 159D-8(b) reads as rewritten:

"(b) In determining whether a proposed bond issue should be approved, the Local Government Commission may consider, without limitation, the following:

(1) Whether the proposed operator and obligor have demonstrated or can demonstrate the financial responsibility and capability to fulfill their obligations with respect to the financing agreement. In making such determination, the commission may consider the operator's experience and the obligor's ratio of current assets to current liabilities, net worth, earnings trends and coverage of fixed charges, the nature of the industry or business involved and its stability and any additional security such as credit enhancement, insurance, guaranties or property to be pledged or secure such bonds.

(2) Whether the political subdivisions in or near which the proposed project is to be located have the ability to cope satisfactorily with the impact of such project and to provide, or cause to be provided, the public facilities and services, including utilities, that will be necessary for such project and on account of any increase in population which are expected to result therefrom.

(3) Whether the proposed date and manner of sale will have an adverse effect upon any scheduled or anticipated sale of obligations by the State or any political subdivision or any agency of either of them."

SECTION 1D.4. This part becomes effective January 1, 2003.

PART 1E. ONE-TIME INVESTMENT BY THE HEALTH AND WELLNESS TRUST FUND COMMISSION

SECTION 1E.1. G.S. 147-86.30(c) reads as rewritten:

"(c) Creation of Fund Reserve. – The Commission shall reserve, and shall not expend, fifty percent (50%) of each annual payment allocated to the Health and Wellness Trust Fund pursuant to G.S. 143-16.4 during years 2001 through 2025 to create and build the Fund Reserve. During years 2001 through 2025, the Commission may expend any investment earnings on the reserved funds. Beginning in year 2026, and thereafter, the Commission shall not expend the reserved funds but may continue to expend any investment earnings on the reserved funds.

Notwithstanding G.S. 147-69.2, the State Treasurer shall invest up to three million dollars ($3,000,000) of the reserved funds in fiscal year 2002-2003 as directed by the Commission. The Commission may direct the State Treasurer to invest the funds in preferred or common stocks issued by a health related company incorporated or otherwise created or located within North Carolina."

SECTION 1E.2. This part is effective when it becomes law and expires on July 1, 2003.

TITLE II. SPECIAL OBLIGATION SETTLEMENT BONDS

SECTION 2.1. Title. – This title shall be known and may be cited as the "Special Obligation Settlement Bonds Act of 2002".

SECTION 2.2. Findings. – The General Assembly finds:

(1) The State, together with 46 other states, has entered into the Master Settlement Agreement, pursuant to which the State expects to receive compensation for damages to the State on account of tobacco-related illnesses as more fully described in the Master Settlement Agreement. Amounts received by the State under the Master Settlement Agreement will be available to fund various State programs for the health, safety, and prosperity of the people of the State.

(2) Payments under the Master Settlement Agreement will be received by the State over a period of years. While many of the projects and

programs that the State will fund from payments received under the Master Settlement Agreement can be effectively funded as the payments are received under the Master Settlement Agreement, more immediate funding is required to finance a cancer treatment center for the health and wellness of the people of the State and to finance a biopharmaceutical training center to assist in the State's transition from a tobacco-based economy to other industries.

(3) For these projects, it is possible for the State to access funds through the issuance of bonds secured solely by, and payable solely from, future payments under the Master Settlement Agreement to be credited to the Settlement Reserve Fund for the Health and Wellness Trust Fund and the Tobacco Trust Fund.

SECTION 2.3. Definitions. – The following definitions apply in this title:

(1) Biopharmaceutical training center. – A new biopharmaceutical/bioprocess manufacturing training center to be located at North Carolina State University and related training facilities located at various community colleges.

(2) Bonds. – Special obligation bonds issued by the State pursuant to this act.

(3) Cancer Treatment Center. – A new cancer rehabilitation and treatment center to be located at the University of North Carolina Hospitals at Chapel Hill.

(4) Cost. – Any of the following, without limiting or restricting any proper definition of this term in financing the cost of the project as authorized by this title:

a. The cost of acquiring, constructing, and equipping the project, including the acquisition of rights-of-way, easements, equipment, furnishings, land, and other interests in real or personal property acquired or used in connection with the project.

b. The cost of engineering, architectural, and other consulting services in connection with the project as may be required.

c. Finance charges, reserves for debt service, and other types of reserves required pursuant to the terms of the trust agreement or resolution or related documents, interest before and during construction or acquisition of the project and, if considered advisable by the State Treasurer, for a period not exceeding two years after the estimated date of completion of construction or acquisition.

d. Administrative expenses and charges.

e. The cost of bond insurance, investment contracts, credit facilities and liquidity facilities, interest rate swap agreements or other derivative products, financial and legal consultants, and related costs of the incurrence or issuance of the bonds.

f. The cost of reimbursing the State for any payments made for any cost described above.

g. Any other costs and expenses necessary or incidental to the purposes of this title.

(5) Credit facility. – An agreement that:

a. Is entered into by the State with a bank, savings and loan association, or other banking institution, an insurance company, reinsurance company, surety company or other insurance institution, a corporation, investment banking firm or other investment institution, or any financial institution or other similar provider of a credit facility, which provider may be located within or without the United States of America; and

b. Provides for prompt payment of all or any part of the principal or purchase price (whether at maturity, presentment or tender for purchase, redemption, or acceleration), redemption premium, if any, and interest with respect to the bonds payable on demand or tender by the owner in consideration of the State agreeing to repay the provider of the credit facility in accordance with the terms and provisions of the agreement.

(6) Fiscal year. – The fiscal year of the State beginning on July 1 of one calendar year and ending on June 30 of the next calendar year.

(7) Master Settlement Agreement. – The settlement agreement among certain tobacco manufacturers and certain states, including this State, as incorporated in the consent decree entered in the action of State of North Carolina v. Philip Morris, Incorporated, et al., 98 CVS 14377 in the General Court of Justice, Superior Court Division, Wake County, North Carolina.

(8) Par formula. – A provision or formula adopted by the State to provide for the adjustment, from time to time, of the interest rate or rates borne or provided for by any bonds including any of the following:

a. A provision providing for an adjustment so that the purchase price of the bonds in the open market would be as close to par as possible.

b. A provision providing for an adjustment based upon a percentage or percentages of a prime rate or base rate, which percentages may vary or be applied for different periods of time.

c. Any provision that the State Treasurer determines is consistent with this title and will not materially and adversely affect the financial position of the State and the marketing of bonds at a reasonable interest cost to the State.

(9) Pledged settlement receipts. – The portion of the settlement receipts credited periodically to the Settlement Reserve Fund, but in no event more than twenty-five million dollars ($25,000,000) per fiscal year,

that have been pledged under the resolution or trust agreement authorizing and securing any bonds, all as authorized by this title.

(10) Project. – The acquisition, construction, and equipping of the Cancer Treatment Center and the Biopharmaceutical Training Center.

(11) Settlement receipts. – The amount the Settlement Reserve Fund actually receives each year from payments under the Master Settlement Agreement in accordance with the terms of the Master Settlement Agreement.

(12) Settlement Reserve Fund. – The restricted reserve in the General Fund created in G.S. 143-16.4.

(13) State. – The State of North Carolina, including any State agency.

(14) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

(15) State Treasurer. – The incumbent Treasurer, from time to time, of the State.

(16) Trust agreement. – Any trust agreement or similar instrument or agreement authorizing and securing bonds issued under this title.

SECTION 2.4. Authorization. – The State Treasurer may, by and with the consent of the Council of State, issue and sell special obligation bonds of the State to pay the cost of the project, in a total principal amount not to exceed one hundred seventy-five million dollars ($175,000,000). In addition, no more than one hundred thirty million dollars ($130,000,000) aggregate principal amount of bonds may be issued to fund costs of the cancer treatment center and no more than forty-five million dollars ($45,000,000) aggregate principal amount of bonds may be issued to fund costs of the biopharmaceutical training center. The principal of, premium, if any, and interest on the bonds shall be payable solely from the pledged settlement receipts in accordance with the terms of the resolution or trust agreement authorizing and securing the bonds.

SECTION 2.5. Terms and conditions. – The bonds may be issued from time to time in one or more series. The bonds shall be dated, and may be made redeemable before maturity at the option of the State at any price or prices and upon any terms and conditions, as may be determined by the State Treasurer at the time of sale of the bonds. The bonds also may be made payable from time to time on demand or tender for purchase by the owner upon any terms and conditions as may be determined by the State Treasurer. The bonds shall bear interest at any rate or rates (whether fixed or variable, or any combination thereof, and including, without limitation, any variations as may be permitted pursuant to a par formula) as may be determined by the State Treasurer. Bonds shall mature at any time or times not exceeding 40 years from their date or dates, as may be determined by the Council of State, subject to the limitations provided in this title. The Council of State shall determine the form and manner of execution of the bonds, and shall fix the denominations and the places of payment of principal and interest, which may be any bank or trust company within or without the State. If an officer whose signature or a facsimile of whose signature appears on any

bonds ceases to be that officer before the delivery of the bonds, the signature or facsimile is nevertheless valid for all purposes as if the officer had remained in office until the delivery. The Council of State may also provide for the authentication of the bonds by a trustee or fiscal agent. The Council of State may also provide for any other terms, conditions, or matters not inconsistent with the provisions of this title.

Bonds may be sold in any manner, either at public or private sale, and for any price as the State Treasurer determines to be for the best interests of the State and to effectuate best the purposes of this title as long as the sale has been approved by the Council of State. The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment agreements, credit and liquidity facilities, interest rate swap agreements and other derivative products, and any other related instruments as the State Treasurer determines are desirable in connection with the issuance of bonds under this title. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond issue under this title. The proceeds of any bonds shall be used solely for the purposes for which they are issued and shall be disbursed in any manner and under any restrictions the Council of State may provide in the resolution authorizing the issuance of, or any trust agreement securing, the bonds.

Except as otherwise expressly provided in this title, bonds may be issued under this title without obtaining the consent of any department, division, commission, board, body, bureau, or agency of the State, and without any other proceedings or the happening of any conditions or things other than those proceedings, conditions, or things that are specifically required by this title and the provisions of the resolution authorizing the issuance of, or any trust agreement securing, the bonds.

SECTION 2.6. Trust agreement or resolution. – Any bonds issued under the provisions of this title may be secured by a trust agreement by and between the State and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. The resolution or trust agreement authorizing and securing the bonds shall, subject to the limitations set forth in this title, specify the pledged settlement receipts and shall pledge or assign these pledged settlement receipts to pay the principal of, premium, if any, or interest on the bonds in the manner provided by this title. The resolution or trust agreement may contain any provisions for protecting and enforcing the rights and remedies of the holders of any bonds as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the State in relation to the purposes to which bond proceeds may be applied, the disposition or pledging of the pledged settlement receipts, the terms and conditions for the issuance of additional bonds, and the custody, safeguarding, and application of all moneys.

Any resolution or trust agreement may restrict the individual right of action by an individual owner of bonds. In addition to the foregoing, any resolution or trust agreement may contain any other provisions as the Council of State considers reasonable and proper for the security of the holders of any bonds. Expenses incurred by the State in carrying out the provisions of the resolution or trust agreement may be paid from the pledged settlement receipts as provided for in the resolution or trust agreement.

SECTION 2.7. Pledge of settlement receipts; limited obligations. – The State is authorized to pledge a portion of the settlement receipts credited periodically to the Settlement Reserve Fund to the payment of the principal of, premium, if any, and interest on bonds issued under this title as they become due and payable, and to create and maintain any reserves therefor, and to fulfill the terms of any agreements made with the holders of bonds issued under this title. The maximum amount that may be so pledged is twenty-five million dollars ($25,000,000) per fiscal year. Notwithstanding the foregoing, any pledged settlement receipts not required to pay the principal of, premium, if any, and interest on the bonds secured by the pledged settlement receipts as they become due and payable, or to create and maintain any reserves for them, or to fulfill the terms of any agreements made with the holders of bonds issued under this title, shall be available to the State for expenditure for any lawful purpose, subject to the terms and provisions of any resolution or trust agreement authorizing and securing the bonds.

Any pledge of the settlement receipts credited to the Settlement Reserve Fund made by the State under the provisions of this title shall be set forth in the resolution or trust agreement authorizing the issuance of the bonds. The pledge of these settlement receipts made by the State shall be valid and binding from the time when the pledge is made. All settlement receipts so pledged and thereafter received by the State are immediately subject to the lien of the pledge without any physical delivery or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the State, irrespective of whether the parties have notice of the lien. The resolution or trust agreement by which a pledge is created need not be filed or recorded except in the records of the Council of State.

All bonds issued under this title shall be equally and ratably secured by a pledge, charge, and lien upon the pledged settlement receipts pledged to the payment of those bonds, without priority by reason of number, or of dates of bonds, execution, or delivery, in accordance with the provisions of this title and of the resolution or trust agreement authorizing and securing the bonds; except that the State may provide in the resolution or trust agreement that the bonds shall, to the extent and in the manner prescribed in the resolution or trust agreement, be subordinated and junior in standing with respect to the payment of principal of, premium, if any, and interest on any other bonds.

All bonds issued under this title shall be special obligations of the State. The principal of, premium, if any, and interest on the bonds shall not be payable from the general funds of the State, nor shall they constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the pledged settlement receipts. Neither the credit nor the taxing power of the State is pledged for the payment of the principal of, premium, if any, or interest on the bonds, and no holder of bonds has the right to compel the exercise of the taxing power by the State or the forfeiture of any of its property in connection with any default on the bonds, except for the pledged settlement receipts. Every bond issued under this title shall recite in substance that the principal of, premium, if any, and interest on the bond is payable solely from the pledged settlement receipts and that the State is not

obligated to pay the principal, premium, or interest, except from these settlement receipts so pledged.

SECTION 2.8. Agreement of the State. – The State pledges to and agrees with the holders of any bonds issued by the State pursuant to this title that as long as any of the bonds are outstanding and unpaid, the State will not limit or alter the rights vested in the State at the time of issuance of the bonds to collect and apply the pledged settlement receipts in the manner provided in the resolution or trust agreement authorizing and securing the bonds to pay the principal of, premium, if any, and interest on the bonds as they become due and payable, and to create and maintain any reserves for payment, and to fulfill the terms of any agreements made with the holders of the bonds. The State will not in any way impair the rights and remedies of the holders of the bonds until the bonds and all costs and expenses in connection with any action or proceedings by or on behalf of the holders of the bonds are fully paid, met, and discharged.

SECTION 2.9. Trust funds. – Notwithstanding any other provisions of law to the contrary, all moneys received pursuant to the authority of this title, including proceeds of the bonds and the pledged settlement receipts, are trust funds to be held and applied solely as provided in this title. The resolution authorizing the issuance of, or any trust agreement securing, any bonds issued under this title may provide that any of these moneys may be temporarily invested pending their disbursement and shall provide that any officer with whom, or any bank or trust company with which, the moneys are deposited shall act as trustee of the moneys and shall hold and apply them for the purposes of this title, subject to any limitations this title and the resolution or trust agreement provide. These moneys may be invested in any investment authorized by law for investment of trust funds held by the State Treasurer.

SECTION 2.10. Remedies. – Any holder of bonds issued under the provisions of this title, and the trustee under any resolution or trust agreement authorizing and securing the bonds, except to the extent the rights given in this title may be restricted by the resolution or trust agreement, may, either at law or in equity, by suit, action, mandamus, or other proceeding, protect and enforce any and all rights under the laws of the State or granted under this title or under the resolution or trust agreement, or under any other contract executed by the Council of State or the State Treasurer pursuant to this title, and may enforce and compel the performance of all duties required by this title or by the resolution or trust agreement to be performed by the State or by any officer of the State.

SECTION 2.11. Investment securities. – All bonds and interest coupons appertaining to them issued under this title are investment securities within the meaning of and for all the purposes of Article 8 of Chapter 25 of the General Statutes, whether or not they are of the form and character as to be investment securities under that act, subject only to the provisions of the bonds pertaining to registration.

SECTION 2.12. Bonds eligible for investment. – Bonds issued under the provisions of this title are securities or obligations in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political subdivisions; insurance companies, trust

companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, and other financial institutions engaged in business in the State; and executors, administrators, trustees, and other fiduciaries. Bonds issued under the provisions of this title are securities or obligations that may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may later be authorized by law.

SECTION 2.13. Refunding bonds. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds for the purpose of refunding any bonds issued under this title and then outstanding, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the refunded bonds. Refunding bonds may be issued at any time prior to the final maturity of the debt or obligation to be refunded. The principal of, premium, if any, and interest on the refunding bonds shall be payable solely from funds provided under this title for payment of bonds.

The proceeds from the sale of any refunding bonds shall be applied to the immediate payment and retirement of the obligations being refunded or, if not required for the immediate payment of the obligations being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the obligations being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) to the extent then permitted by law, obligations of any agency or instrumentality of the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of obligations being refunded but that have not matured and are not presently redeemable or, if presently redeemable, have not been called for redemption.

The issuance of refunding bonds, their maturities and other details, the rights of their holders, and the rights, duties, and obligations of the State in respect of them, shall be governed by the provisions of this title that relate to the issuance of bonds, insofar as those provisions are appropriate.

SECTION 2.14. Officers and employees not liable. – No member of the Council of State or officer or employee of the State shall be subject to any personal liability or accountability by reason of the execution or issuance of any bonds under this title.

SECTION 2.15. Tax exemption. – Any bonds issued by the State under the provisions of this title shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, and gift taxes; income taxes on the gain from the transfer of the bonds; and franchise taxes. Interest on the bonds is not subject to taxation as income.

SECTION 2.16. Allocation of funds. – G.S. 143-16.4 reads as rewritten:

"**§ 143-16.4. Settlement Reserve Fund.**

(a) The "Settlement Reserve Fund" is established as a restricted reserve in the General Fund. Except as otherwise provided in this section, funds shall be expended from the Settlement Reserve Fund only by specific appropriation by the General Assembly.

(a1) A Health Trust Account is established in the Settlement Reserve Fund. The portion of each Master Settlement Agreement payment identified in Section 6(3) of S.L. 1999-2 shall be credited to the Health Trust Account. If part of these Master Settlement Agreement receipts have been pledged to secure the payment of bonds issued under the Special Obligation Settlement Bonds Act of 2002, funds in the account (i) are subject to the lien of the pledge as provided in that act, (ii) shall be expended only in accordance with any resolution or trust agreement authorizing and securing the bonds, and (iii) shall not be released from the account until their release is authorized by any resolution or trust agreement authorizing and securing the bonds. Subject to the restrictions of any applicable resolution or trust agreement under the Special Obligation Settlement Bonds Act of 2002, the ~~The~~ State Controller shall transfer ~~all~~ any unrestricted funds in the Health Trust Account to the Health and Wellness Trust Fund created in Article 6C of Chapter 147 of the General Statutes.

(a2) A Tobacco Trust Account is established in the Settlement Reserve Fund. The portion of each Master Settlement Agreement payment identified in Section 6(2) of S.L. 1999-2 shall be credited to the Tobacco Trust Account. If all or part of these Master Settlement Agreement receipts have been pledged to secure the payment of bonds issued under the Special Obligation Settlement Bonds Act of 2002, funds in the account (i) are subject to the lien of the pledge as provided in that act, (ii) shall be expended only in accordance with any resolution or trust agreement authorizing and securing the bonds, and (iii) shall not be released from the account until their release is authorized by any resolution or trust agreement authorizing and securing the bonds. Subject to the restrictions of any applicable resolution or trust agreement under the Special Obligation Settlement Bonds Act of 2002, the ~~The~~ State Controller shall transfer ~~all~~ any unrestricted funds in the Tobacco Trust Account to the Tobacco Trust Fund created in Article 75 of Chapter 143 of the General Statutes.

(b) Unless prohibited by federal law, federal funds provided to the State by block grant or otherwise as part of federal legislation implementing a settlement between United States tobacco companies and the states shall be credited to the Settlement Reserve Fund. Unless otherwise encumbered or distributed under a settlement agreement or final order or judgment of the court, funds paid to the State or a State agency pursuant to a tobacco litigation settlement agreement, or a final order or judgment of a court in litigation between tobacco companies and the states, shall be credited to the Settlement Reserve Fund."

SECTION 2.17.(a) Interpretation of Title - Additional Method. – This title provides an additional and alternative method for the doing of the things authorized by this title and shall be regarded as supplemental and additional to powers conferred by other laws. Except where expressly provided, this title shall not be regarded as in

derogation of any powers now existing. The authority granted in this title is in addition to other laws now or hereinafter enacted authorizing the State to issue or incur indebtedness.

SECTION 2.17.(b) Statutory References. – References in this title to specific sections or Chapters of the General Statutes are intended to be references to those sections or Chapters as they may be amended from time to time by the General Assembly.

SECTION 2.17.(c) Liberal Construction. – This title, being necessary for the health and welfare of the people of the State, shall be liberally construed to effect its purposes.

SECTION 2.17.(d) Severability. – If any provision of this title or its application to any person or circumstance is held invalid, that invalidity does not affect other provisions or applications of the title that can be given effect without the invalid provision or application, and to this end the provisions of this title are severable.

SECTION 2.18. Effective Date. – This title is effective when it becomes law.

TITLE III. GENERAL PROVISIONS

SECTION 3.1. The provisions of this act are severable. If any provision of this act is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions of the act that can be given effect without the invalid provision.

SECTION 3.2. Except as otherwise provided, this act is effective when it becomes law.

VISITOR REGISTRATION SHEET

House Appropriations/Finance Committee — September 26 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
John Mabry	COUOPATCE
Joyce Peters	HP Assoc
Alice Garland	EC
Sam Taylor	NCBIO
Ken Melton	Allen Associates, INC
John Rustin	NCFPC
Gen Cauley	NCMA
Susan Vaclavik	National Trust
Paula A. Wolf	Covenant w/NC's Children
Sorien Schmidt	NC Justice Center
Betty Turner	BAC
Michael Jordan	
Patsy A. Adams	APDCNC
Angie Hall	MTE
Travis Porter	MTE
Sue Coward	NCDOT
Kim Carter	NC BTC
Kevin FitzGerald	UNC

VISITOR REGISTRATION SHEET

House Appropriations/Finance Committee — September 26 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Ann Lore	OVHS
Beau Mills	NC Metro Coalition
Cam Cook	BPOE
Don Hibbard	DOC
[illegible]	NCICU
[illegible]	SBE
Suzanne Williams	NCCS
Carol Lauer	EOHS
[illegible]	NCRA
Jim Hobbs	NCHLA
Pam Stock	NCBA
Jim Newman	NCDOT
Jane Boyell	NCFPC
[illegible]	[illegible]
Chris Fitzsimon	Common Sense Fdtn
Tracy Harrison	Pravda
Becky Mercer	Mercer & Assoc.
Diana Wilkins	" "

VISITOR REGISTRATION SHEET

House Appropriations/Finance Committee — September 26 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Susan Markham	PENC

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

September 26, 2002 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
[signature]	ACRA
Eddie Caldwell	NCHCA
Jim Newman	NCDOT
Alex Powell	NC Family Policy Council
Diana DiLauro	Mercer & Assoc
Cam Cover	BPMSL
Beau Mills	NC Metro Coalition
Jim Hobbs	NCHLA
Linda Hayes	SBE
Gene Causby	NCMA

Minutes
House Appropriations Committee Meeting
Tuesday, October 2, 2002
9:20 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 9:20 am for the purposes of considering **S 822, State Long-Term Care Plan/ Retiree Supplemental Insurance.**

The Co-Chair recognized Frank Folger, Staff Attorney with the Research Division to explain the bill. He referred the membership to the Bill Analysis (attached) and stated that the bill would transfer administration of the State Health Plan's long term care benefits program to the State Treasurer and provide for competitive selection of supplemental insurance products for eligible members of the State-administered retirement systems (State and local government employee retirees) and long term disability beneficiaries of the Disability Income Plan of NC. Mr. Folger explained the bill section-by-section and stated the act would become effective January 2004.

Representative Fox moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote.

Co-Chair Representative Redwine recognized Joe Stewart, Chief Deputy with the State Treasurer's Office to give information with regards to the Long Term Care Program. Mr. Sam Byrd, Fiscal Division was recognized to give further background information and explanation of Long Term Care.

The Appropriations Committee did not finish discussion and did not take action on the bill and Chair Redwine recessed the meeting at 9:50 am in accordance with the Rules of the House for the members to go to session. He requested the members to listen to announcements in session as to when the committee would meet again.

Co-Chair Redwine also moved to postpone indefinitely all bills remaining in the Appropriations Committee that passed by voice vote. He then instructed the committee Clerk to contact the House Principal Clerks office and postpone indefinitely all remaining bills in the Appropriations Committee,

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, October 2, 2002
9:00 AM

S 822 State Long-Term Care Plan/Retiree Supplemental Insurance

Senate Bill 822

State Self-Funded Health Care Plan.

Bill Text: Edition 1 | Edition 2

Introduced by: Tony Rand, Virginia Foxx

P/L = Public/Local Bill | **$** = Affects Appropriations
* = Bill Text Has Changed

Session:	2001-2002 Session	**Prime Sponsors:**	Tony Rand.
Fiscal Note:	Edition 2	**Attributes:**	P *

Date		Action
04/02/2001	S	Filed
04/03/2001	S	Ref To Com On Insurance and Consumer Protection
09/21/2001	S	Reptd Fav Com Substitute
09/21/2001	SA	Com Substitute Adopted
09/25/2001	S	Withdrawn From Cal
09/25/2001	S	Placed On Cal For 9/26/2001
09/26/2001	S	Passed 2nd & 3rd Reading
09/27/2001	H	Rec From Senate
09/27/2001	H	Ref To Com On Health
12/06/2001	H	Withdrawn From Comm
12/06/2001	H	Re-ref Com On Appropriations

[how a law is made]

Bill Look-Up

Enter a bill number to search for.
Example: Enter S7 to search for Senate Bill 7 or H7 to search for House Bill 7.

2001-2002 Session **Bill Number:** Look-Up

SENATE BILL 822:
State Long-Term Care Plan/Retiree Supp. Ins.

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Representative Redwine
Date:	October 1, 2002	**Summary by:**	Frank W. Folger
Version:	S822-CSSO-84 [v.17]		Staff Attorney

SUMMARY: ***This bill would: (1) transfer administration of the State Health Plan's long term care benefits program to the State Treasurer and (2) provide for competitive selection of supplemental insurance products for eligible members of the State-administered retirement systems (State and local government employee retirees) and long term disability beneficiaries of the Disability Income Plan of North Carolina. Sections 1.1 –1.6 of the act would become effective January 1, 2004. The remainder of the act would become effective January 1, 2003.***

BILL ANALYSIS:

Sections 1.1 through 1.6 Long-Term Care Benefits Program Transfer would transfer, from the State Health Plan, to the State Treasurer authority over the long-term care benefits offered optionally to qualified employees, retired employees, and dependents of those employees. It would repeal the existing statutes found in Part 4 of Article 3 of Chapter 135 and create a new Article 7 within the same Chapter to provide for establishment of the "Long-Term Care Plan of North Carolina" to be administered by the State Treasurer in accordance with rules and regulations adopted by the Treasurer. Benefits would be available to those qualified employees and retired employees voluntarily electing to provide those benefits for themselves and their qualified dependents. Payroll deduction would be available, subject to approval by the State Treasurer, from employee salary and disability benefit payments and from retired employee benefit payments for fully contributory payment of premiums. Participants would in the alternative be permitted (or required in some cases) to pay for the benefits by check, money order, electronic funds, or in accordance with any other payment method deemed acceptable by the Plan. Persons enrolled in the long term benefits program currently offered through the State Health Plan would be entitled to equal or greater coverage under an individual policy offered by the State Health Plan's contractor upon termination of the group plan offered by the State Health Plan.

Section 2 Supplemental Insurance Products for Members of the State-Administered Retirement Systems and Long-Term Disability Beneficiaries of the Disability Income Plan would create a new statute requiring the Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirement System meeting jointly (the Boards) to competitively select supplemental insurance products for eligible members a third party administrator (TPA) to provide and administer those products, or both.

The Boards would be charged with assessing the insurance products presently offered through benefit payment deduction to eligible members; selecting the types of insurance products reflecting eligible members' needs and desires; and competitively selecting the best insurance products determined to reflect the eligible members' needs and desires, a TPA to arrange for and administer those products, or both. The Boards, using a sealed bid process, would competitively select the supplemental insurance products or TPA.

Subject to approval by the State Treasurer, an eligible member selecting a product or products could have the premiums deducted from the members benefit payment. In the alternative, the eligible member could

elect, at signup (or following 30 days written notice) to submit payment by check, money order, EFT, or any other method allowed for other policyholders of the insurer.

A committee of at least 5 constituent members of the Boards would be allowed to complete the selection process but the full Boards would have to approve the committee's decision before the product would be considered selected. At the direction of the Chair of the Board of Trustees of the Teachers' and State Employees' Retirement System, the Department of State Treasurer would assist in carrying out the Boards duties, make recommendations to the Boards, including the selection of the insurance products or TPAs, and be permitted to employ clerical and professional staff necessary to assist the Department in carrying out its responsibilities.

The Boards would be autonomous and free from conflict of interest. Violation of the conflict of interest provisions would be a Class 3 misdemeanor.

The Department of State Treasurer would be able to pass on administrative costs it bears in carrying out the provisions by charging it to participants on a non-discriminatory basis.

Effective Dates: Sections 1.1 through 1.6 - January 1, 2004

Remainder of the act – January 1, 2003

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 822

Insurance and Consumer Protection Committee Substitute Adopted 9/21/01
PROPOSED HOUSE COMMITTEE SUBSTITUTE S822-CSSO-84 [v.18]

10/1/2002 6:00:02 PM

Short Title: State Long-Term Care Plan/Retiree Supp. Ins. (Public)

Sponsors:

Referred to:

April 3, 2001

A BILL TO BE ENTITLED

AN ACT TO TRANSFER ADMINISTRATION OF THE LONG-TERM CARE BENEFITS OF THE PLAN TO THE STATE TREASURER AND TO PROVIDE FOR COMPETITIVE SELECTION OF CERTAIN SUPPLEMENTAL INSURANCE PRODUCTS FOR ELIGIBLE MEMBERS OF THE STATE-ADMINISTERED RETIREMENT SYSTEMS AND DISABILITY INCOME PLAN.

The General Assembly of North Carolina enacts:

SECTION 1.1. Part 4 of Article 3 of Chapter 135 of the General Statutes is repealed.

SECTION 1.2. G.S. 135-39.5(22), G.S. 135-39.6(c), G.S. 135-39.6A(b), and G.S. 135-40.7(22) are repealed.

SECTION 1.3. G.S. 135-38(c) reads as rewritten:

"(c) The Committee shall review programs of hospital, medical and related care provided by Part 3 and Part 5 of this Article ~~and programs of long-term care benefits provided by Part 4 of this Article~~ as recommended by the Executive Administrator and Board of Trustees of the Plan. The Executive Administrator and the Board of Trustees shall provide the Committee with any information or assistance requested by the Committee in performing its duties under this Article. The Committee shall meet not less than once each quarter to review the actions of the Executive Administrator and Board of Trustees. At each meeting, the Executive Administrator shall report to the Committee on any administrative and medical policies which have been issued as rules and regulations in accordance with G.S. 135-39.8, and on any benefit denials, resulting from the policies, which have been appealed to the Board of Trustees."

SECTION 1.4. G.S. 135-39.8 reads as rewritten:

"The Executive Administrator and Board of Trustees may issue rules and regulations to implement Parts 2, 3, ~~4,~~ and 5 of this Article. The Executive Administrator and Board of Trustees shall provide to all employing units, all health benefit representatives, the

oversight team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or regulation, and to any other persons requesting a written description and approved by the Executive Administrator and Board of Trustees written notice and an opportunity to comment not later than 30 days prior to adopting, amending, or rescinding a rule or regulation, unless immediate adoption of the rule or regulation without notice is necessary in order to fully effectuate the purpose of the rule or regulation. Rules and regulations of the Board of Trustees shall remain in effect until amended or repealed by the Executive Administrator and Board of Trustees. The Executive Administrator and Board of Trustees shall provide a written description of the rules and regulations issued under this section to all employing units, all health benefit representatives, the oversight team provided for in G.S. 135-39.3, all relevant health care providers affected by a rule or regulation, and to any other persons requesting a written description and approved by the Executive Administrator and Board of Trustees on a timely basis."

SECTION 1.5. All persons enrolled in the group long-term care benefit program under the Teachers' and State Employees' Comprehensive Major Medical Plan pursuant to Part 4 of Article 3 of Chapter 135 of the General Statutes prior to repeal of Part 4 of Article 3 of the Chapter shall be offered, upon termination of his or her membership in the group, conversion to an individual long-term care insurance policy provided by the Plan's contractor. The individual policy shall afford the policyholder benefits equal to or greater than those offered by the Plan under Part 4 of Article 3 of Chapter 135 of the General Statutes with no additional evidence of insurability required. Premiums for the individual policy shall be based upon the insured's age on the effective date of coverage issued under the group program. The individual policy shall be issued effective on the day following termination of coverage under the group program upon payment of the premium required for the individual policy's coverage. The individual coverage shall be guaranteed renewable on an annual basis.

SECTION 1.6. Chapter 135 of the General Statutes is amended by adding a new Article to read:

"Article 7.

"Long-Term Care Plan.

"**§ 135-120. Short title and purpose.**

(a) This Article shall be known and may be cited as the "Long-Term Care Plan of North Carolina".

(b) The purpose of the Article is to attract and hold qualified employees and officials of the State of North Carolina and its political subdivisions by making available an optional program of long-term care benefits for the benefit of its qualified employees, retired employees, and their dependents which will pay benefits in accordance with the terms hereof and rules and regulations promulgated by the State Treasurer pursuant to this Article. Retired employees of the Local Governmental Employees' Retirement System pursuant to Article 3 of Chapter 128 of the General Statutes and their dependents are also eligible to be qualified for the benefits provided by this Article. Except as otherwise provided in this Article, the terms "employee" and

"retired employee", as used in this Article, shall mean the terms as defined, respectively, in G.S. 135-40.1(5) and G.S. 135-40.1(17).

"**§ 135-121. Administration.**

(a) The provisions of this Article shall be administered by the Department of State Treasurer.

(b) The Long-Term Care Plan shall have the powers and privileges of a corporation and shall be known as the "Long-Term Care Plan of North Carolina" and by this name all of its business shall be transacted. For purposes of this Article only, "Plan" refers to the Long-Term Care Plan of North Carolina.

(c) The Department of State Treasurer shall have full power and authority to adopt rules and regulations for the administration of the Plan, provided they are not inconsistent with the provisions of this Article. The Department of State Treasurer may appoint those agents, contractors, employees, and committees as they deem advisable to carry out the terms and conditions of the Plan. The Department of State Treasurer may employ clerical and professional staff and such other assistance as may be necessary to assist the Department of State Treasurer in carrying out its duties and responsibilities under this Article. The benefits provided by this Article may be offered by the Plan on a self-insured basis, in which case a third-party claims processor shall be chosen through competitive bids in accordance with State law, or through a contract of insurance, in which case a carrier licensed to do business in North Carolina shall be selected on a competitive bid basis in accordance with State law.

(d) The Department of State Treasurer shall be charged with a fiduciary responsibility for managing all aspects of the Plan, including the receipt, maintenance, investment, and disposition of all Plan assets.

(e) The benefits authorized by this Article are available only to qualified employees and retired employees who voluntarily elect to provide such benefits for themselves and their qualified dependents. Except as provided in this subsection, deductions shall be available from employee salary and employer paid disability benefit payments and from retired employee retirement benefit payments for fully contributory premium amounts. Availability of payroll or benefit payment deduction for each participant is subject to approval by the State Treasurer. If payroll or benefit payment deduction is denied by the State Treasurer, the participant shall pay any premiums due in accordance with the alternative premium payment methods provided in subsection (f) of this section. When payroll or benefit payment deduction is no longer available, the Plan's administrator may not terminate benefits under the Plan without the participant's specific written consent solely because the premium is no longer deducted from payroll or benefit payments.

(f) If a participant chooses, the participant may, in lieu of payment of the premium by payroll or benefit payment deduction, pay the monthly premium for the Plan benefits by submitting payment by check, money order, or electronic funds transfer, or in accordance with any other methods for payment of premiums deemed acceptable by the Plan. Subject to availability as provided in subsection (e) of this section, a participant shall be deemed to have authorized benefit payment deduction for payment of the premiums unless the participant, no later than the time of enrollment for

Plan benefits, chooses a method of payment other than payroll or benefit payment deduction and notifies the Plan of the selected method of payment.. A participant who, after enrolling in Plan benefits, chooses to pay the premium by a method other than by monthly payroll or benefit payment deduction shall provide written notice to the Plan, on a form promulgated and approved by the State Treasurer, at least 30 days prior to using the payment method other than payroll or benefit payment deduction.

(g) The State Treasurer shall ensure insofar as possible that the long-term care benefits provided by this Part shall be tax-qualified under federal law.

(h) The administrative costs of the Plan to the Department of State Treasurer may be charged to participants or deducted from participants' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer.

"**§ 135-122. Right to alter, amend, or repeal.**

The General Assembly reserves the right to alter, amend, or repeal this Article."

SECTION 2. Article 31 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"**§ 58-31-61. Competitive selection of supplemental insurance products paid for by eligible beneficiaries of the State-administered retirement systems and Disability Income Plan of North Carolina.**

(a) Definitions. – The following definitions apply in this section only:

(1) "Boards of Trustees" or "Boards" means the Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirement System meeting jointly.

(2) "Eligible members" means beneficiaries of the Teachers' and State Employees' Retirement System, beneficiaries of the Local Governmental Employees' Retirement System, and eligible beneficiaries of the Disability Income Plan of North Carolina who receive long-term disability benefits pursuant to G.S. 135-106.

(3) "Participants" means eligible members selecting insurance products made available pursuant to this section.

(b) Duties of the Boards of Trustees. –The Boards of Trustees shall:

(1) Review insurance products currently offered through benefit payment deduction to eligible members to determine if those products meet the needs and desires of eligible members.

(2) Select the types of insurance products that reflect the needs and desires of eligible members.

(3) Competitively select the best insurance products of the types determined by the Boards to reflect the needs and desires of eligible members, a third party administrator to select and administer a program of insurance products of the types determined by the Boards to reflect the needs and desires of eligible members, or both.

As used in this section, "insurance product" includes a prepaid legal services plan registered under G.S. 84-23.1.

(c) Procedure for Selection of Insurance Product Proposals. – All proposals, whether for the offering of insurance products or for the offering to serve as a third party administrator, shall be sealed. The Boards of Trustees shall open all proposals in public and record them in the minutes of the Boards, at which time the proposals become public records open to public inspection.

After the public opening, the Boards shall review the proposals, examining the cost and quality of the products or service, the reputation and capabilities of the insurance companies or third party administrators submitting the proposals, and other appropriate criteria. The Boards shall determine which proposal, if any, would meet the needs and desires of the eligible members and shall award a benefit payment deduction to the company submitting the proposal that meets those needs and desires or a contract to the third party administrator submitting the proposal that meets those needs and desires. The Boards may reject any or all proposals.

A company or third party administrator may seek to modify or withdraw a proposal only after the public opening and only on the basis that the proposal contains an unintentional clerical error as opposed to an error in judgment. A company or third party administrator seeking to modify or withdraw a proposal shall submit to the Boards a written request, with facts and evidence in support of its position, prior to the award of the benefit payment deduction , but not later than two days after the public opening of the proposals. The Boards shall promptly review the request, examine the nature of the error, and determine whether to permit or deny the request.

(d) Committee of the Boards. – The Chairman of the Board of Trustees of the Teachers' and State Employees' Retirement System may designate a committee consisting of not less than five members of the Boards to carry out the duties of the full Boards set forth in this section. If a committee is designated to carry out the full Boards' duties, it shall comply with all the provisions of this section and its determination on the award of benefit payment deductions to companies submitting proposals or the award of contracts to third party administrators submitting proposals shall constitute a recommendation to the full Boards rather than a final decision on the award. The full Boards shall either adopt or reject each of the recommendations offered by the committee. The Boards' adoption of a recommendation of the committee constitutes an award of a benefit payment deduction or contract for purposes of this section.

(e) Conflicts of Interest. – The Boards shall be autonomous in their selection of insurance products, insurance companies, and third party administrators and no member of the Boards having a conflict of interest in the selection of insurance products, insurance companies or third party administrators shall participate in the discussion or selection of the insurance products, insurance companies, or third party administrators. Any decision rendered pursuant to this section by the Boards where the autonomy of the Boards or a conflict of interest is questioned shall be subject to appeal to the State Treasurer's Office pursuant to the Administrative Procedure Act.

(f) Criminal Penalty. – It shall be a Class 3 misdemeanor for any member of the Boards having a conflict of interest in the selection of insurance products, insurance companies, or third party administrators to attempt to influence the Boards in the selection of insurance products, insurance companies, or third party administrators

knowing or having reason to know that the Boards member has a conflict of interest in the selection of insurance products, insurance companies, or third party administrators, or for anyone to open a sealed insurance product or third party administrator proposal or disclose or exhibit the contents of a sealed insurance product or third party administrator proposal, prior to the public opening of the proposal. The Commissioner of Insurance shall have the authority to investigate complaints alleging acts subject to the criminal penalty and shall report the Commissioner's findings to the Attorney General of North Carolina.

(g) Benefit Payment Deductions. – For a company the insurance product of which has been selected by the Boards of Trustees, the awarding by the Boards of a benefit payment deduction shall be for a period of not less than two years unless the insurance company shall be in violation of the terms of the written agreement specified in this subsection. The insurance company awarded a benefit payment deduction shall, pursuant to a written agreement setting out the rights and duties of the insurance company, be afforded an adequate opportunity to solicit eligible members by making such eligible members aware that a representative of the company will be available at a specified time and at a location convenient to the eligible members. For a third party administrator selected by the Boards, the terms of the contract between the third party administrator and the Boards shall determine the rights and responsibilities of each party, except as otherwise provided in this section or other applicable law.

(h) Availability of and Removal from Benefit Payment Deduction and Termination of Insurance Products – Availability of benefit payment deduction for a participant is subject to approval by the State Treasurer. If benefit payment deduction for a participant is denied by the State Treasurer, the participant shall pay any premiums due in accordance with the alternative premium payment methods provided in subsection (i) of this section. When benefit payment deduction is no longer available, the insurance company may not terminate insurance products purchased under the benefit payment deduction plan without the participant's specific written consent solely because the premium is no longer deducted from benefit payments.

(i) Alternative Premium Payment Methods - If a participant chooses, the participant may, in lieu of paying the premium by benefit payment deduction, submit the premium by check, money order, or electronic funds transfer, or in accordance with any other methods for payment of premiums provided to other policyholders of the insurance company. Subject to availability as provided in subsection (h) of this section, a participant shall be deemed to have authorized benefit payment deduction for payment of the premiums unless the participant, no later than the time of purchasing coverage, chooses a method of payment other than payroll or benefit payment deduction and notifies the insurance company and the Department of State Treasurer of the selected method of payment. A participant who, after purchasing coverage, chooses to pay the premium by a method other than by monthly benefit payment deduction shall provide written notice, on a form promulgated and approved by the State Treasurer, to the insurance company offering or providing the insurance product and the Department of State Treasurer at least 30 days prior to using the alternative premium payment method.

(j) At the request and direction of the Chairman of the Board of Trustees of the Teachers' and State Employees' Retirement System, the Department of State Treasurer shall:

(1) assist the Boards in carrying out their duties and responsibilities under this section;

(2) make recommendations to the Boards, the Committee of the Boards or both, on all relevant matters, including the selection of insurance insurance products and third party admistrators; and

(3) be authorized to employ clerical and professional staff and such other assistance as may be necessary to assist it.

(k) The administrative costs to the Department of State Treasurer of carrying out its duties and responsibilities under this section may be charged to participants or deducted from participants' accounts in accordance with nondiscriminatory procedures established by the Department of State Treasurer."

SECTION 3. Sections 1.1 through 1.6 of the act become effective January 1, 2004. The remainder of the act becomes effective January 1, 2003.

VISITOR REGISTRATION SHEET

APPROPRIATIONS — October 2 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Frank Lewis	OSBM
John McLawhorn	Treasurer
Cam Creed	BPOHL
Gina Hoyle	SBE
Harry Kaplan	NCAFP
M. Jones	FSK
Lin McDowell	NCICU
Roz Sawell	NCCCC
GOV. EASLEY	THE STATE
James Dean	M&M
GEORGE BUSH	THE COUNTRY
Lee-Ann Cole	NCPA
Elizabeth Dalton	Bone & Associates
Leslie Bevacqua	NCCBT
Robert Pierce	OSC
Carl Goodwin	OSP
Kevin FitzGerald	UNC
KEVIN LEONARD	NCDOC

VISITOR REGISTRATION SHEET

APPROPRIATIONS — October 2 , 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Paula H. Hopper	Marie Van Allen
Ann Lyle	DVHS
Kinwood Jones	NCHA
Audrey R. Galloway	NCAE
Bill Rustin	ACP
Ken Melton	Alley Associates, Inc.
Bill Wilson	NCATL
Amy Fulbright	Hunton & Williams
Susan Harrison	UCPS

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Tuesday, October 2, 2002
5:30 PM

S 1455 Securities Fraud Protections and Study

Minutes
House Appropriations Committee Meeting
Tuesday, October 2, 2002
5:40 PM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 5:40 pm for the purposes of considering **S1455, Securities Fraud Protections and Study**.

The Co-Chair recognized bill sponsor Senator Tony Rand to explain the bill. He referred the membership to the Bill Analysis (attached) and Trina Griffin, Staff Attorney with the Research Division, who stated that the PCS for the 5th edition of S 1455 authorizes the General Statutes Commission and other interested parties to study the provision and make recommendation to the 2003 Regular Session of the General Assembly. It also increases registration fees for investment advisers and increases the annual renewal fee for registration relating to redeemable securities. It authorizes three additional securities investigators in the Securities Division, prohibits the state from contracting with businesses that have officers or directors who have been convicted of securities fraud with the past 10 year, prohibits the state from contracting with vendors that are incorporated in a tax haven country and creates a pension assurance fund.

Representative Fox moved to adopt the proposed committee substitute for the purpose of discussion. The motion passed by a voice vote.

Co-Chair Representative Redwine recognized Scott Templeton; with the Secretary of States Office to give further information and explanation of the positions need to investigate fraud.

Three amendments, technical in nature were adopted by voice vote: Co-Chair Representative Easterling offered a technical amendment to change date and Representative Hensley offered two amendments deleting certain provisions. Representative Michaux moved to give the committee substitute bill, which changes the bill title a favorable report that passed by voice vote.

All four Co-Chairs made closing remarks regarding the session and the meeting was adjourned the meeting at 6:20 pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

2002 COMMITTEE REPORT
HOUSE OF REPRESENTATIVES

The following report(s) from standing committee(s) is/are presented:
By Representative(s) **EASTERLING, OLDHAM, REDWINE & THOMPSON** for the Committee on **APPROPRIATIONS**.

☒ Committee Substitute for
S.B. 1455 A BILL TO BE ENTITLED AN ACT TO STRENGTHEN THE LAWS TO PREVENT SECURITIES FRAUD, TO PROHIBIT THE STATE FROM CONTRACTING WITH BUSINESSES THAT HAVE ANY OFFICERS OR DIRECTORS WHO HAVE BEEN CONVICTED OF SECURITIES FRAUD, AND TO PROHIBIT THE STATE FROM CONTRACTING WITH VENDORS THAT ARE INCORPORATED IN A TAX HAVEN COUNTRY BUT THE UNITED STATES IS THE PRINCIPAL MARKET FOR THE PUBLIC TRADING OF THEIR CORPORATION'S STOCK.

☐ With a favorable report.

☐ With a favorable report and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☐ With a favorable report, as amended.

☐ With a favorable report, as amended, and recommendation that the bill be re-referred to the Committee on Appropriations ☐ Finance ☐ ☐.

☒ With a favorable report as to committee substitute bill # 2, ☒ which changes the title, unfavorable as to Committee Substitute Bill # 1.

☐ With a favorable report as to House committee substitute bill, unfavorable as to Senate committee substitute bill.

☐ With an unfavorable report.

☐ With recommendation that the House concur.

☐ With recommendation that the House do not concur.

☐ With recommendation that the House do not concur; request conferees.

☐ With recommendation that the House concur; committee believes bill to be material.

☐ With an unfavorable report, with a Minority Report attached.

☐ Without prejudice.

☐ With an indefinite postponement report.

☐ With an indefinite postponement report, with a Minority Report attached.

☐ With recommendation that it be adopted. (HOUSE RESOLUTION ONLY)

Date 8.15.02

FOR JOURNAL USE ONLY

____ Pursuant to Rule 36(b), the bill is placed on the Calendar of _____.

____ The (committee substitute) bill/resolution (, as amended,) is (ordered engrossed and) re-referred to the Committee on _____.

____ The bill/resolution is re-referred to the Committee on _____.

____ On motion of (Rep. _____,) (the Chair,) the (committee substitute) bill/resolution is (ordered engrossed and) re-referred to the Committee on _____.

____ Pursuant to Rule 36(b), the (House)committee substitute bill (No. ____)/resolution is placed on the Calendar of _____. (The original bill) (House Committee Substitute Bill No. ____)/resolution is placed on the Unfavorable Calendar.

____ On motion of Rep. _____, (the rules are suspended) (Rule ____ is suspended) and the bill/resolution is placed on today's calendar. (for immediate consideration.)

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ On motion of Rep. _____, Committee Amendment No.(s) _____ is/are adopted (by EV____ ____).

____ Rep. _____ offers Amendment No. _____ which (is adopted.) (fails of adoption.) (by EV ____ ____.) ( ) This amendment changes the title.

____ The bill/resolution (, as amended,) passes its second reading (by following vote, ____ ____ RC) (, by EV ____ ____,) and (remains on the Calendar,) (and there being no objection is read a third time).

____ The bill/resolution (, as amended,) passes its third reading (by the following vote, ____ ____ RC) (, by EV ____ ____,) and is ordered
____ sent to the Senate.
____ without engrossment. ____ by Special message.
____ sent to the Senate for concurrence in
_____ House amendment (s).
_____ House committee substitute.
____ enrolled.

____ On motion of Rep. _____, the House concurs in the (material) Senate _____ (by the following vote, ____ ____ RC) (, by EV ____ ____,) and the bill is ordered enrolled.

SENATE BILL 1455:
Securities Fraud Protections & Study.

BILL ANALYSIS

Committee:		**Introduced by:**	
Date:	October 3, 2002	**Summary by:**	Trina Griffin
Version:	Committee Substitute for 5th Edition		Staff Attorney

SUMMARY: The Committee Substitute for the 5th edition of Senate Bill 1455 does the following:

- *It authorizes the General Statutes Commission and other interested parties to study the provisions of SB 1455, 4th edition, Strengthen Securities Fraud Enforcement Laws, and make recommendations to the 2003 Regular Session of the 2003 General Assembly.*
- *It increases registration fees for investment advisers and increases the annual renewal fee for renewing a registration statement relating to redeemable securities.*
- *It authorizes three additional securities investigators in the Securities Division.*
- *It prohibits the State from contracting with businesses that have any officers or directors who have been convicted of securities fraud within the past 10 years.*
- *It prohibits the State from contracting with vendors that are incorporated in a tax haven country after December 31, 2001 but the United States is the principal market for the public trading of their corporations stock.*
- *It directs the State Treasurer, in consultation with the Secretary of State, to study the best methods for creating, funding, and paying claims from a "Pension Assurance Fund" designed to protect the retirement savings and investments of the citizens of North Carolina and report their recommendations to the 2003 General Assembly. It also authorizes the Legislative Research Commission to study this issue.*

BILL ANALYSIS:

Section 1 of the bill authorizes the General Statutes Commission to study the provisions of Senate Bill 1455, 4th Edition, Strengthen Securities Fraud Enforcement Laws, in consultation with the Secretary of State, the Securities Industry Association, the North Carolina Bar Association, and other interested parties, and to make recommendations to the 2003 Regular Session of the 2003 General Assembly.

Section 2 increases from $200 to $300 the filing fee for the initial or renewal registration of an investment adviser.

Section 3 increases from $200 to $300 the filing fee for the initial or renewal registration of an investment adviser covered under federal law.

Section 4 increases from $200 to $250 the annual renewal fee for renewing a registration statement relating to redeemable securities to be offered for a period in excess of one year, other than securities covered under federal law.

Section 5 prohibits a vendor from entering into a contract with the State if any officer, director, or owner of the vendor has been convicted of a state or federal securities fraud violation within the 10 years immediately prior to the bid solicitation. This section requires vendors submitting a bid or contract to

certify that none of its officers, directors, or owners has been convicted of any such violation. The submission of a false certification is a Class I felony. This section also provides that a contract with an ineligible vendor is void. However, the contract may continue in effect until an alternative can be arranged when (i) immediate termination would result in harm to the public health and welfare, and (ii) the Secretary of Administration approves the continuation.

Section 6 prohibits the Secretary of Administration from entering into a contract with a vendor or an affiliate of a vendor if the vendor or affiliate is incorporated in a tax haven country after December 31, 2001, but the United States is the principal market for the public trading of the corporation's stock. The vendor is required to certify, upon submitting a bid or contract, that it does not violate the provisions of this section. The definition of "tax haven country" is identical to the definition of the same term found in federal legislation currently before Congress that would prohibit the federal government from using defense-spending funds as payment on any new contracts with "corporate expatriates."

Section 7 directs the State Treasurer, in consultation with the Secretary of State, to study the best methods for creating, funding, and paying claims from a "Pension Assurance Fund" designed to protect the retirement savings and investments of employees in private industry who, through no fault of their own, have suffered significant losses due to securities fraud violations. The State Treasurer and the Secretary of State shall develop legislative recommendations and report them to the General Assembly by March 1, 2003.

Section 8 appropriates $151,125 for recurring expenses and $15, 990 for nonrecurring expenses for three additional unsworn securities investigators in the Secretary of State's Securities Division. The increase revenue arising from increases in the fees in Sections 2, 3, and 4 approximates the amount of this appropriation.

EFFECTIVE DATE: The appropriation section and the revenue sections are effective November 1, 2002. The State contract provisions are effective December 1, 2002 and apply to contracts entered into on or after that date. The remainder of the bill is effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE
(INCARCERATION NOTE G.S. 120-36.7)

BILL NUMBER: SB 1455 5th Edition

SHORT TITLE: Strengthen Securities Fraud Enforcement Laws

SPONSOR(S): Senator Rand

FISCAL IMPACT

	Yes (X)	No ( )	No Estimate Available ( )		
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
GENERAL FUND					
REVENUE					
Recurring	$271,000	$271,000	$271,000	$271,000	$271,000
EXPENDITURES					
Correction	Exact amount cannot be determined; no substantial impact anticipated				
Judicial	Exact amount cannot be determined; no substantial impact anticipated				
Secretary of State					
Recurring	$ 151,125	$ 233,862	$ 241,349	$ 248,581	$ 256,038
Nonrecurring	$ 15,990				
ADDITIONAL PRISON BEDS*	Exact amount cannot be determined; no substantial impact anticipated				
POSITIONS:	3 positions in Secretary of State's office				

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Correction; Judicial Branch; Department of the Secretary of State; State Treasurer

EFFECTIVE DATE: Sections 2 through 6 become effective November 1, 2002. The remainder of the act becomes effective when it becomes a law.

**This fiscal analysis is independent of the impact of other criminal penalty bills being considered by the General Assembly, which could also increase the projected prison population and thus the availability of prison beds in future years. The Fiscal Research Division is tracking the cumulative effect of all criminal penalty bills on the prison system as well as the Judicial Department.*

BILL SUMMARY: (Provided in part by the Research Division of the NC General Assembly.) Securities fraud committed in North Carolina by any person or any company is subject to both criminal and civil actions, whether or not the company is chartered in North Carolina, and whether or not the security is registered in North Carolina. Criminal violations of the securities fraud laws are punished as Class H felonies, regardless of the amount involved. In civil actions, the statute of limitations for securities fraud is two years and punitive damages are not allowed to be imposed. The fourth edition of this bill included provisions to strengthen various laws prohibiting fraud in securities transactions and dealings by increasing criminal punishment for large-scale securities fraud, expanding civil remedies to recover damages arising from securities fraud, and strengthening administrative and criminal powers of securities administrators. The fifth edition of this bill directs the General Statutes Commission to study those provisions. The fifth edition also increases several securities-related registration and renewal fees and funds three additional investigative positions in the Securities Division of the Office of the Secretary of State.

Additionally, the fifth edition prohibits the State from contracting with businesses that have any officers or directors who have been convicted of securities fraud within the past 10 years, prohibits the State from contracting with vendors that are incorporated in a tax haven country after December 31, 2002 but the United States is the principal market for the public trading of their corporations stock, and creates a pension assurance fund to protect some of the retirement savings and investments of the citizens of North Carolina.

ASSUMPTIONS AND METHODOLOGY:

Secretary of State

General Fund Revenue. Sections 2, 3 and 4 of this bill would increase certain fees that are now charged by the Securities Division of the Secretary of State. The estimated additional revenue is $271,000 annually.

Specifically, Sections 2 and 3 would amend G.S. 78C-17(b) and G.S. 78C-17(b1) to increase the annual registration and notice filing fees for investment and adviser firms from $200 to $300. This will affect approximately 1,100 firms, which equates to $110,000 in additional revenue annually.

Section 4 would amend G.S. 78A-31(a)(4) to increase the annual renewal fee for mutual company notice filings from $200 to $250. This will impact 3,220 mutual funds and is expected to generate an additional $161,000 annually.

General Fund Operating Budget. The Department estimates that the Securities Division would need three additional unsworn securities investigators at a pay grade of 71 with annual salary of $33,284 to investigate complaints and to significantly enhance the enforcement of the securities fraud provisions. The positions are effective November 1, 2002 with a cost the first year per investigator as follows:

Cost per Securities Investigator (Unsworn)

Recurring		Nonrecurring	
Salary	$22,189	Furniture/Equipment	$2,130
Benefits	$4,762	Computers	$3,200
Travel	$19,090		
Communication	$867		
Education/Other Expenses	$3,467		
Total Recurring	**$50,375**	**Total Nonrecurring**	**$5,330**

The total recurring cost for the three investigators is expected to be $151,125. The nonrecurring cost is expected to be $15,990. For the front-page box, recurring costs are adjusted for annual inflation.

Judicial Branch

For most criminal penalty bills, the Administrative Office of the Courts (AOC) provides Fiscal Research with an analysis of the fiscal impact of the specific bill. For these bills, fiscal impact is typically based on the assumption that court time will increase due to an expected increase in trials and a corresponding increase in the hours of work for judges, clerks and prosecutors. This increased court time is also expected to result in greater expenditures for jury fees and indigent defense. The AOC relies on offense code data to project the court costs of a bill; the lack of data for these offenses prevents the AOC from estimating the court impact.

Sections 5 and 6 prohibit certain vendors from contracting with the State, and make false certification by unauthorized vendors a Class I felony. AOC staff reports that neither the Securities Unit in the Office of the Secretary of State nor the Purchasing and Contract Division of the Department of Administration (DOA) are aware of the number of vendors doing business with the State that have an officer, director, or owner of an unincorporated business entity, who within 10 years immediately prior to the date of the bid solicitation, has been convicted of securities violations under Chapter 78A or the Securities Act of 1933 or the Securities Exchange Act of 1934. Under Section 5 of the bill, these vendors are not authorized to do business with the State. However, the bill does not impose a duty on State entities to investigate the vendor's information. While the DOA plans to make vendors aware of the new law, it does not intend to investigate the information supplied by vendors. AOC also reports that the provisions in these sections would prevent DOA from contracting with some of the suppliers with whom they currently do business. To the extent that vendors are charged with providing false certification under Section 5 or 6 of the bill, the courts will be impacted.

Correction

To project the impact of a bill on the prison population, the Sentencing Commission uses data based on offense codes from the Administrative Office of the Courts (AOC). This bill would create two new Class I felonies. Without historical data from the AOC, the Sentencing Commission cannot project the impact of these new offenses on prison beds. As mentioned above, the bill does not impose a duty on State entities to investigate the vendor's information. As a

result, it is unlikely that there will be a large number of convictions resulting from this bill. However, if there were 5 convictions each year under this bill, there would be the need for 1 additional prison bed in the first year and 1 additional bed in the second year. In FY 2000-01, approximately 37 percent of Class I felons received intermediate punishments, and approximately 54 percent received community punishments. Also in FY 2000-01, the average daily operating cost of a prison bed was $65.29, the average daily cost of an intermediate punishment was $12.69/offender, and the average daily cost of a community punishment was $1.87/offender.

Office of the State Treasurer

This act creates the Pension Assurance Fund in the Office of the State Treasurer to protect the retirement savings and investments by citizens of North Carolina. The purpose of the Fund is to compensate private citizens who lose a significant portion of their retirement saving that were invested in 401(k) plans or other pension plans that were funded in whole or in part with employer stock. The State Treasurer and the Secretary of State are to develop recommendations for funding; including the use of punitive damages and treble damages involving settlements of suits involving securities fraud brought by the State or by private individuals. The State Treasurer and the Secretary of State are to make their recommendations to the General Assembly by March 1, 2003.

Several questions relating to this Fund are:

- Role of the Attorney General's office?
- How will citizens receive settlement funds?
- Why not include public employees?
- Are IRAs covered?
- Will payment be made to plan members or to plan sponsors?
- Staff to take claims and determine loss of citizens?

SOURCES OF DATA: Department of Correction; Judicial Branch; North Carolina Sentencing and Policy Advisory Commission; Department of the Secretary of State.

TECHNICAL CONSIDERATIONS: Sections 5 and 6, which contain criminal penalties, become effective November 1, 2002. Generally, provisions with criminal penalties are written to become effective December 1, 2002, to give the court system time to prepare.

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Marilyn Chism, Michele Nelson, Chloe Gossage, and Stanley Moore

APPROVED BY: James D. Johnson

DATE: October 2, 2002

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10.02.02

S. B. No. 1455 Amendment No. 1 (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE S1455-PCS7812-SVf-89

Rep.) Easterling
Sen.)

moves to amend the bill on page 5, line 11

( ) WHICH CHANGES THE TITLE

by deleting "November" and substituting "December".; and

on page 5, line 12,

by inserting immediately after "date." "Section 10 of this act becomes effective November 1, 2002."

SIGNED Keith M. Easterling

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10.02.02

S. B. No. H55 Amendment No. 2

(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE S1455-PCS7812-SVf-89

(Rep.) Hensley

Sen.)

1 moves to amend the bill on page 3, line s 3-5

2 ( ) WHICH CHANGES THE TITLE

3 by deleting the lines.

4

5 and on page 3, line 2, by inserting a quotation

6 mark immediately after the period.

7

8

9

10

11

12

13

14

15

16

17

18

19

SIGNED Bob Hensley

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10.02.02

S. B. No. 1455 Amendment No. 3
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Hensley
Sen.)

moves to amend the bill on page _____, line _____

( ) WHICH CHANGES THE TITLE

by deleting sections 7 and 9 and renumbering the remaining sections accordingly;

and ~~by rewriting~~ on page 4, lines 9 by deleting the word "develop" and substitute the word "study";

and on page 1, lines 16-17 by rewriting the lines to read:

"AUTHORIZE THE STATE TREASURER AND LRC TO STUDY THE ESTABLISHMENT OF A PENSION ASSURANCE FUND."

SIGNED _____

ADOPTED Voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 1455

Judiciary I Committee Substitute Adopted 7/11/02
Finance Committee Substitute Adopted 7/18/02
Appropriations/Base Budget Committee Substitute Adopted 7/24/02
PROPOSED COMMITTEE SUBSTITUTE S1455-PCS7812-SVf-89

Short Title: Securities Fraud Protections and Study. (Public)

Sponsors:

Referred to:

June 18, 2002

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE GENERAL STATUTES COMMISSION AND OTHER INTERESTED PARTIES TO STUDY THE PROVISIONS OF SENATE BILL 1455, 4TH EDITION, STRENGTHEN SECURITIES FRAUD ENFORCEMENT LAWS, INTRODUCED IN THE 2001 GENERAL ASSEMBLY, AND TO MAKE RECOMMENDATIONS TO THE 2003 REGULAR SESSION OF THE 2003 GENERAL ASSEMBLY; TO INCREASE CERTAIN FILING AND RENEWAL FEES WITH THE SECRETARY OF STATE; TO FUND ADDITIONAL SECURITIES INVESTIGATOR POSITIONS; TO PROHIBIT THE STATE FROM CONTRACTING WITH BUSINESSES THAT HAVE ANY OFFICERS OR DIRECTORS WHO HAVE BEEN CONVICTED OF SECURITIES FRAUD; TO PROHIBIT THE STATE FROM CONTRACTING WITH VENDORS THAT ARE INCORPORATED IN A TAX HAVEN COUNTRY BUT THE UNITED STATES IS THE PRINCIPAL MARKET FOR THE PUBLIC TRADING OF THEIR CORPORATION'S STOCK; AND TO CREATE A PENSION ASSURANCE FUND TO PROTECT THE RETIREMENT SAVINGS AND INVESTMENTS OF THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The General Statutes Commission is directed to study the provisions of Senate Bill 1455, 4th Edition, Strengthen Securities Fraud Enforcement Laws, introduced in the 2001 General Assembly, in consultation with the Department of the Secretary of State, the Securities Industry Association, the North Carolina Bar Association, and other interested parties, and to make recommendations to the 2003 Regular Session of the 2003 General Assembly.

SECTION 2. G.S. 78C-17(b) reads as rewritten:

"(b) Every applicant for initial or renewal registration shall pay a filing fee of ~~two~~ three hundred dollars ~~($200.00)~~($300.00) in the case of an investment adviser, and forty-five dollars ($45.00) in the case of an investment adviser representative. When an application is denied or withdrawn, the Administrator shall retain the fee."

SECTION 3. G.S. 78C-17(b1) reads as rewritten:

"(b1) Every person acting as an investment adviser covered under federal law in this State shall pay an initial filing fee of ~~two~~ three hundred dollars ~~($200.00)~~($300.00) and a renewal notice filing fee of ~~two~~ three hundred dollars ~~($200.00).~~($300.00)."

SECTION 4. G.S. 78A-31(a)(4), as amended by Section 29A.37 of Senate Bill 1115 of the 2001 General Assembly, reads as rewritten:

"(a) The Administrator, by rule or order, may require the filing of any of the following documents with regard to a security covered under section 18(b)(2) of the Securities Act of 1933 (15 U.S.C. § 77r(b)(2)):

...

(4) A notice filing pursuant to this section shall expire on December 31 of each year or some other date not more than one year from its effective date as the Administrator may by rule or order provide. A notice filing of the offer of securities covered under federal law that are to be offered for a period in excess of one year shall be renewed annually by payment of a renewal fee of two hundred fifty dollars ~~($200.00)~~($250.00) and by filing any documents and reports that the Administrator may by rule or order require consistent with this section. The renewal shall be effective upon the expiration of the prior notice period."

SECTION 5. Article 3 of Chapter 143 is amended by adding a new section to read:

"**§ 143-59.2. Certain vendors prohibited from contracting with State.**

(a) Ineligible Vendors. – A vendor is not entitled to enter into a contract for goods or services with any department, institution, or agency of the State government subject to the provisions of this Article if any officer or director of the vendor, or any owner if the vendor is an unincorporated business entity, within 10 years immediately prior to the date of the bid solicitation, has been convicted of any violation of Chapter 78A of the General Statutes or the Securities Act of 1933 or the Securities Exchange Act of 1934.

(b) Vendor Certification. – The Secretary of Administration shall require each vendor submitting a bid or contract to certify that none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violation referenced in subsection (a) of this section within 10 years immediately prior to the date of the bid solicitation. Any person who submits a certification required by this subsection known to be false shall be guilty of a Class I felony.

(c) Void Contracts. – A contract entered into in violation of this section is void. A contract that is void under this section may continue in effect until an alternative can be arranged when: (i) immediate termination would result in harm to the public health or welfare, and (ii) the continuation is approved by the Secretary of Administration.

Approval of continuation of contracts under this subsection shall be given for the minimum period necessary to protect the public health or welfare.

(d) No Duty to Investigate. – Nothing in this section imposes a duty on any department, institution, or agency of the State government to investigate or verify the information contained in a vendor's certification."

SECTION 6. G.S. 143-59.1 reads as rewritten:

"**§ 143-59.1. Contracts with certain foreign vendors.**

(a) Ineligible Vendors. – The Secretary of Administration and other entities to which this Article applies shall not contract for goods or services with either of the following:

(1) Aa vendor if the vendor or an affiliate of the vendor meets one or more of the conditions of G.S. 105-164.8(b) but refuses to collect the use tax levied under Article 5 of Chapter 105 of the General Statutes on its sales delivered to North Carolina. The Secretary of Revenue shall provide the Secretary of Administration periodically with a list of vendors to which this section applies.

(2) A vendor or an affiliate of the vendor that is incorporated in a tax haven country after December 31, 2001, but the United States is the principal market for the public trading of the corporation's stock.

(b) Vendor Certification. – The Secretary of Administration shall require each vendor submitting a bid or contract to certify that the vendor is not an ineligible vendor as set forth in subsection (a) of this section. Any person who submits a certification required by this subsection known to be false shall be guilty of a Class I felony.

(c) Definitions. – The following definitions apply in this section:

(1) ~~For the purpose of this section, the term "affiliate" has the meaning provided~~ Affiliate. – As defined in G.S. 105-163.010.

(2) Tax haven country. – Means each of the following: Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, and the Republic of the Seychelles."

SECTION 7. Article 6 of Chapter 147 is amended by adding a new section to read:

"**§ 147-69.4. Pension Assurance Fund established.**

(a) Fund Established. – There is established the Pension Assurance Fund in the Office of the State Treasurer that shall be used to provide a means to protect the retirement savings and investments of the citizens of North Carolina who are employed by private industry.

(b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall be the custodian of the Fund and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the Fund shall become part of the Fund. Any balance remaining in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next succeeding fiscal year.

(c) Fund Purposes. – Moneys from the Fund may be used to compensate individuals who lose a significant portion of their retirement savings, through no fault of their own, that are invested in 401k plans or other pension plans that are funded in whole or in part with the stock of their employer companies as the result of a violation of Chapter 78A of the General Statutes or a violation of the Securities Act of 1933 or the Securities Exchange Act of 1934. Payments from the Fund shall be made by the State Treasurer as provided by State law."

SECTION 8. The State Treasurer, in consultation with the Secretary of State, shall develop legislative recommendations regarding the best methods for funding the Pension Assurance Fund established by this act, including the use of punitive damages and treble damages awarded in actions involving securities fraud brought by the State or by private individuals, and the proper guidelines for the payment of claims from the Fund. The Legislative Research Commission may also study this issue. The State Treasurer and the Secretary of State shall report their recommendations to the General Assembly on or before March 1, 2003, and if the Legislative Research Commission authorizes a study of this issue, the State Treasurer shall also forward a copy of its report to that committee.

SECTION 9. G.S. 147-69.2(a) reads as rewritten:

"(a) This section applies to funds held by the State Treasurer to the credit of:

(1) The Teachers' and State Employees' Retirement System,
(2) The Consolidated Judicial Retirement System,
(3) The Teachers' and State Employees' Hospital and Medical Insurance Plan,
(4) The General Assembly Medical and Hospital Care Plan,
(5) The Disability Salary Continuation Plan,
(6) The Firemen's and Rescue Workers' Pension Fund,
(7) The Local Governmental Employees' Retirement System,
(8) The Legislative Retirement System,
(9) The Escheat Fund,
(10) The Legislative Retirement Fund,
(11) The State Education Assistance Authority,
(12) The State Property Fire Insurance Fund,
(13) The Stock Workers' Compensation Fund,
(14) The Mutual Workers' Compensation Fund,
(15) The Public School Insurance Fund,
(16) The Liability Insurance Trust Fund,
(17) Trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G.S. 116-36.1,
(17a) North Carolina Veterans Home Trust Fund,
(17b) North Carolina National Guard Pension Fund,
(17c) Retiree Health Premium Reserve Account, ~~and~~
(17d) Pension Assurance Fund, and

(18) Any other special fund created by or pursuant to law for purposes other than meeting appropriations made pursuant to the Executive Budget Act."

SECTION 10. There is hereby appropriated to the Office of the Secretary of State for the 2002-2003 fiscal year the sum of one hundred fifty-one thousand one hundred twenty-five dollars ($151,125) for recurring expenses and fifteen thousand nine hundred ninety dollars ($15,990) for nonrecurring expenses for three additional unsworn securities investigators in the Securities Division.

SECTION 11. Sections 2, 3, and 4 of this act become effective November 1, 2002, and apply to fees assessed on or after that date. Sections 5 and 6 of this act become effective November 1, 2002, and apply to contracts entered into on or after that date. The remainder of this act is effective when it becomes law.

Minutes
House Appropriations Committee Meeting
Thursday, October 3, 2002
8:40 AM
643 LOB

House Appropriations Co-Chair Representative David Redwine called the Appropriations Committee meeting to order at 9 am for the purposes of considering **S 1217, 2002 Technical Corrections**.

The Co-Chair recognized Representative Bill Culpepper to explain the proposed committee substitute bill as listed in the summary (attached). Representative Hensley moved adoption of the PCS bill for purposes of discussion, which passed by voice vote.

Chairman Redwine stated that at this meeting Representative Culpepper would explain the bill section by section and the committee would begin with discussion and debate after the recess, and that the committee would recess at 10:30 proceed to take up amendments to the bill at 1pm.

At 1 pm Chairman Redwine reconvened the meeting and 14 amendments were offered. Three amendments failed and one amendment by Representative Baker was ruled out of order. The following members offered amendments:

1. **Oldham**, adopted by voice vote
2. **Michaux**, adopted by voice vote
3. **Cole,** adopted by voice vote
4. **Fox,** adopted by voice vote
5. **Crawford,** adopted by voice vote
6. **Culpepper,** adopted by voice vote
7. **Hensley,** adopted by voice vote
8. **Hensley,** adopted by voice vote
9. **Shubert,** adopted by voice vote
10. Nesbitt, failed 35-24 division
11. **Sherrill,** adopted by voice vote
12. Russell, failed 33-31 division
13. **Nesbitt,** adopted by voice vote
14. Warner, failed 34-23 Division

Co-Chair Representative Ruth Easterling moved give the Proposed house committee substitute for SB 1217 a favorable report, as amended, and the amendments adopted be rolled into a new House PCS, with staff having authority to make technical adjustments as necessary. By a voice vote the motion passed and the meeting was adjourned at 2:45 pm.

Respectfully,

Representative Ruth Easterling

Representative David Redwine

Representative Warren Oldham

Representative Gregg Thompson

Rita Harris, Committee Asst.

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

COMMITTEE ON APPROPRIATIONS

AGENDA

Wednesday, October 3, 2002
8:30 AM

S 1217 2002 Technical Corrections

Senate Bill 1217

2002 Technical Corrections. (= H 1556)

Bill Text: Edition 1 | Edition 2 | Edition 3

Introduced by: Fletcher L. Hartsell, Jr.

P/L = Public/Local Bill | **$** = Affects Appropriations
* = Bill Text Has Changed

Session: 2001-2002 Session **Prime Sponsors:** Fletcher L. Hartsell, Jr..

Fiscal Note: Edition 1 **Attributes:** P *

Date		Action
06/05/2002	S	Filed
06/06/2002	S	Ref To Com On Judiciary I
10/01/2002	S	Reptd Fav Com Substitute
10/01/2002	SA	Com Substitute Adopted
10/01/2002	S	Placed On Cal For 10/1/2002
10/01/2002	SA	Amend Adopted #1
10/01/2002	SA	Amend Adopted #2
10/01/2002	SA	Amend Adopted #3
10/01/2002	SA	Amend Adopted #4
10/01/2002	SA	Amend Adopted #5
10/01/2002	S	Passed 2nd & 3rd Reading
10/02/2002	H	Rec From Senate
10/02/2002	H	Ref To Com On Rules, Calendar, and Operations of the House
10/02/2002	H	Withdrawn From Comm
10/02/2002	H	Re-ref Com On Appropriations

[how a law is made]

Bill Look-Up

Enter a bill number to search for.
Example: Enter S7 to search for Senate Bill 7 or H7 to search for House Bill 7.

2001-2002 Session **Bill Number:** Look-Up

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SENATE BILL 1217

PROPOSED COMMITTEE SUBSTITUTE S1217-CSSU-67[V.10]

SUMMARY

STATE OF NORTH CAROLINA
GENERAL STATUTES COMMISSION
POST OFFICE BOX 629
RALEIGH, NORTH CAROLINA 27602
(919) 716-6800

MEMORANDUM

TO: House Committee on Appropriations

FROM: General Statutes Commission

DATE: October 2, 2002

RE: Senate Bill (2002 Technical Corrections)

General Comments

The committee substitute for Senate Bill 1217 (2002 Technical Corrections) contains two parts that are recommended by the General Statutes Commission. Part I makes corrections of a technical nature to various sections of the General Statutes. These amendments correct typographical, redlining and other obvious drafting errors, conform terminology, make technical conforming changes, and update or correct statutory references, obsolete terms, and proper names. In addition, there is one amendment that makes a recodification in order to correct internal numbering problems and another that adds a statement of already-existing law to Chapter 48. Part II corrects what appears to have been an obvious drafting error in a 1995 session law.

Specific Comments

Part I

Section 1. This section makes a conforming amendment to G.S. 7A-273(2) by adding a reference to G.S. 14-399(c1), enacted last year.

In S.L. 2001-512, the General Assembly amended G.S. 14-399, on littering, to add the offense of unintentional littering (also called strict liability littering), and in doing so it closely paralleled the existing provisions on intentional littering, including the punishment structure. For both the intentional and the unintentional offenses, there are three punishment levels, the lowest for amounts not exceeding 15 pounds, a mid-range level for amounts over 15 pounds but not exceeding 500 pounds, and the highest for amounts exceeding 500 pounds. The punishment

range authorized for the unintentional offense is less severe at each level than for the comparable level intentional offense.

G.S. 7A-273(2) contains a list of misdemeanors for which a magistrate may accept a waiver of trial and a plea of guilty in accordance with the schedule promulgated by the Conference of Chief District Court Judges under G.S. 7A-148. The intentional littering offense at the lowest punishment level under G.S. 14-399 is included in G.S. 7A-273's list. When the unintentional littering offense was created last year, however, no conforming change was made to G.S. 7A-273 to add the new lowest level unintentional littering offense to this list. The result is that a person charged with intentionally littering in amounts not exceeding 15 pounds may sign the waiver of trial on the back of his or her citation and mail it to the clerk with a check for the fine, while a person charged with unintentionally littering in amounts not exceeding 15 pounds must actually come to court on one of the arresting officer's court days. The amendment in this section corrects the situation.

Section 2. This section amends G.S. 14-27.1 to update the obsolete term "mentally defective" to the more modern "mentally disabled" and to make conforming amendments in G.S. 14-27.3, 14-27.5, 15-144.1, and 15-144.2.

Second-degree rape (G.S. 14-27.3) includes vaginal intercourse with a person who is "mentally defective;" second-degree sexual offense (G.S. 14-27.5) includes the same term in a similar provision. "Mentally defective" is defined in G.S. 14-27.1 and, broadly speaking, refers to a person who is either mentally retarded or has a mental disorder and, as a result of the retardation or disorder, is incapable of (i) understanding what is being done to him or her, (ii) resisting, or (iii) communicating a refusal. In the time since 1979, when G.S. 14-27.1, 14-27.3, and 14-27.5 were enacted, society in general has become more sensitive to the effect of such labels as "mentally defective" on the persons to whom they are applied. "Mentally defective" is not only a derogatory term in itself, it is being applied in these statutes to victims of serious crimes. The term is outdated and should be modernized. The General Statutes Commission was requested by the Victims with Disabilities Task Force to recommend updating the term to the more modern, nonderogatory, "mentally disabled." The Task Force is composed of several organizations and agencies including the Administrative Office of the Courts, law enforcement and law related groups, and groups that deal with various disabilities and victim services. Please note that the only change is to the term itself; the substance of the law is not being changed.

The change in terminology requires conforming changes in G.S. 14-27.3, 14-27.5, 15-144.1, and 15-144.2. Because the latter two contain requirements for indictments for rape and sex offense, the effective date is postponed to give district attorneys adequate time to have notice of the terminology change.

Sections 3 and 4. These sections make a conforming amendment to G.S. 14-309.7 and G.S. 14-309.11. In S.L. 1999-237, s. 11.18, the General Assembly transferred the bingo program from the Department of Health and Human Services to the Department of Crime Control and

Public Safety, but conforming amendments to change the department name were not made to the codified statutes dealing with the program. These sections make those conforming amendments.

Section 5. This section amends G.S. 14-313(b) to correct a redlining error. G.S. 14-313, which puts restrictions on the purchase of tobacco products by minors, was extensively amended in 1995. In subsection (b), the word "to" was simply dropped rather than being redlined out. The amendment in this section deletes the word "to."

Section 6. This section amends G.S. 20-28(a1) to conform the time limits to those actually set out in G.S. 20-6.5.

Section 7. This section amends G.S. 25-3-118(h) to correct a typographical error. The reference to a "seal" instrument should read "sealed."

Sections 8 and 9. These sections amend G.S. 28A-13-3(c) and G.S. 28A-15-1(c) to correct an obvious drafting error.

In the 2001 Regular Session, the North Carolina Bar Association recommended, inter alia, amending these sections to make it clear that if a personal representative files a special proceeding to petition the court for an order authorizing the personal representative to take possession, custody, or control of a decedent's real property, and then later needs to petition to sell the real property, or vice versa, the personal representative may include the later request as part of the existing special proceeding and does not need to institute a separate special proceeding. The amendments were introduced in one bill but moved to a different bill during the legislative process and were enacted as part of the second bill (S.L. 2001-413). As enacted, however, the language added to each section was "flipped," so that the language that should have been added to G.S. 28A-13-3(c) was added to G.S. 28A-15-1(c), and vice versa, resulting in amendments that have essentially no effect. Sections 8 and 9 together put the correct language in the correct section.

Section 10. This section amends G.S. 47A-17 to insert the actual citation to the "preceding section" in place of the phrase "preceding section" to comply with current drafting standards.

Section 11. This section updates a citation. G.S. 1-272 has been repealed and replaced by G.S. 1-301.2.

Section 12. This section amends G.S. 48-2-601 to insert an explicit provision in Chapter 48 of the General Statutes (on adoptions) alerting any user of the chapter to the fact that transfers from the clerk of court go to a district court judge. Since 1995, adoptions have been special proceedings filed in district court and heard before the clerk of superior court. As made clear by various sections in Chapter 7A of the General Statutes, transfers of adoption proceedings due to contested factual issues, equitable defenses, or requests for equitable relief are to the district

court, and appeals from the clerk lie to a district court judge. Chapter 48 itself contains an explicit provision in G.S. 48-2-607 naming the district court as the proper court for appeals from the clerk of court, but the chapter has no similar provision for transfers. The absence of such a provision in Chapter 48 is reportedly confusing to some clerks of court and others using Chapter 48, and an explicit provision on transfers somewhere in that Chapter would apparently be helpful. The provision being inserted merely states the current law and follows closely the language of G.S. 1-301.2. A conforming addition is also being made to the catchline.

Section 13. This section amends G.S. 51-1 to correct a redlining error. In the 2001 Regular Session (S.L. 2001-62), the General Assembly substantially amended Chapter 51 dealing with marriages, including amending G.S. 51-1. However, certain words deleted from G.S. 51-1(1)a. and reinserted in G.S. 51-1(1)b. were not underlined in G.S. 51-1(1)b. and so were technically not actually reinserted. This section corrects that error and includes a validating provision for marriages between the effective date of the 2001 act and the effective date of this bill.

Section 14. This section amends G.S. 51-8 to remove a reference to birth registration cards, which are no longer provided for in the General Statutes.

Section 15. This section amends G.S. 55-1-20 to correct an obvious drafting error and repeal subsection (j). S.L. 2001-358 recodified much of G.S. 55-1-20 into G.S. 55D-10, which replaced G.S. 55-1-20 for purposes of the recodified provisions. In the process, the substance of subsection (j) was added to new G.S. 55D-10(6). Subsection (j) thereby become obsolete and should have been deleted from G.S. 55-1-20. Instead, rather than being lined out or specifically repealed, it was simply dropped and was therefore technically not actually deleted.

Section 16. This section amends G.S. 78C-20 to conform the catchline to the substance of the section. The amendment changes the catchline from "Alternate methods of registration" to "Methods of registration." Until last year, G.S. 78C-20 included a subsection (b) that dealt with alternate methods of registering investment advisors. S.L. 2001-273 revised the section, and it now refers only to a single method of registration. The catchline, however, was not amended to conform to the revision.

Section 17. This section amends G.S. 59-73.33(b)(2) to correct a citation. G.S. "59-35.1(c)" should be G.S. "59-35.2."

Section 18. This section amends G.S. 114-10 by recodifying subdivision (2a) as a new G.S. 114-10.01 in order to correct a problem with the internal numbering and to replace one long section with two shorter ones (G.S. 114-10 is an extremely long section).

Section 19. This section amends G.S. 116-209.25(c1)(2) to correct a proper name. "Security" and Exchange Commission should be "Securities" and Exchange Commission.

Section 20. This section makes a conforming amendment to G.S. 143-640. In the 2001 Regular Session, the General Assembly increased the membership of the First Flight Centennial Commission to add the Mayor of the Town of Kitty Hawk as an ex officio member. However, the sentence in G.S. 143-640(c) that states the total number of members was not increased to reflect the new member. This amendment makes that change.

Section 21. This section contains various amendments to Chapter 163 of the General Statutes, dealing with elections.

Subsection (a) amends G.S. 163-119 to update a citation. G.S. 163-150(a) has been repealed, and the reference should now be to G.S. 163-166.7(a).

Subsection (b) amends G.S. 163-122(b) (on nominating unaffiliated candidates) to require that the petition wording include the name of the office sought. In the statute's current form, a candidate could possibly mislead a voter if the candidate states that he or she is running for one office and then uses the petition to file for another office.

Subsection (c) makes a conforming change to G.S. 163-276. In the 2001 Regular Session, the General Assembly replaced former Articles 13 and 14 with a new article. This section updates the reference.

Subsection (d) amends G.S. 163-278.9(4a) to replace a reference to reporting money received "after the last preelection report but before an election" to reporting receipt "before an election but after the period covered by the last report due before that election." The change is needed because a former report specifically called the "preelection report" has been repealed.

Subsection (e) makes essentially the same amendment as in subsection (d) to G.S. 163-278.9A(a)(2a), and for the same reason. Although this amendment was not reviewed and approved by the General Statutes Commission, it is added to the bill in proximity to subsection (d) to avoid the repetitious duplicate explanations that would be necessary if the subsection were included in Part III..

Subsection (f) amends G.S. 163-278.33 to replace the reference to G.S. 163-269 with a reference to G.S. 163-271, G.S. 163-169 and G.S. 163-270 having been repealed.

Subsection (g) amends G.S. 163-323(d) to update the term from "supervisor of elections" to "director of elections."

Subsection (h) renumbers Article 13A of Chapter 163 to Article 14A. In the 2001 Regular Session, the General Assembly repealed Articles 13 and 14 of Chapter 163 and replaced them with a new article, designated "13A." However, the G.S. numbers assigned to the new article begin after the numbers used in former Article 14. As a result, either the article number order or the G.S. section number order cannot be maintained in printing the new article. This

amendment recodifies the article so that the article order number matches the G.S. section numbers used in it.

Section 22. In 1967, the General Assembly amended subsection (a) of G.S. 20-126 to its current form to require inside rearview mirrors in motor vehicles that conformed to a certain standard. The same session law contains an uncodified sentence specifying that factory-installed inside mirrors are deemed to comply. Because this sentence is general and permanent law, and not a transitional applications provision, the sentence should have been included in the codified provision. Section 20 recodifies the sentence into G.S. 20-126(a) and conforms the terminology ("subsection" for "act").

Section 23. This section repeals Section 8 of S.L. 2001-390, effective January 1, 2002. Section 8 of that act amended G.S. 55-4-01(g) to preserve the name of a dissolved corporation for five years in case the corporation is reinstated. This was part of a larger change that allowed a corporation that is administratively dissolved (usually for failure to file an annual report) to be reinstated at any time; previously, there was a five-year limit for becoming reinstated. However, there needs to be a limit on the length of time the name of a defunct corporation must continue to be preserved for it, and Section 8 set that time at five years. Section 8 applied retroactively to applications for reinstatement on or after December 1, 1999. Effective January 1, 2002, much of G.S. 55-4-01 was recodified as G.S. 55D-21, which replaces it with respect to the recodified provisions and which was amended effective January 1, 2002, to include the same provisions added by Section 8 to G.S. 55-4-01. Thus, the amendment by Section 8 was not needed after January 1, 2002, when it was superceded by G.S. 55D-21. Section 8 should accordingly have been repealed as of that date.

Part II

Section 24. This section amends G.S. 168-21(1) to correct an apparent error in the definition of "family care home" in Article 3 of Chapter 168, dealing with the handicapped.

Article 3 of Chapter 168 essentially deems family care homes, as defined in G.S. 168-21, to be residential use for zoning purposes and declares void provisions in restrictive covenants and similar instruments that would allow residential use but prohibit family care homes, as defined in G.S. 168-21. This definition was amended in 1995 by Chapter 535 of the 1995 Session Laws, to add "adult care" in front of the word "home." The result arguably may deprive family care homes for handicapped minors of the protections of Article 3.

The 1995 amendment to the definition of "family care home" in G.S. 168-21(1) appears to have been an error. Chapter 535 of the 1995 Session Laws dealt with facilities licensing laws. One of its purposes was to replace some older terms, principally "domiciliary" care, with the term "adult" care. The facilities licensing laws also use the term "family care home" and define it for those laws; the definition of "family care home" in the facilities licensing laws was therefore properly amended to change the references from "domiciliary" to "adult" care.

However, the definition of "family care home" in G.S. 168-21, although similar to that in the facilities licensing laws, was not identical, and Article 3 of Chapter 168 is not a part of any licensing law. The definition of "family care home" in G.S. 168-21 did not use the term "domiciliary." Nothing in the title of Chapter 535 indicates any intention to narrow the application of Article 3 of Chapter 168 and exclude protection for minors. Neither in Chapter 535 nor at any time since has the General Assembly amended the public policy statement in G.S. 168-20, which states, "[I]t is the public policy of this State to provide handicapped persons with the opportunity to live in a normal residential environment." N.C.Gen.Stat. § 168-20 (2001). This statement still refers to "persons," not just to "adults." The inclusion in Chapter 545 of the amendment to the definition of "family care home" in G.S. 168-21 appears to be case of overactive conforming amendments.

In addition, the General Statutes Commission was informed by persons involved in the passage of Chapter 535 of the 1995 Session Laws that this amendment was in fact an error and was never intended.

The General Statutes Commission concluded that the addition of "adult care" to the definition of "family care home" in G.S. 168-21 was an error that should be corrected, but in view of the passage of time and the subject area, the Commission believed it should not be grouped with its other technical corrections but set out in a part by itself.

SENATE BILL 1217:
2002 Technical Corrections

BILL ANALYSIS

Committee:	House Appropriations	**Introduced by:**	Senator Hartsell
Date:	October 3, 2002	**Summary by:**	Wendy Graf Ray
Version:	Proposed Committee Substitute S1217-CSSU-67[v.10]		

SUMMARY: ***The Proposed Committee Substitute for Senate Bill 1217 makes technical corrections and other changes to various statutes and session laws. Parts I and II of the PCS (Sections 1 through 24) were recommended by the General Statutes Commission and have been summarized in a separate document by the Commission's staff. This summary will cover Part III (all remaining sections of the PCS), which contains changes identified by legislative staff, agency staff, and others.***

BILL ANALYSIS:

Sections 1-24. Pages 1-12.

- Please see the separate summary on these sections, which are recommended by the General Statutes Commission.

Section 25. Page 12.

- Makes a change to G.S. 7A-39.3(b), which sets out compensation for emergency justices and judges of the Supreme Court and Court of Appeals. The amount of compensation for emergency judges of the district court and superior court was increased in 1998 (S.L. 1998-212) to $300 for each day of active service, but this change for emergency justices and judges of the Supreme Court and Court of Appeals, to make the compensation consistent, was overlooked at that time.

Section 26. Page 12.

- Amends G.S. 7B-3000, which deals with juvenile court records. The statute currently authorizes the Department of Juvenile Justice and Delinquency Prevention to adopt rules governing the destruction of juvenile court records. It is believed that this authority given to the Department was a mistake made when the Department was created and former AOC functions were transferred. This section would amend the statute to authorize the Administrative Office of the Courts, rather than the Department of Juvenile Justice and Delinquency Prevention, to adopt rules governing the destruction of juvenile court records, as AOC does for all other court records.

Section 27. Page 12.

- Extends application of the curative statute for notarial acts that contain errors, making those acts valid if they were performed on or before July 1, 2002.

Section 28. Page 13.

- Corrects incorrect statutory reference.

Section 28.5. Page 13.

- Amends a provision in House Bill 1402 (Address Confidentiality Program) that limits the liability of the State as it implements the program. This section deletes language that says the Attorney General will determine whether an employee's actions resulting in harm were within the scope of his duties.

Section 29. Page 13.

- Amends the list of powers of the North Carolina Criminal Justice Education and Training Standards Commission to include the power to regulate school directors in order to ensure that the Commission can continue to certify and oversee the directors of Basic Law Enforcement Training schools and other training programs.

Section 29.5. Page 14.

- Amends the definition of "sports club" in Chapter 18B of the General Statutes, which deals with the regulation of alcoholic beverages. This section would expand the definition of a sports club to include a food business within 100 yards of a sports club that is in direct competition with the sports club for the sale of food, beverages or tobacco products, and that was in existence prior to the sports club being established. Under this provision the food business could get on-premises and off-premises malt beverages permits and off-premises unfortified and fortified wine permits only.

Section 30. Page 15.

- Adds a five-day period for which a limited learner's permit or limited provisional license will be valid after it expires. Under the current law, limited learner's permits and limited provisional licenses expire on the permit or license holder's

18th birthday, and a person is not eligible to apply for a regular license until his or her 18th birthday. This would prevent those individuals from having to go unlicensed over a weekend or holiday if their birthday falls on one of those days.

Section 31. Page 15.

- Deletes apostrophe from the term "drivers license" to make consistent with other motor vehicle statutes, and corrects a grammatical error.

Section 31.1. Page 15.

- Amends G.S. 20-63(b) to exempt Rocky Mountain Elk Foundation special registration plates from being "First in Flight" plates.

Section 32. Page 16.

- Changes incorrect reference from "consumer" to "customer" to conform to related statutes. The term "customer" is used throughout the Article and is a defined term.

Section 33. Page 16.

- Recodifies the Asset Backed Securities Facilitation Article enacted this year for more appropriate placement in the General Statutes.

Section 33.5. Page 16.

- Clarifies that, in an equitable distribution action, "divisible property" includes decreases in marital debt as well as increases.

Sections 34.(a) and 34.(b). Page 17.

- Makes technical corrections to statutes enacted last year in Senate Bill 842 (Business Entity Changes).

Sections 35.(a) through 35.(n). Page 18.

- Makes conforming changes to the General Statutes to reflect the reorganization of the North Carolina Department of Cultural Resources.

Section 36.(a) and 36.(b). Page 27.

- Clarifies that the provisions regarding licensing of plumbing and heating contractors do not apply to sales of goods and associated installation services where the seller arranges for someone who is appropriately licensed to install the good.

Section 37. Page 27.

- Corrects incorrect statutory references.

Section 37.2. Page 28.

- Makes optometry, chiropractic, and podiatry mandated, rather than optional, forms of health care under the Medical Assistance Program.

Section 37.5.(a) and 37.5.(b). Page 28.

- Allows teachers and school employees to use up to 30 days of sick leave as parental leave to care for an adopted child or foster child, as well as a newborn.

Section 38. Page 29.

- Amends the definition of "student" to include those enrolled in and attending an institution located in the State, but not to specify that they be attending the institution's "main permanent campus", for those students eligible for scholarships at private colleges and universities from the State Education Assistance Authority.

Section 39. Page 29.

- Adds dollar signs that were inadvertently omitted in numerical dollar amounts.

Sections 40.(a) and 40.(b). Page 29.

- Corrects incomplete and incorrect statutory references.

Section 41. Page 30.

- Makes a clarifying change to a provision enacted in last year's budget bill (S.L. 2001-424, Sec. 25.19). The provision is a cross-reference in G.S. 131E-184 to a substantive exemption provided to the Department of Correction in G.S. 148-19.1. G.S. 148-19.1 exempts chemical dependency and substance abuse facilities that provide services exclusively to inmates from certificate of need review. This change clarifies that the reference in G.S. 131E-184(d) does not broaden the exemption in any way.

Section 42. Page 30.

- Corrects an incorrect statutory reference and adds language that was previously in the statute but was stricken in Senate Bill 914 (Public Construction Law Changes) last year.

Section 43. Page 31.

- Amends G.S. 143-299.4, which sets up a mechanism for payment of State tort claims in excess of $150,000. Each agency transfers lapsed salaries to the Office of State Budget Management, and those transferred funds are used to pay claims in

excess of $150,000. This section gives the Director of the Budget the authority to require the agency liable for the claim to pay the excess if the Director determines that the agency has the resources.

Section 44. Page 31.

- Amends the statute that sets out the membership of the First Flight Centennial Commission to reflect the appropriate number of members. A member was added to the list last year, but the actual number was not changed at the time.

Section 45. Page 31.

- Adds a subsection to G.S. 143-730 (Managed Care Patient Assistance Program) that provides for the confidentiality of individual's health information in the possession of the Program. S.L. 2001-446 (Managed Care Patients' Bill of Rights) was enacted last year, establishing the Program to provide information and assistance to individuals enrolled in managed care plans, but it did not include a provision for protecting the confidentiality of health information that might be obtained by the Program.

Section 46. Page 32.

- Amends statute regarding the use of entrance fees by North Carolina Aquariums held in the North Carolina Aquarium Fund. This section would require that all fee receipts be used for expansion and operation of the North Carolina Aquariums.

Section 47. Page 32.

- Amends a provision in the 2002 Budget Bill that amended the NC statute for determining eligibility for the Victim's Assistance Program to comply with the federal Violence Against Women Act. This section changes an "or" to an "and" so that a victim is required to both report the assault to law enforcement and get a forensic medical exam, rather than one or the other.

Section 48. Page 32.

- Makes a conforming change to G.S. 147-64.6, which sets out the duties and responsibilities of the State Auditor. The 2002 Budget Bill authorizes State agencies to contract with an outside source for assessment of network vulnerability when the State Auditor determines that his office cannot perform the assessment. In those cases, the State agency must provide detailed reports of the results of the assessment to the State Chief Information Officer, in addition to the State Auditor. This section amends G.S. 177-64.6 to require that the State Auditor also provide the State Chief Information Officer with detailed reports on the results of the assessment when the State Auditor performs the assessment.

Section 49. Page 33.

- Includes Parts 4 (Long-Term Care Benefits) and 5 (Health Insurance Program for Children) of Article 3 of Chapter 135 in the rulemaking exemption for the State Health Plan. Currently only Parts 2 and 3 of that article are included. When the exemption for the State Health Plan was enacted, on the recommendation of the Joint Legislative Administrative Oversight Procedure Oversight Committee, Parts 4 and 5 did not exist. Those Parts were enacted later and refer to administration pursuant to parts 2 and 3, but the exemption in Chapter 150B was not expanded at that time.

Section 50.(a) and 50.(b). Page 33.

- Corrects a statutory cross-reference in two laws dealing with the purposes for which a local government may levy a property tax for economic development.

Section 51. Page 33.

- Corrects incorrect reference in G.S. 153A-250, which authorizes counties and cities to franchise ambulance services. The statute currently refers to an article of the General Statutes (Regulation of Ambulance Services) that was repealed. This section would replace that reference with a reference to a new article enacted last year (Regulation of Emergency Medical Services).

Section 52. Page 35.

- Updates the date referenced in a statute pertaining to the timing of local elected officials taking office. The reference in the current law contemplated a May primary.

Section 53. Page 36.

- Exempts the national standard Uniform Commercial Code forms, required under Chapter 25 of the General Statutes, from the requirements set out in G.S. 161-14 for instruments presented to registers of deeds for registration. Under the current law, a register of deeds collects an additional fee for registering documents that don't meet those requirements.

Section 54. Page 36.

- Clarifies that G.S. 162-58, which authorizes counties to work prisoners on projects to benefit the State or local government, applies to prisoners convicted of misdemeanors and felonies. The statute currently refers to persons convicted of crimes, but it does not distinguish between misdemeanors and felonies.

Sections 55. (a) through 55.(p). Page 36.

- Section 55.(a) allows a candidate to file notice of candidacy by commercial carrier (e.g. FedEx or UPS), as well as mail.

- Section 55.(b) updates the statute to reflect a 1988 court opinion and 14-year practice. It allows new parties to nominate candidates for all State and local offices, and also provides that the State Board of Elections shall tell county boards about new-party local candidates.
- Sections 55.(c) and 55.(d) update statutes that require legislative candidates to file Economic Interest Statements to spell out treatment of new party candidates. Provides for county board of elections to notify the new-party legislative candidates who are running in that county. Provides for new-party candidates the same consequence of not filing an EIS that other candidates have: not having certification and not being on the general election ballot.
- Section 55.(e) updates the presidential primary statute to reflect a 1995 court opinion that says nickel-a-name fee for petition signatures are unconstitutional. The fee is no longer collected and has been removed from parallel petition statutes.
- Sections 55.(f) and 55.(g) give a county tax office, not the county board of elections, the duty to check the freeholder status of petitioners. This affects petitions for incorporating a sanitary district and for imposing a fire-district tax.
- Section 55.(h) provides an opening date for the candidate-filing period for soil and water supervisors. The current statute only has a closing date.
- Section 55.(i) changes an absentee ballot statute to reflect the 2001 election rewrite's scheme as to the different State Board and county board duties regarding providing ballots.
- Section 55.(j) repeals a statute regarding providing primary ballots that is inconsistent with and subsumed by the 2001 election rewrite.
- Section 55.(k) allows contributions over $100 to be made by credit card or other non-cash method that can be subject to written verification.
- Section 55.(l) provides that a federal candidate's duty to give the State Board of Elections that candidate's federal reports is satisfied by the State Board's arrangement with the Federal Election Commission for transfer of those reports.
- Section 55.(m) makes clear that a written request for an absentee ballot must be signed by the requester.
- Section 55.(n) makes the law reflect the current pattern of filing campaign reports. State, legislative, and judicial candidates file with the State Board of Elections in Raleigh, and county and municipal candidates file locally.
- Section 55.(o) makes clear that voted ballots are not public records.
- Section 55.(p) make the section effective January 1, 2003 and applicable to primaries and elections held on or after that date, except for subsection 55.(o), which is effective when the act becomes law.

Section 56. Page 44.

- Prohibits county boards of elections from changing precinct lines through 2003 in anticipation of upcoming redistricting except under limited circumstances.

Sections 57.(a) and 57.(b). Page 44.

- Adds a new section to Chapter 163 of the General Statutes that sets out the method for making absentee ballot requests.

Section 57.1.(a) and 57.1(b). Page 44.

- Requires the State Board of Elections to keep account numbers confidential when those numbers are reported, as required by G.S. 163-278.7, by candidates, political committees, and referendum committees.

Section 57.3.(a) through 57.3.(c). Page 46.

- Allows political committees to incorporate for liability purposes and still be able to accept contributions and spend money to influence elections, as long as accepting contributions and spending money to influence elections is their only purpose.

Section 57.5. Page 47.

- Makes a change to the statute regarding State disaster assistance to conform our deadlines to deadlines established by the Federal Emergency Management Agency.

Section 58. Page 48.

- Restores prior law amended in 2001 to clarify that a vacancy in the office of the district judge will be filled for the unexpired term by a member of the same political party as the vacating judge, if the vacating judge was elected as the nominee of a political party.

Section 58.5. Page 48.

- Amends a provision in the 2001 Budget Bill. The provision requires State departments, agencies, and institutions to provide detailed reports to the Office of State Personnel and the Office of State Budget and Management on its utilization of personal contracts. This section would require them to provide those reports only on contracts that have an annual value of $5,000 or more.

Section 59. Page 48.

- Amends a budget provision to eliminate a conflict between the bill and an item in the Joint Conference Committee Report regarding transfer of assets policy.

Section 60. Page 48.

- Rewords sentence to make meaning clearer.

Section 61. Page 48.

- Corrects incorrect statutory cite in the introductory language of Section 12 of S.L. 2002-16.

Section 61.5. Page 48.

- Makes the new law allowing removal of DD Form 214 from the county register of deeds offices effective immediately in Craven, Nash, and Pamlico counties, and July 1, 2003 in all other counties to allow counties the time necessary to implement this law.

Section 62. Page 49.

- Deletes a reference to a taxing district that was never created. An early version of Senate Bill 1195 (Seven Devils Occupancy Tax), passed this year, created a new taxing district and added that new district to the list of cities and towns set out in G.S. 160A-215 that are subject to the uniform provisions for room occupancy taxes. The bill was eventually amended so that it did not create the new taxing district, but the reference in G.S. 160A-215 was inadvertently left in the bill. This section would delete the reference to a non-existent district.

Section 63. Page 49.

- Corrects an incorrect statutory reference in the introductory language of a section of S.L. 2002-103.

Section 64.(a) through 64.(d). Page 49.

- Amends the effective date of S.L. 2002-107, which deals with bidding on public contracts. This section makes clear that it applies to bidding opportunities advertised on or after the effective date.
- Restores language that was deleted in S.L. 2002-107 that allows an architect, designer, draftsman, or owner to bid preferred brands of materials as an alternate to the base bid, but also adds a new requirement that alternates be selected from a pre-approved list.

Section 65. Page 50.

- Clarifies that sections 1 through 7 of House Bill 1490 (Secure Local Revenues), passed this session, applies prospectively only.

Section 66. Page 50.

- Transfers a Community Service Consultant position from the Department of Administration to the Office of State Personnel.

Section 66.5. Page 50.

- Corrects a numbering error in a statute caused by two bills that created the same new subdivision in the same statute.

Section 67. Page 50.

- Clarifies that only Section 1 of House Bill 1245, which sets out selective service registration requirements, is to be implemented by the Division of Motor Vehicles by a certain date.

Section 68. Page 50.

- Corrects introductory language in House Bill 1745 that says two subdivisions are being added, when three subdivisions were added.

Section 69. Page 50.

- Clarifies that funds transferred from the Tobacco Trust Account and the Health Trust Account in the 2002 Budget Bill are limited to incoming funds during the 2002-2003 fiscal year and not carryover principal.

Section 69.5. Page 51.

- Corrects the program year in the Community Development Block Grant provision in the 2002 Budget Bill.

Sections 69.6.(a) and 69.6.(b). Page 51.

- Amends the Community Development Block Grant provision in the 2002 Budget Bill, and allows up to $4 million of funds appropriated last year to be used for drought recovery.

Section 70. Page 52.

- Delays the effective date of a provision of the 2002 Budget Bill that establishes an October 1 deadline for notification of field test sites by the Department of Public Instruction to local boards of education. Because the bill passed so late, the deadline cannot be met this year. This section makes the provision effective the first of next year.

Section 70.5. Page 52.

- Authorizes the Department of Public Instruction to administer standardized tests to the extent necessary to receive funds as part of the federal Reading First Grant.

Section 71. Page 52.

- Adds a section to the 2002 Budget Bill that was inadvertently omitted from the bill. The provision transfers a position from the Community College System to the Department of Public Instruction.

Section 72. Page 52.

- Delays by one month the date by which the UNC Board of Governors must report to the Fiscal Research Division on reductions made by campuses to their General Fund budget codes. The section currently requires the report by October 31, 2002, but the Board meets on October 11, and it is not possible for campuses to have the reductions decided and reported by that time.

Section 73. Page 52.

- Delays the reporting date for the Department of Health and Human Services on its review of staffing requirements of Adult Day Care Programs and Adult Day Health Programs. The review is required by a provision in the 2002 Budget Bill, which only recently passed, and the Department will need more time to conduct the review than is currently allotted.

Section 74. Page 53.

- Makes a clarifying change to a provision in the 2002 Budget Bill dealing with Medicaid eligibility. This section specifies that the equity value of life estate interests in real property and tenancy in common interests shall continue to be exempt when using the SSI method for determining eligibility.

Section 75. Page 53.

- Clarifies the authority of the Secretary of Health and Human Services with regard to requests for supplemental rebates from pharmaceutical manufacturers.

Section 75.5. Page 53.

- Corrects the reporting dates in the Worker Training Trust Fund provision in the 2002 Budget Bill to reflect the appropriate fiscal years.

Section 76.(a) and 76.(b). Page 54.

- Section 76.(a) restores the Regional Economic Development Commission reporting requirements to what was set out in the 2001 Budget Bill.
- Section 76.(b) amends a provision of the 2002 Budget Bill that requires the Kenan-Flagler Business School of UNC to study the effectiveness of economic development activities. This section eliminates the requirement in the provision that the study include a "scorecard" to measure the extent to which the Department of Commerce and the Regional Economic Development Commissions have achieved their goals. The provision directs the Business School to report to various entities and the House Full Appropriations Chairs were inadvertently left off of the list, and this section also corrects that mistake.

Section 77. Page 54.

- Makes a clarifying change to the 2001 Budget Bill pertaining to eligibility of inmates to receive earned time when they are physically unable to perform work release or other rehabilitative activities.

Section 78. Page 54.

- Amends effective date of the provision in the 2002 Budget Bill that amends our statutes to comply with the Federal Violence Against Women Act.

Section 79. Page 55.

- Amends the "Requested by" language leading into Section 18.7 of the 2002 Budget Bill to delete a sponsor of the provision.

Section 80. Page 55.

- Extends the regional office consolidation study report date for the State Property Office, as required in the 2002 Budget Bill, from November 1, 2002 to February 1, 2003.

Section 81. Page 55.

- Extends the report date for the Office of State Budget and Management on the museum admission fees study from November 1, 2002 to February 1, 2003.

Section 82. Page 55.

- Clarifies that the annual leave bonus for State employees only applies to teachers and principals at the top of their respective salary schedules who do not receive a salary increment.

Section 83. Page 55.

- Corrects a provision in the 2002 Budget Bill that appropriates funds to the Department of the State Treasurer for two positions. The positions should be funded out of Retirement System receipts.

Section 84. Page 56.

- Modifies Department of Health and Human Services budget reductions provided in the Joint Conference Committee Report.

Section 85. Page 57.

- Changes two position numbers in the Office of State Personnel as shown in the budget conference report.

Section 86. Page 57.

- Directs the Department of Health and Human Services to expend $2 million in available funds to plan and design replacement hospitals for Cherry and Broughton psychiatric hospitals.

Section 87. Page 57.

- Clarifies the employment status of State employees who were subject to a reduction in force action pursuant to Executive Order Number 22 but whose positions were ultimately funded in the 2002 Budget Bill.

Section 88. Page 57.

- Allows the Locksmith Licensing Board to adopt its initial fees without prior consultation with the Joint Legislative Commission on Governmental Operations. Under current law, the Board cannot adopt its temporary rules establishing its initial fees without first consulting with the Commission on Governmental Operations, but it may not meet before the Board's recently extended temporary rulemaking authority expires on January 1, 2003.

Section 89. Page 57.

- Authorizes the General Assembly to pay from its reserves for one year of dues to the Southern Legislative Conference and other associated organizations that have previously been paid from the Governor's budget.

Section 90. Page 57.

- Designates the official locations of the NC Aviation Hall of Fame, the NC Aviation Museum, and the Airborne Military Museum of NC.

Section 91. Page 58.

- Requires the Secretary of DHHS to maintain the existing educational and research programs in psychology and psychiatry conducted by the UNC Medical School and Psychology Department at Dix and Umstead Hospitals, with authority over the program retained by UNC. The Secretary is required to consult with UNC on planning for the new psychiatric hospital.

Section 92. Page 58.

- Unless otherwise specified in the section, the bill will be effective when it becomes law.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10-3-02

S. B. No. 1217 Amendment No. 1 (to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE S1217-CSSU-67 [V.10]

(Rep.) OLDHAM
Sen.)

1 moves to amend the bill on page 31, lines 41 THROUGH 43

2 ( ) WHICH CHANGES THE TITLE

3 by DELETING THE LINES.

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SIGNED Warren C. Oldham

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10.03.02

S. B. No. _____ Amendment No. 2
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) McHenry
)
Sen.)

moves to amend the bill on page 51, lines 47-48

( ) WHICH CHANGES THE TITLE

by deleting "not less than" and removing the strike-through of "up to"

further amend the bill on pg 51, line 49, by striking through "up to" and adding in "not less than"

further amend on page 51, line 49 by striking through "Contingency" and substituting "Contingency, but any funds in excess of one million dollars ($1,000,000) may be taken only from categories 01, 02, 04, 06, and 08 of subsection (a) of this section;"

SIGNED _____

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 3
(to be filled in by Principal Clerk)

S1217-ARW-64 [v.3]

Date 10.03. ,2002

Comm. Sub. [NO]
Amends Title [NO]
Third Edition

Representative Cole

moves to amend the bill on page *, line *

"**SECTION *.** Section 3.1 of S.L. 2002-126 reads as rewritten:

'**SECTION 3.1.** Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2002-2003 fiscal year.

Current Operations - Highway Fund	**2002-2003**
Administration	~~(362,232)~~(90,000)
Operations	–
Construction and Maintenance	
a. Construction	
(01) Primary Construction	–
(02) Secondary Construction	(1,887,000)
(03) Urban Construction	7,000,000
(04) Access and Public Service Roads	–
(05) Contingency Construction	5,000,000
(06) Spot Safety Construction	–
b. State Funds to Match Federal Highway Aid	–
c. State Maintenance	~~13,823,411~~13,551,179
d. Ferry Operations	–
e. Capital Improvements	–
f. State Aid to Municipalities	(1,887,000)
g. State Aid for Public Transportation and Railroads	14,350,000

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 3
(to be filled in by
Principal Clerk)

S1217-ARW-64 [v.3]

h.	OSHA – State	–
	Governor's Highway Safety Program	–
	Division of Motor Vehicles	–
	Reserves and Transfers	(6,039,551)
GRAND TOTAL HIGHWAY FUND		$ 29,997,628'".

SIGNED Melissa Cole
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ Voice vote FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 4
(to be filled in by Principal Clerk)

S1217-ARK-13 [v.5]

Date 10.3 ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Fox

moves to amend the bill on page 48, lines 18-19, by inserting the following new section to read:

"**SECTION 58.7.** Section 20.12 of S.L. 2001-424, as amended by Section 13.2(c) of Session Law 2002-126, reads as rewritten:

"**SECTION 20.12.(c1)** The funds appropriated by this section shall be paid by electronic transfer in two equal installments, the first no later than ~~September 1, 2002,~~ November 1, 2002, and the second subsequent to acceptable submission of the annual report due to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by January 15, 2003, as specified in subdivision (f)(2) of this section.""

SIGNED Stan Fox
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ voice vote FAILED _____ TABLED _____

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 5
(to be filled in by Principal Clerk)

S1217-ARW-66 [v.3]

Date 10.3 ,2002

Comm. Sub. [NO]
Amends Title [NO]
Third Edition

Representative J. Crawford

moves to amend the bill on page ____, lines ____
by adding between those lines the following:

"**SECTION** __. G.S. 136-176(a1)(1) reads as rewritten:

'(a1) The Department may use two hundred twenty million dollars ($220,000,000) in fiscal year 2001-2002, two hundred five million dollars ($205,000,000) in fiscal year 2002-2003, and two hundred fifty-five million dollars ($255,000,000) in fiscal year 2003-2004 of the cash balance of the Highway Trust Fund for the following purposes:

(1) For primary route pavement preservation. – One hundred seventy million dollars ($170,000,000) in fiscal year 2001-2002, and one hundred fifty million dollars ($150,000,000) in each of the fiscal years 2002-2003 and 2003-2004. Up to ten percent (10%) of the amount for each of the fiscal years 2001-2002, 2002-2003, and 2003-2004 is available in that fiscal year, at the discretion of the Secretary of Transportation, ~~for~~ for:

a. ~~highway~~ Highway improvement projects that further economic growth and development in small urban and rural areas, that are in the Transportation Improvement

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 5
(to be filled in by
Principal Clerk)

S1217-ARW-66 [v.3]

Program, and that are individually approved by the Board of ~~Transportation.~~Transportation; or

b. Highway improvements that further economic development in the State and that are individually approved by the Board of Transportation.

...'".

SIGNED J. W. Crawford, Jr.
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ Voice Vote FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. S1217-CSSU-67

H. B. No. _____ DATE 10/3/02

S. B. No. 1217 Amendment No. 6
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

Rep.) Culpepper
Sen.)

moves to amend the bill on page 28, line 25

( ) WHICH CHANGES THE TITLE

by deleting the phrase "optometry, chiropractic, and podiatry" and substituting the phrase "chiropractic and podiatry";

and further moves to amend the bill on page 28, lines 28-29, by deleting the phrase "an optometrist a chiropractor, or a podiatrist." and substituting the phrase "a chiropractor or a podiatrist.".

SIGNED _____

ADOPTED ✓ Division 34-16 FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 27
(to be filled in by Principal Clerk)

S1217-ALR-66 [v.1]

Date 10-3 ,2002

Comm. Sub. [YES]
Amends Title [NO]
S1217-CSSU-67

Representative Hensley

moves to amend the bill on page 15, lines 1-23
by rewriting the lines to read:

"(8) Sports club. – An establishment substantially engaged in the business of providing an 18-hole golf course, two or more tennis courts, or both. The sports club can either be open to the general public or to members and their guests. To qualify as a sports club, an establishment's gross receipts for club and other recreational activities shall be greater than its gross receipts for alcoholic beverages. This provision does not prohibit a sports club from operating a restaurant. Receipts for food shall be included in with the club activity fee."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ voice vote FAILED _____ TABLED _____

Adopted, voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 8
(to be filled in by Principal Clerk)

S1217-ALR-65 [v.1]

Date 10.3 ,2002

Comm. Sub. [YES]
Amends Title [NO]
~~Third Edition~~
S1217-CSSU-67 (V.10)

Representative Hensley

moves to amend the bill on page 54, lines 9 through 33 by rewriting the lines to read:

"**SECTION 13.9.** The Kenan-Flagler Business School ("Business School") of the University of North Carolina at Chapel Hill shall study the effectiveness of the economic development activities of the North Carolina Department of Commerce ("Commerce") and the Regional Economic Development Commissions ("Commissions"). In conducting its study the Business School shall work with Commerce and the Commissions to do the following:

(1) Identify how Commerce and the Commissions can improve communication, implement a more coordinated and efficient recruitment and retention effort throughout the State, and avoid duplication of effort,

(2) Establish specific performance measures and outcomes relevant to the mission, goals, and objectives of Commerce and the Commissions,

(3) Develop a "scorecard" that can be used to measure the extent to which Commerce and the Commissions have achieved their goals, objectives, and outcomes, and

(4) Recommend a performance-based funding mechanism that will inform the General Assembly's decisions regarding appropriations to Commerce and the Commissions.

The Business School also may include in its study and recommendations any other information it deems relevant to the study and its intent.

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 8
(to be filled in by
Principal Clerk)

S1217-ALR-65 [v.1]

The Business School shall report its findings and recommendations to ~~the Senate Appropriations Subcommittee on Natural and Economic Resources, the Senate Full Appropriations Chairs, the Joint Legislative Commission on Governmental Operations, and~~ the members of the General Assembly and to the Fiscal Research Division by March 15, 2003."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ Voice vote FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. S1217-CSSU-67

H. B. No. _____ DATE 10/3/02

S. B. No. 1217 Amendment No. 9
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Shubert
Sen.)

1 moves to amend the bill on page 48, line s 2 - 18

2 ( ) WHICH CHANGES THE TITLE

3 by deleting those lines.

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SIGNED Jean H Shubert

ADOPTED ✓ voice vote FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. 1217 Amendment No. 10
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE ✓

(Rep.) NESBITT
Sen.)

moves to amend the bill on page 44, lines 25 through 43

( ) WHICH CHANGES THE TITLE

by deleting Section 57 from the bill and renumbering subsequent sections accordingly.

SIGNED _____

ADOPTED _____ FAILED ✓ 35-24 TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 11
(to be filled in by Principal Clerk)

S1217-ARK-15 [v.1]

Date 10.3 ,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Sherrill

moves to amend the bill on page 16, lines 13-14, by inserting a new section to read:

"**SECTION 31.5(a).** If House Bill 314, 2001 Session, becomes law, the catch line of G.S. 20-196.3 is deleted and reads as rewritten: "Who may hold supervisory positions over sworn members of the Patrol."

SECTION 31.5(b). If House Bill 314, 2001 Session, becomes law, Section 18 of that act reads as rewritten:

"**SECTION 18.** This act becomes effective ~~December 1, 2002.~~March 1, 2003.""

SIGNED Nelma Sherrill
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ voice vote FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE 10-3-02

S. B. No. 1217 Amendment No. 12
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE ✓

Rep.) Russell
)
Sen.)

1 moves to amend the bill on page 28, line 22-29
2 ( ) WHICH CHANGES THE TITLE AS AMENDED BY AMENDMENT #6 (CULPEPPER)
3 by _____
4 deleting those lines and renumbering
5 _____
6 accordingly.
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SIGNED Carolyn K. Russell

ADOPTED _____ FAILED ✓ division 33-31 TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 13
(to be filled in by
Principal Clerk)

S1217-ARM-82 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
S1217-CSSU-67[v.10]

Representative Nesbitt

moves to amend the bill on page 48, line 34, by adding the following sentence at the end of that line:

"The application of transfer of assets policy to non-institutionalized individuals shall become effective no less than 30 days after all Medicaid recipients have been notified and shall not apply to any transfers occurring prior to the implementation of the policy to non-institutionalized individuals.".

SIGNED Martha Nesbitt
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED ✓ voice vote FAILED _____ TABLED _____

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. 14
(to be filled in by Principal Clerk)

S1217-ARQ-7 [v.1]

Date _____,2002

Comm. Sub. [NO]
Amends Title [NO]
S1217-CSSU-67 CV.10J

Representative Warner

moves to amend the bill on page 52, line 21 through line 24 by rewriting the sentence to read:

"**SECTION 7.44.** Notwithstanding G.S. 115C-174.11(a), the Department of Public Instruction may administer a standardized reading test measure for a one time, one year only, pilot study of the comparative predictive validity of the reading assessment used in kindergarten through second grade."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED ✓ Division TABLED _____
34-23

Chair Ruled out of order

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1217-ARK-12 [v.1]

Date _____,2002

Comm. Sub. [YES]
Amends Title [NO]
Third Edition

Representative Baker

moves to amend the bill on page 50, lines 14-15, by adding the following between those lines:

"**SECTION 65.5.** S.L. 2002-123 is amended by adding a new section to read:

'**SECTION 10.1.** The definitions in G.S. 105-521 apply in this section. As soon as practicable after October 15, 2002, the Secretary of Revenue must determine for each local government the product of its local sales tax share multiplied by the estimated amount that all local governments would be expected to receive during the 2002-2003 fiscal year if every county levied the tax under G.S. 105-517 effective December 1, 2002. The Secretary must then compare this estimated tax amount for each local government to the local government's repealed reimbursement amount. If the repealed reimbursement amount is more than three and five-hundredths times the estimated tax amount for any local government, the Secretary must pay that local government the excess of its repealed reimbursement amount over three and five-hundredths times its estimated tax amount. The State Controller must transfer funds to the Secretary of Revenue from the Hurricane Floyd Disaster Reserve for the purpose of implementing this section.' "

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1217

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1217-ARK-12 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2001

S D

SENATE BILL 1217
Judiciary I Committee Substitute Adopted 10/1/02
Third Edition Engrossed 10/1/02
PROPOSED HOUSE COMMITTEE SUBSTITUTE S1217-CSSU-67 [v.10]

10/3/2002 3:35:29 AM

Short Title: 2002 Technical Corrections. (Public)

Sponsors:

Referred to:

June 6, 2002

A BILL TO BE ENTITLED

AN ACT TO MAKE TECHNICAL CORRECTIONS AND CONFORMING CHANGES TO THE GENERAL STATUTES AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION; TO RESTORE THE DEFINITION OF FAMILY CARE HOME TO ITS ORIGINAL LANGUAGE AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION; AND TO MAKE VARIOUS OTHER CHANGES TO THE GENERAL STATUTES AND SESSION LAWS.

The General Assembly of North Carolina enacts:

PART I. TECHNICAL CORRECTIONS RECOMMENDED BY THE GENERAL STATUTES COMMISSION

SECTION 1. G.S. 7A-273(2) reads as rewritten:

"**§ 7A-273. Powers of magistrates in infractions or criminal actions.**

In criminal actions or infractions, any magistrate has power:

...

(2) In misdemeanor or infraction cases involving alcohol offenses under Chapter 18B of the General Statutes, traffic offenses, hunting, fishing, State park and recreation area rule offenses under Chapter 113 of the General Statutes, boating offenses under Chapter 75A of the General Statutes, and littering offenses under ~~G.S. 14-399(c),~~G.S. 14-399(c) and G.S. 14-399(c1), to accept written appearances, waivers of trial or hearing and pleas of guilty or admissions of responsibility, in accordance with the schedule of offenses and fines or penalties promulgated by the Conference of Chief District Judges pursuant to

G.S. 7A-148, and in such cases, to enter judgment and collect the fines or penalties and costs;

...."

SECTION 2.(a) G.S. 14-27.1(1) reads as rewritten:

"**§ 14-27.1. Definitions.**

As used in this Article, unless the context requires otherwise:

(1) "Mentally ~~defective"~~ disabled" means (i) a victim who suffers from mental retardation, or (ii) a victim who suffers from a mental disorder, either of which temporarily or permanently renders the victim substantially incapable of appraising the nature of his or her conduct, or of resisting the act of vaginal intercourse or a sexual act, or of communicating unwillingness to submit to the act of vaginal intercourse or a sexual act.

...."

SECTION 2.(b) G.S. 14-27.3(a)(2) reads as rewritten:

"**§ 14-27.3. Second-degree rape.**

(a) A person is guilty of rape in the second degree if the person engages in vaginal intercourse with another person:

...

(2) Who is mentally ~~defective,~~ disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know the other person is mentally ~~defective,~~disabled, mentally incapacitated, or physically helpless."

SECTION 2.(c) G.S. 14-27.5(a)(2) reads as rewritten:

"**§ 14-27.5. Second-degree sexual offense.**

(a) A person is guilty of a sexual offense in the second degree if the person engages in a sexual act with another person:

...

(2) Who is mentally ~~defective,~~disabled, mentally incapacitated, or physically helpless, and the person performing the act knows or should reasonably know that the other person is mentally ~~defective,~~disabled, mentally incapacitated, or physically helpless."

SECTION 2.(d) G.S. 15-144.1(c) reads as rewritten:

"(c) If the victim is a person who is mentally ~~defective,~~disabled, mentally incapacitated, or physically helpless it is sufficient to allege that the defendant unlawfully, willfully, and feloniously did carnally know and abuse a person who was mentally ~~defective,~~disabled, mentally incapacitated or physically helpless, naming such victim, and concluding as aforesaid. Any bill of indictment containing the averments and allegations herein named shall be good and sufficient in law for the rape of a mentally ~~defective,~~disabled, mentally incapacitated or physically helpless person and all lesser included offenses."

SECTION 2.(e) G.S. 15-144.2(c) reads as rewritten:

"(c) If the victim is a person who is mentally ~~defective,~~disabled, mentally incapacitated, or physically helpless it is sufficient to allege that the defendant

unlawfully, willfully, and feloniously did engage in a sex offense with a person who was mentally ~~defective,~~disabled, mentally incapacitated or physically helpless, naming such victim, and concluding as aforesaid. Any bill of indictment containing the averments and allegations herein named shall be good and sufficient in law for a sex offense against a mentally ~~defective,~~disabled, mentally incapacitated or physically helpless person and all lesser included offenses."

SECTION 2.(f) This section becomes effective December 1, 2002, and applies to offenses committed on or after that date.

SECTION 3.(a) G.S. 14-309.7(a) reads as rewritten:

"(a) An exempt organization may not operate a bingo game at a location without a license. Application for a bingo license shall be made to the Department of ~~Health and Human Services~~Crime Control and Public Safety on a form prescribed by the Department. The Department shall charge an annual application fee of one hundred dollars ($100.00) to defray the cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be deposited in the General Fund of the State. This license shall expire one year after the granting of the license. This license may be renewed yearly, if the applicant pays the application fee and files an audit with the Department pursuant to G.S. 14-309.11. A copy of the application and license shall be furnished to the local law-enforcement agency in the county or municipality in which the licensee intends to operate before bingo is conducted by the licensee."

SECTION 3.(b) G.S. 14-309.7(e) reads as rewritten:

"(e) An exempt organization that wants to conduct only an annual or semiannual bingo game may apply to the Department of ~~Health and Human Services~~Crime Control and Public Safety for a limited occasion permit. The Department of ~~Health and Human Services~~Crime Control and Public Safety may require such information as is reasonable and necessary to determine that the bingo game is conducted in accordance with the provisions of this Part but may not require more information than previously specified in this section for application of a regular license. The application shall be made to the Department on prescribed forms at least 30 days prior to the scheduled date of the bingo game. In lieu of the reporting requirements of G.S. 14-309.11(b) the exempt organization shall file with the licensing agency and local law-enforcement a report on prescribed forms no later than 30 days following the conduct of the bingo game for which the permit was obtained. Such report may require such information as is reasonable and necessary to determine that the bingo game was conducted in accordance with the provisions of this Part but may not require more information than specified in G.S. 14-309.11(b). Any licensed exempt organization may donate or loan its equipment or use of its premises to an exempt organization which has secured a limited occasion permit provided such arrangement is disclosed in the limited occasion permit application and is approved by the Department of ~~Health and Human Services.~~Crime Control and Public Safety. Except as stated above, all provisions of this Part shall apply to any exempt organization operating a bingo game under this provision."

SECTION 4.(a) G.S. 14-309.11(b) reads as rewritten:

"(b) An audit of the account required by subsection (a) of this section shall be prepared annually for the period of January 1 through December 31 or otherwise as directed by the Department of ~~Health and Human Services~~Crime Control and Public Safety and shall be filed with the Department of ~~Health and Human Services~~Crime Control and Public Safety and the local law-enforcement agency at a time directed by the Department of ~~Health and Human Services.~~Crime Control and Public Safety. The audit shall be prepared on a form approved by the Department of ~~Health and Human Services~~Crime Control and Public Safety and shall include the following information:

(1) The number of bingo games conducted or sponsored by the exempt organization;

(2) The location and date at which each bingo game was conducted and the prize awarded;

(3) The gross receipts of each bingo game;

(4) The cost or amount of any prize given at each bingo game;

(5) The amount paid in prizes at each session;

(6) The net return to the exempt organization; and

(7) The disbursements from the separate account and the purpose of those disbursements, including the date of each transaction and the name and address of each payee."

SECTION 4.(b) G.S. 14-309.11(d) reads as rewritten:

"(d) All books, papers, records and documents relevant to determining whether an organization has acted or is acting in compliance with this section shall be open to inspection by the law-enforcement agency or its designee, or the district attorney or his designee, or the Department of ~~Health and Human Services~~Crime Control and Public Safety at reasonable times and during reasonable hours."

SECTION 5. G.S. 14-313(b) reads as rewritten:

"(b) Sale or distribution to persons under the age of 18 years. – If any person shall distribute, or aid, assist, or abet any other person in distributing tobacco products or cigarette wrapping papers to any person under the age of 18 years, or if any person shall purchase tobacco products or cigarette wrapping papers on behalf of ~~to~~ a person, less than 18 years, the person shall be guilty of a Class 2 misdemeanor; provided, however, that it shall not be unlawful to distribute tobacco products or cigarette wrapping papers to an employee when required in the performance of the employee's duties. Retail distributors of tobacco products shall prominently display near the point of sale a sign in letters at least five-eighths of an inch high which states the following:

N.C. LAW STRICTLY PROHIBITS

THE PURCHASE OF TOBACCO PRODUCTS

BY PERSONS UNDER THE AGE OF 18.

PROOF OF AGE REQUIRED.

Failure to post the required sign shall be an infraction punishable by a fine of twenty-five dollars ($25.00) for the first offense and seventy-five dollars ($75.00) for each succeeding offense.

A person engaged in the sale of tobacco products shall demand proof of age from a prospective purchaser if the person has reasonable grounds to believe that the prospective purchaser is under 18 years of age. Failure to demand proof of age as required by this subsection is a Class 2 misdemeanor if in fact the prospective purchaser is under 18 years of age. Proof that the defendant demanded, was shown, and reasonably relied upon proof of age in the case of a retailer, or any other documentary or written evidence of age in the case of a nonretailer, or that the defendant relied on the electronic system established and operated by the Division of Motor Vehicles pursuant to G.S. 20-37.02, shall be a defense to any action brought under this subsection. Retail distributors of tobacco products shall train their sales employees in the requirements of this law."

SECTION 6. G.S. 20-28(a1) reads as rewritten:

"(a1) Driving Without Reclaiming License. – A person convicted under subsection (a) shall be punished as if the person had been convicted of driving without a license under G.S. 20-35 if the person demonstrates to the court that either subdivisions (1) and (2), or subdivision (3) of this subsection is true:

(1) At the time of the offense, the person's license was revoked solely under G.S. 20-16.5; and

(2) a. The offense occurred more than ~~30~~ 45 days after the effective date of a revocation order issued under G.S. 20-16.5(f) and the period of revocation was ~~30~~ 45 days as provided under subdivision (3) of that subsection; or

b. The offense occurred more than ~~10~~ 30 days after the effective date of the revocation order issued under any other provision of G.S. 20-16.5; or

(3) At the time of the offense the person had met the requirements of G.S. 50-13.12, or G.S. 110-142.2 and was eligible for reinstatement of the person's drivers license privilege as provided therein.

In addition, a person punished under this subsection shall be treated for drivers license and insurance rating purposes as if the person had been convicted of driving without a license under G.S. 20-35, and the conviction report sent to the Division must indicate that the person is to be so treated."

SECTION 7. G.S. 25-3-118(h) reads as rewritten:

"(h) A ~~seal~~ sealed instrument otherwise subject to this Article is governed by the time limits of G.S. 1-47(2)."

SECTION 8. G.S. 28A-13-3(c) reads as rewritten:

"(c) Prior to the personal representative exercising possession, custody or control over real property of the estate he shall petition the clerk of court to obtain an order authorizing such possession, custody or control. The petition shall include:

(1) A description of the real property which is the subject of the petition;

(2) The names, ages, and addresses, if known, of the devisees and heirs of the decedent;

(3) A statement by the personal representative that he has determined that such possession, custody or control is in the best interest of the administration of the estate.

The devisees and heirs will be made parties to the proceeding by service of summons in the manner prescribed by law. If the clerk of court determines that it is in the best interest of the administration of the estate to authorize the personal representative to take possession, custody or control he shall grant an order authorizing that power. If a special proceeding has been instituted by the personal representative pursuant to G.S. 28A-15-1(c), the personal representative may petition for ~~sale, lease or mortgage~~possession, custody, or control of any real property as a part of that proceeding and is not required to institute a separate special proceeding."

SECTION 9. G.S. 28A-15-1(c) reads as rewritten:

"(c) If it shall be determined by the personal representative that it is in the best interest of the administration of the estate to sell, lease, or mortgage any real estate or interest therein to obtain money for the payment of debts and other claims against the decedent's estate, the personal representative shall institute a special proceeding before the clerk of superior court for such purpose pursuant to Article 17 of this Chapter, except that no such proceeding shall be required for a sale made pursuant to authority given by will. A general provision granting authority to the personal representative to sell the testator's real property, or incorporation by reference of the provisions of G.S. 32-27(2) shall be sufficient to eliminate the necessity for a proceeding under Article 17. If a special proceeding has been instituted by the personal representative pursuant to G.S. 28A-13-3(c), the personal representative may petition for ~~possession, custody or control~~sale, lease, or mortgage of any real property as a part of that proceeding and is not required to institute a separate special proceeding."

SECTION 10. G.S. 47A-17 reads as rewritten:

"**§ 47A-17. Termination of unit ownership; no bar to reestablishment.**

The removal provided for in ~~the preceding section~~ G.S. 47A-16 shall in no way bar the subsequent resubmission of the property to the provisions of this Article."

SECTION 11. G.S. 48-2-206(h) reads as rewritten:

"(h) Transfer under ~~G.S. 1-272~~ G.S. 1-301.2 and appeal under G.S. 1-279.1 shall be as for an adoption proceeding."

SECTION 12. G.S. 48-2-601 reads as rewritten:

"**§ 48-2-601. Hearing on, or disposition of, adoption petition; transfer of adoption proceeding; timing.**

(a) If it appears to the court that a petition to adopt a minor is not contested, the court may dispose of the petition without a formal hearing.

(a1) If an issue of fact, an equitable defense, or a request for equitable relief is raised before the clerk, the clerk shall transfer the proceeding to the district court under G.S. 1-301.2.

(b) No later than 90 days after a petition for adoption has been filed, the court shall set a date and time for hearing or disposing of the petition.

(c) The hearing or disposition must take place no later than six months after the petition is filed, but the court for cause may extend the time for the hearing or disposition."

SECTION 13.(a) G.S. 51-1(1)b. reads as rewritten:

"b. With the consequent declaration by the minister or magistrate that the persons are husband and wife; or".

SECTION 13.(b) Any marriage solemnized on or after October 1, 2001, and before the effective date of this act and otherwise valid is not invalid because the minister or magistrate failed to declare the persons husband and wife.

SECTION 14. G.S. 51-8 reads as rewritten:

"**§ 51-8. License issued by register of deeds.**

Every register of deeds shall, upon proper application, issue a license for the marriage of any two persons who are able to answer the questions regarding age, marital status, and intention to marry, and, based on the answers, the register of deeds determines the persons are authorized to be married in accordance with the laws of this State. In making a determination as to whether or not the parties are authorized to be married under the laws of this State, the register of deeds may require the applicants for the license to marry to present certified copies of birth certificates ~~or birth registration cards provided for in G.S. 130-73,~~ or such other evidence as the register of deeds deems necessary to ~~such~~ the determination. The register of deeds may administer an oath to any person presenting evidence relating to whether or not parties applying for a marriage license are eligible to be married pursuant to the laws of this State. Each applicant for a marriage license shall provide on the application the applicant's social security number. If an applicant does not have a social security number and is ineligible to obtain one, the applicant shall present a statement to that effect, sworn to or affirmed before an officer authorized to administer oaths. Upon presentation of a sworn or affirmed statement, the register of deeds shall issue the license, provided all other requirements are met, and retain the statement with the register's copy of the license. The register of deeds shall not issue a marriage license unless all of the requirements of this section have been met."

SECTION 15. G.S. 55-1-20(j) is repealed.

SECTION 16. The catch line of G.S. 78C-20 reads as rewritten:

"**§ 78C-20. ~~Alternative methods~~ Methods of registration.**"

SECTION 17. G.S. 59-73.33(b)(2) reads as rewritten:

"(2) To have appointed the Secretary of State as its registered agent for service of process in any such proceeding. Service on the Secretary of State of any such process shall be made by delivering to and leaving with the Secretary of State, or with any clerk authorized by the Secretary of State to accept service of process, duplicate copies of such process and the fee required by G.S. 59-35.2.~~59-35.1(c).~~ Upon receipt of service of process on behalf of a surviving business entity in the manner provided for in this section, the Secretary of State shall immediately mail a copy of the process by registered or certified mail, return receipt requested, to the surviving business entity. If the

surviving business entity is authorized to transact business or conduct affairs in this State, the address for mailing shall be its principal office designated in the latest document filed with the Secretary of State that is authorized by law to designate the principal office or, if there is no principal office on file, its registered office. If the surviving business entity is not authorized to transact business or conduct affairs in this State, the address for mailing shall be the mailing address designated pursuant to G.S. 59-73.32(a)(3)."

SECTION 18.(a) G.S. 114-10(2a) is recodified as G.S. 114-10.01.

SECTION 18.(b) G.S. 114-10.01, as recodified by Section 18(a) of this act, reads as rewritten:

"**§ 114-10.01. Collection of traffic law enforcement statistics.**

~~(2a)~~(a) In addition to the duties set forth in G.S. 114-10, the Division of Criminal Statistics shall ~~To~~ collect, correlate, and maintain the following information regarding traffic law enforcement by law enforcement officers:

~~a.~~(1) The number of drivers stopped for routine traffic enforcement by law enforcement officers, the officer making each stop, the date each stop was made, the agency of the officer making each stop, and whether or not a citation or warning was ~~issued;~~issued.

~~b.~~(2) Identifying characteristics of the drivers stopped, including the race or ethnicity, approximate age, and ~~gender;~~gender.

~~c.~~(3) The alleged traffic violation that led to the ~~stop;~~stop.

~~d.~~(4) Whether a search was instituted as a result of the ~~stop;~~stop.

~~e.~~(5) Whether the vehicle, personal effects, driver, or passenger or passengers were searched, and the race or ethnicity, approximate age, and gender of each person ~~searched;~~searched.

~~f.~~(6) Whether the search was conducted pursuant to consent, probable cause, or reasonable suspicion to suspect a crime, including the basis for the request for consent, or the circumstances establishing probable cause or reasonable ~~suspicion;~~suspicion.

~~g.~~(7) Whether any contraband was found and the type and amount of any such ~~contraband;~~contraband.

~~h.~~(8) Whether any written citation or any oral or written warning was issued as a result of the ~~stop;~~stop.

~~i.~~(9) Whether an arrest was made as a result of either the stop or the ~~search;~~search.

~~j.~~(10) Whether any property was seized, with a description of that ~~property;~~property.

~~k.~~(11) Whether the officers making the stop encountered any physical resistance from the driver or passenger or ~~passengers;~~passengers.

~~l.~~(12) Whether the officers making the stop engaged in the use of force against the driver, passenger, or passengers for any ~~reason;~~reason.

~~m.~~(13) Whether any injuries resulted from the ~~stop;~~stop.

~~n.~~(14) Whether the circumstances surrounding the stop were the subject of any investigation, and the results of that ~~investigation; and~~ investigation.

~~o.~~(15) The geographic location of the stop; if the officer making the stop is a member of the State Highway Patrol, the location shall be the Highway Patrol District in which the stop was made; for all other law enforcement officers, the location shall be the city or county in which the stop was made.

(b) For purposes of this ~~subdivision,~~section, "law enforcement officer" ~~means:~~means any of the following:

~~1.~~(1) All State law enforcement ~~officers;~~officers.

~~2.~~(2) Law enforcement officers employed by county sheriffs or county police ~~departments;~~departments.

~~3.~~(3) Law enforcement officers employed by police departments in municipalities with a population of 10,000 or more ~~and persons; and~~ persons.

~~4.~~(4) Law enforcement officers employed by police departments in municipalities employing five or more full-time sworn officers for every 1,000 in population, as calculated by the Division for the calendar year in which the stop was made.

(c) The information required by this ~~subdivision~~ section need not be collected in connection with impaired driving checks under G.S. 20-16.3A or other types of roadblocks, vehicle checks, or checkpoints that are consistent with the laws of this State and with the State and federal constitutions, except when those stops result in a warning, search, seizure, arrest, or any of the other activity described in ~~sub-subdivisions d. through n. of this subdivision.~~subdivisions (4) through (14) of subsection (a) of this section.

(d) The identity of the law enforcement officer making the stop required by ~~sub-subdivision a. of this subdivision~~ subdivision (1) of subsection (a) of this section may be accomplished by assigning anonymous identification numbers to each officer in an agency. The correlation between the identification numbers and the names of the officers shall not be a public record, and shall not be disclosed by the agency except when required by order of a court of competent jurisdiction to resolve a claim or defense properly before the court.

(e) The Division shall publish and distribute by December 1 of each year a list indicating the law enforcement officers that will be subject to the provisions of this ~~subdivision~~ section during the calendar year commencing on the following January 1."

SECTION 19. G.S. 116-209.25(c1)(2) reads as rewritten:

"(2) The investment manager is subject to the jurisdiction and regulation of the United States ~~Security~~ Securities and Exchange Commission."

SECTION 20. The introductory language of G.S. 143-640(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~28~~ 29 members, as follows:".

SECTION 21.(a) G.S. 163-119 reads as rewritten:

"**§ 163-119. Voting by unaffiliated voter in party primary.**

If a political party has, by action of its State Executive Committee reported to the State Board of Elections by resolution delivered no later than the first day of December preceding a primary, provided that unaffiliated voters may vote in the primary of that party, an unaffiliated voter may vote in the primary of that party by announcing that intention under ~~G.S. 163-150(a).~~G.S. 163-166.7(a). For a party to withdraw its permission, it must do so by action of its State Executive Committee, similarly reported to the State Board of Elections no later than the first day of December preceding the primary where the withdrawal is to become effective."

SECTION 21.(b) G.S. 163-122(b) reads as rewritten:

"(b) Form of Petition. – Petitions requesting an unaffiliated candidate to be placed on the general election ballot shall contain on the heading of each page of the petition in bold print or in all capital letters the words: "THE UNDERSIGNED REGISTERED VOTERS IN _____ COUNTY HEREBY PETITION ON BEHALF OF _____ AS AN UNAFFILIATED CANDIDATE FOR THE OFFICE OF _____IN THE NEXT GENERAL ELECTION. THE UNDERSIGNED HEREBY PETITION THAT SUBJECT CANDIDATE BE PLACED ON THE APPROPRIATE BALLOT UPON COMPLIANCE WITH THE PROVISIONS CONTAINED IN G.S. 163-122."

SECTION 21.(c) G.S. 163-276 reads as rewritten:

"**§ 163-276. Convicted officials; removal from office.**

Any public official who shall be convicted of violating any provision of Article ~~13~~ 14A or 22 of this Chapter, in addition to the punishment provided by law, shall be removed from office by the judge presiding, and, if the conviction is for a felony, shall be disqualified from voting until his citizenship is restored as provided by law."

SECTION 21.(d) G.S. 163-278.9(4a) reads as rewritten:

"(4a) 48-Hour Report. – A political committee or political party that receives a contribution or transfer of funds from any political committee shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars ($1,000) or more received before an election but after the period covered by the last ~~preelection~~ report ~~but~~ due before ~~an~~ that election. The disclosure shall be by report to the State Board of Elections identifying the source and amount of the funds. The State Board of Elections shall specify the form and manner of making the report."

SECTION 21.(e) G.S. 163-278.9A(a)(2a) reads as rewritten:

"(2a) 48-Hour Report. – A referendum committee that receives a contribution or transfer of funds from any political committee shall disclose within 48 hours of receipt a contribution or transfer of one thousand dollars ($1,000) or more received before a referendum but after the period covered by the last ~~preelection~~ report ~~but~~ due before ~~an election.~~ that referendum. The disclosure shall be by report to the State Board of Elections identifying the source and amount of such funds.

The State Board of Elections shall specify the form and manner of making the report."

SECTION 21.(f) G.S. 163-278.33 reads as rewritten:

"**§ 163-278.33. Applicability of Article 22.**

Sections 163-271 through 163-278 shall be applicable to the offices covered by this Article and ~~G.S. 163-269~~ G.S. 163-271 through 163-278 shall be applicable to all elective offices not covered by this Article."

SECTION 21.(g) G.S. 163-323(d) reads as rewritten:

"(d) Certificate That Candidate Is Registered Voter. – Candidates shall file along with their notice a certificate signed by the chairman of the board of elections or the ~~supervisor~~ director of elections of the county in which they are registered to vote, stating that the person is registered to vote in that county, and if the candidacy is for superior court judge and the county contains more than one superior court district, stating the superior court district of which the person is a resident. In issuing such certificate, the chairman or ~~supervisor~~ director shall check the registration records of the county to verify such information. During the period commencing 36 hours immediately preceding the filing deadline, the State Board of Elections shall accept, on a conditional basis, the notice of candidacy of a candidate who has failed to secure the verification ordered herein subject to receipt of verification no later than three days following the filing deadline. The State Board of Elections shall prescribe the form for such certificate, and distribute it to each county board of elections no later than the last Monday in December of each odd-numbered year."

SECTION 21.(h) Article 13A of Chapter 163 of the General Statutes is recodified as Article 14A of Chapter 163 of the General Statutes.

SECTION 22.(a) Section 1.2 of Chapter 282 of the 1967 Session Laws is codified as the last sentence of G.S. 20-126(a).

SECTION 22.(b) G.S. 20-126(a), as amended by Section 22(a) of this act, reads as rewritten:

"(a) No person shall drive a motor vehicle on the streets or highways of this State unless equipped with an inside rearview mirror of a type approved by the Commissioner, which provides the driver with a clear, undistorted, and reasonably unobstructed view of the highway to the rear of such vehicle; provided, a vehicle so constructed or loaded as to make such inside rearview mirror ineffective may be operated if equipped with a mirror of a type to be approved by the Commissioner located so as to reflect to the driver a view of the highway to the rear of such vehicle. A violation of this subsection shall not constitute negligence per se in civil actions. Farm tractors, self-propelled implements of husbandry and construction equipment and all self-propelled vehicles not subject to registration under this Chapter are exempt from the provisions of this section. Provided that pickup trucks equipped with an outside rearview mirror approved by the Commissioner shall be exempt from the inside rearview mirror provision of this section. Any inside mirror installed in any motor vehicle by its manufacturer shall be deemed to comply with the provisions of this ~~Act.~~subsection."

SECTION 23. Effective January 1, 2002, Section 8 of S.L. 2001-390 is repealed.

PART II. FAMILY CARE HOME DEFINITION

SECTION 24. G.S. 168-21(1) reads as rewritten:

"(1) "Family care home" means ~~an adult care~~ a home with support and supervisory personnel that provides room and board, personal care and habilitation services in a family environment for not more than six resident handicapped persons."

PART III. OTHER CHANGES

SECTION 25. G.S. 7A-39.3(b) reads as rewritten:

"(b) In addition to the compensation or retirement allowance he would otherwise be entitled to receive by law, each emergency justice or emergency judge recalled for temporary active service shall be paid by the State his actual expenses, plus ~~one hundred fifty dollars ($150.00)~~ three hundred dollars ($300.00) for each day of active service rendered upon recall. No recalled retired or emergency justice or judge shall receive from the State total annual compensation for judicial services in excess of that received by an active justice or judge of the bench to which the justice or judge is being recalled."

SECTION 26. G.S. 7B-3000(g) reads as rewritten:

"(g) Except as provided in subsection (d) of this section, a juvenile's record shall be destroyed only as authorized by G.S. 7B-3200 or by rules adopted by the ~~Department of Juvenile Justice and Delinquency Prevention.~~Administrative Office of the Courts."

SECTION 27. G.S. 10A-16 reads as rewritten:

"**§ 10A-16. Acts of notaries public in certain instances validated.**

(a) Any acknowledgment taken and any instrument notarized by a person prior to qualification as a notary public but after commissioning or recommissioning as a notary public, or by a person whose notary commission has expired, is hereby validated. The acknowledgment and instrument shall have the same legal effect as if the person qualified as a notary public at the time the person performed the act.

(b) All documents bearing a notarial seal and which contain any of the following errors are validated and given the same legal effect as if the errors had not occurred:

(1) ~~in which the~~ The date of the expiration of the notary's commission is stated, whether correctly or ~~erroneously, or having a~~ erroneously.

(2) The notarial seal ~~that~~ does not contain a readable impression of the notary's name, ~~or~~ contains an incorrect spelling of the notary's name, or ~~that~~ does not bear the name of the notary exactly as it appears on the commission, as required by ~~G.S. 10A-11, or where the~~ G.S. 10A-11.

(3) The notary's signature does not comport exactly with the name on the notary commission or on the notary seal, as required by ~~G.S. 10A-9, or~~ G.S. 10A-9.

(4) The notarial seal contains typed, printed, drawn, or handwritten material added to the seal, fails to contain the words "North Carolina" or the abbreviation "N. C.", or contains correct information except that instead of the abbreviation for North Carolina contains the abbreviation for another ~~state are validated and given the same legal effect as if the errors had not occurred.~~state.

(c) All deeds of trust in which the notary was named in the document as a trustee only are validated.

(d) This section applies to notarial acts performed on or before ~~April 15, 2001.~~July 1, 2002."

SECTION 28. G.S. 14-234(d4) reads as rewritten:

"(d4) Subsection (a) of this section does not apply to an application for, or the receipt of a grant or other financial assistance from, the Tobacco Trust Fund created under Article 75 of Chapter 143 of the General Statutes by a member of the Tobacco Trust Fund Commission or an entity in which a member of the Commission has an interest provided that the requirements of ~~G.S. 143-717(g)~~ G.S. 143-717(h) are met."

SECTION 28.5. If House Bill 1402, 2001 Session, becomes law, G.S. 15C-11, as enacted by that act, reads as rewritten:

"**§ 15C-11. Limited liability.**

The State, agencies of North Carolina, and their officers, officials, employees, and agents, both past and present, in their official and individual capacities, shall be immune and held harmless from any liability in any action brought by or on behalf of any person injured or harmed by the actions or inactions of these entities and individuals in implementing this Chapter. However, if ~~the Attorney General determines that~~ an employee's actions resulting in harm were not within the course and scope of the employee's duties, then that employee may be subject to suit as an individual to the extent permitted by the laws of the State of North Carolina."

SECTION 29. G.S. 17C-6(a) reads as rewritten:

"(a) In addition to powers conferred upon the Commission elsewhere in this Chapter, the Commission shall have the following powers, which shall be enforceable through its rules and regulations, certification procedures, or the provisions of G.S. 17C-10:

(1) Promulgate rules and regulations for the administration of this Chapter, which rules may require (i) the submission by any criminal justice agency of information with respect to the employment, education, retention, and training of its criminal justice officers, and (ii) the submission by any criminal justice training school of information with respect to its criminal justice training programs that are required by this ~~Chapter;~~Chapter.

(2) Establish minimum educational and training standards that must be met in order to qualify for entry level employment and retention as a criminal justice officer in temporary or probationary status or in a permanent ~~position;~~position.

(3) Certify and recertify, pursuant to the standards that it has established for the purpose, persons as qualified under the provisions of this Chapter to be employed at entry level and retained as criminal justice ~~officers;~~officers.

(4) Establish minimum standards for the certification of criminal justice training schools and programs or courses of instruction that are required by this ~~Chapter;~~Chapter.

(5) Certify and recertify, pursuant to the standards that it has established for the purpose, criminal justice training schools and programs or courses of instruction that are required by this ~~Chapter;~~Chapter.

(6) Establish minimum standards and levels of education and experience for all criminal justice instructors and school directors who participate in programs or courses of instruction that are required by this ~~Chapter;~~Chapter.

(7) Certify and recertify, pursuant to the standards that it has established for the purpose, criminal justice instructors and school directors who participate in programs or courses of instruction that are required by this ~~Chapter;~~Chapter.

(8) Investigate and make such evaluations as may be necessary to determine if criminal justice agencies, schools, and individuals are complying with the provisions of this ~~Chapter;~~Chapter.

(9) Adopt and amend bylaws, consistent with law, for its internal management and ~~control;~~control.

(10) Enter into contracts incident to the administration of its authority pursuant to this ~~Chapter;~~Chapter.

(11) Establish minimum standards and levels of training for certification and periodic recertification of operators of and instructors for training programs in radio microwave, laser, and other electronic speed-measuring ~~instruments;~~instruments.

(12) Certify and recertify, pursuant to the standards that it has established, operators and instructors for training programs for each approved type of radio microwave, laser, and other electronic speed-measuring ~~instruments;~~instruments.

(13) In conjunction with the Secretary of Crime Control and Public Safety, approve use of specific models and types of radio microwave, laser, and other speed-measuring instruments and establish the procedures for operation of each approved instrument and standards for calibration and testing for accuracy of each approved instrument.

(14) Establish minimum standards for in-service training for criminal justice officers."

SECTION 29.5. G.S. 18B-100(8) reads as rewritten:

"**§ 18B-1000. Definitions concerning establishments.**

The following requirements and definitions shall apply to this Chapter:

...

(8) Sports club. – Any of the following:

a. An establishment substantially engaged in the business of providing an 18-hole golf course, two or more tennis courts, or both. The sports club can either be open to the general public or to members and their guests. To qualify as a sports club, an establishment's gross receipts for club and other recreational activities shall be greater than its gross receipts for alcoholic beverages. This provision does not prohibit a sports club from operating a restaurant. Receipts for food shall be included in with the club activity fee.

b. An establishment located on property that is within 100 yards of the closest boundary of the property on which a sports club as defined in sub-subdivision a. of this subdivision is located, if the establishment is a food business that is in direct competition with the neighboring sports club for the sale of food, beverages, or tobacco products. To qualify as a sports club under this sub-subdivision, an establishment shall have been operating as a food business at its current location prior to the issuance of any permits to the neighboring sports club pursuant to this Chapter. Notwithstanding G.S. 18B-603(h) and G.S. 18B-1006(k), an establishment that qualifies as a sports club under this sub-subdivision is eligible only for those permits that are issuable to food businesses under G.S. 18B-1001."

SECTION 30. G.S. 20-11(j) reads as rewritten:

"(j) Duration and Fee. – A limited learner's permit expires on the eighteenth birthday of the permit holder. A limited provisional license expires on the eighteenth birthday of the license holder. A limited learner's permit or limited provisional license issued under this section that expires on a weekend or State holiday shall remain valid through the fifth regular State business day following the date of expiration. A full provisional license expires on the date set under G.S. 20-7(f). The fee for a limited learner's permit or a limited provisional license is ten dollars ($10.00). The fee for a full provisional license is the amount set under G.S. 20-7(i)."

SECTION 31. G.S. 20-37.20(b) reads as rewritten:

"(b) Foreign Diplomat. – The Division must notify the United States Department of State within 15 days after it receives one ~~of~~ or more of the following reports for a holder of a ~~driver's~~ drivers license issued by the United States Department of State:

(1) A report of a conviction for a violation of State law or local ordinance relating to motor vehicle traffic control, other than parking violations.

(2) A report of a civil revocation order."

SECTION 31.1. If House Bill 1745, 2001 Session, becomes law, G.S. 20-63(b) reads as rewritten:

"(b) Every license plate shall have displayed upon it the registration number assigned to the vehicle for which it is issued, the name of the State of North Carolina, which may be abbreviated, and the year number for which it is issued or the date of

expiration. A plate issued for a commercial vehicle, as defined in G.S. 20-4.2(1), and weighing 26,001 pounds or more, must bear the word "commercial," unless the plate is a special registration plate authorized in G.S. 20-79.4 or the commercial vehicle is a trailer or is licensed for 6,000 pounds or less. The plate issued for vehicles licensed for 7,000 pounds through 26,000 pounds must bear the word "weighted".

A registration plate issued by the Division for a private passenger vehicle or for a private hauler vehicle licensed for 6,000 pounds or less, other than a Friends of the Great Smoky Mountains National Park special registration ~~plate,~~ plate or a Rocky Mountain Elk Foundation special registration plate shall be a "First in Flight" plate. A "First in Flight" plate shall have the words "First in Flight" printed at the top of the plate above all other letters and numerals. The background of the plate shall depict the Wright Brothers biplane flying over Kitty Hawk Beach, with the plane flying slightly upward and to the right."

SECTION 32. G.S. 20-354.6(2) reads as rewritten:

"(2) An itemized description of all labor, parts, and merchandise supplied and the costs of all labor, parts, and merchandise supplied. No itemized description is required to be provided to the ~~consumer~~ customer for labor, parts, and merchandise supplied when a third party has indicated to the motor vehicle repair shop that the repairs will be paid for under a service contract, under a mechanical breakdown contract, or under a manufacturer's warranty, without charge to the ~~consumer.~~customer."

SECTION 33. Article 9A of Chapter 25 of the General Statutes (G.S. 25-9A-101 through G.S. 25-9A-102), as enacted by Section 1 of S.L. 2002-88, is recodified as Article 25 of Chapter 53 of the General Statutes (G.S. 53-425 through G.S. 53-426).

SECTION 33.5. G.S. 50-20(b)(4) reads as rewritten:

"(4) "Divisible property" means all real and personal property as set forth below:

a. All appreciation and diminution in value of marital property and divisible property of the parties occurring after the date of separation and prior to the date of distribution, except that appreciation or diminution in value which is the result of postseparation actions or activities of a spouse shall not be treated as divisible property.

b. All property, property rights, or any portion thereof received after the date of separation but before the date of distribution that was acquired as a result of the efforts of either spouse during the marriage and before the date of separation, including, but not limited to, commissions, bonuses, and contractual rights.

c. Passive income from marital property received after the date of separation, including, but not limited to, interest and dividends.

d. Increases and decreases in marital debt and financing charges and interest related to marital debt."

SECTION 34.(a) G.S. 59-73.12(a) reads as rewritten:

"(a) After a plan of conversion has been approved by the converting business entity as provided in G.S. 59-73.11, the converting business entity shall deliver articles of conversion to the Secretary of State for filing. The articles of conversion shall state:

(1) That the domestic partnership is being formed pursuant to a conversion of another business entity;

(2) The name of the resulting domestic partnership, a designation of its mailing address, and a commitment to file with the Secretary of State a statement of any subsequent change in its mailing address;

(3) The name of the converting business entity, its type of business entity, and the state or country whose laws govern its organization and internal affairs; and

(4) That a plan of conversion has been approved by the converting business entity as required by law.

If the resulting domestic partnership is to be a registered limited liability partnership when the conversion takes effect, then instead of ~~separately filing~~ the converting business entity delivering the articles of ~~conversion,~~conversion to the Secretary of State for filing, the articles of conversion shall be included as part of the application for registration filed pursuant to G.S. 59-84.2 in addition to the matters otherwise required or permitted by law.

If the plan of conversion is abandoned after the articles of conversion have been filed with the Secretary of State but before the articles of conversion become effective, ~~the converting business entity~~ an amendment to the articles of conversion withdrawing the articles of conversion shall ~~deliver~~ be delivered to the Secretary of State for filing prior to the time the articles of conversion become ~~effective an amendment to the articles of conversion withdrawing the articles of conversion.~~effective."

SECTION 34.(b) G.S. 59-1052 reads as rewritten:

"**§ 59-1052. Filing of certificate of limited ~~partnership by converting business entity.~~partnership.**

(a) After a plan of conversion has been approved by the converting business entity as provided in G.S. 59-1051, ~~the converting business entity shall deliver a~~ certificate of limited partnership shall be delivered to the Secretary of State for filing. In addition to the matters required or permitted by G.S. 59-201, the certificate of limited partnership shall contain articles of conversion stating:

(1) That the domestic limited partnership is being formed pursuant to a conversion of another business entity;

(2) The name of the converting business entity, its type of business entity, and the state or country whose laws govern its organization and internal affairs; and

(3) That a plan of conversion has been approved by the converting business entity in the manner required by law.

If the plan of conversion is abandoned after the certificate of limited partnership has been filed with the Secretary of State but before the certificate of limited partnership becomes effective, ~~the converting business entity~~ an amendment withdrawing the certificate of limited partnership shall ~~deliver~~ be delivered to the Secretary of State for filing prior to the time the articles of organization become ~~effective an amendment to the certificate of limited partnership withdrawing the certificate of limited partnership.~~effective.

(b) The conversion takes effect when the certificate of limited partnership becomes effective.

(c) Repealed by Session Laws 2001-387, s. 141.

(d) Certificates of conversion shall also be registered as provided in G.S. 47-18.1."

SECTION 35.(a) G.S. 70-28(1) reads as rewritten:

"(1) "Chief Archaeologist" means the Chief ~~Archaeologist, Archaeology Branch, Archaeology and Historic Preservation Section, Division~~ of the Office of Archives and History, Department of Cultural Resources."

SECTION 35.(b) G.S. 70-48(5) reads as rewritten:

"(5) "State Archaeologist" means the head of the Archaeology ~~Branch, Archaeology and Historic Preservation Section, Division~~ Section of the Office of Archives and History, Department of Cultural Resources."

SECTION 35.(c) G.S. 70-49(a) reads as rewritten:

"(a) The Department of Cultural Resources, ~~Division~~ Office of Archives and History shall establish the North Carolina Archaeological Record Program. The purpose of the Program shall be to assist private owners of archaeological resources in the preservation and protection of those resources. Participation in the Program shall be voluntary."

SECTION 35.(d) G.S. 74-50(b3)(7) reads as rewritten:

"(7) ~~Division~~ Office of Archives and History, Department of Cultural Resources."

SECTION 35.(e) G.S. 105-129.36(b)(4) reads as rewritten:

"(4) State Historic Preservation Officer. – The ~~Director of the Division of Archives and History or the Director's~~ Deputy Secretary of Archives and History or the Deputy Secretary's designee who acts to administer the historic preservation programs within the State."

SECTION 35.(f) G.S. 120-37(f) reads as rewritten:

"(f) Following adjournment sine die of each session of the General Assembly, each principal clerk shall retain in his office for a period of two years every bill and resolution considered by but not enacted or adopted by his house, together with the calendar books and other records deemed worthy of retention. At the end of two years, these materials shall be turned over to the ~~Division~~ Office of Archives and History of the Department of Cultural Resources for ultimate retention or disposition."

SECTION 35.(g) G.S. 121-7 reads as rewritten:

"**§ 121-7. Historical museums.**

(a) The Department of Cultural Resources shall maintain and administer State historic attractions under the management of the ~~Division~~ Office of Archives and History ~~and the North Carolina Museum of History Division~~ for the collection, preservation, study, and exhibition of authentic artifacts and other historical materials relating to the history and heritage of North Carolina. The Department, with the approval of the Historical Commission, may acquire, either by purchase, gift, or loan such artifacts and materials, and, having acquired them, shall according to accepted museum practices classify, accession, preserve, and where feasible exhibit such materials and make them available for study. Within available funds, one or more branch museums of history or specialized regional history museums may be established and administered by the Department. The Department of Cultural Resources, subject to the availability of staff and funds, may give financial, technical, and professional assistance to nonstate historical museums sponsored by governmental agencies and nonprofit organizations according to regulations adopted by the North Carolina Historical Commission.

The Department of Cultural Resources may, with the explicit approval of the North Carolina Historical Commission sell, trade, or place on permanent loan any artifact owned by the State of North Carolina and in the custody of and curated by the ~~Museum of History Division or Division~~ Office of Archives and History, unless the sale, trade, or loan would be contrary to the terms of acquisition. The net proceeds of any sale, after deduction of the expenses attributable to that sale, shall be deposited to the State treasury to the credit of ~~either~~ the ~~Division~~ Office of Archives and History Artifact Fund ~~or the Museum of History Artifact Fund, as appropriate,~~ and shall be used only for the purchase of other artifacts. No artifact curated by any agency of the Department of Cultural Resources may be pledged or mortgaged.

(b) Insofar as practicable, the ~~Division~~ Office of Archives and History shall accession and maintain records showing provenance, value, location, and other pertinent information on such furniture, furnishings, decorative items, and other objects as have historical or cultural importance and which are owned by or to be acquired by the State for use in the State Capitol and the Executive Mansion, and, upon request of the Department of Administration, any other state-owned building. When any such item or object has been entered in the accession records of the ~~Division~~ Office of Archives and History, the custodian of such item or object shall, upon its removal from the premises upon which it was located or when it is otherwise disposed of, submit to the ~~Division~~ Office of Archives and History sufficient details concerning its removal or disposition to permit an adequate entry in the accession records to the end that its location or disposition, and authority for such change, shall be shown therein.

(c) Title to an artifact whose ownership is unknown or whose owner cannot be located passes to the Department of Cultural Resources if:

(1) The artifact was placed on loan with the ~~Division~~ Office of Archives and History ~~or the North Carolina Museum of History Division~~ for a period of time exceeding five years or for an indefinite period of time or the artifact's status with the ~~Division~~ Office of Archives and History

~~or the North Carolina Museum of History Division~~ as a loan, gift, purchase, or other arrangement is unknown; and

(2) The artifact has been a part of the inventory of the ~~Division~~ Office of Archives and History ~~or the North Carolina Museum of History Division~~ for more than five years; and

(3) The Department of Cultural Resources makes a reasonable effort, including a diligent search of its own ~~records~~ records, to locate and inform the owner, his heirs or successors, that ~~either~~ the ~~Division~~ Office of Archives and History ~~or the North Carolina Museum of History Division~~ is holding the artifact and to clarify the artifact's status with that ~~Division.~~Office.

To initiate the procedure to clarify title to an artifact, the Department of Cultural Resources shall mail, first class postage prepaid, a notice to the last known address of the owner of the artifact or the last known address of the owner's heirs or successors. The Department need not mail a notice, if after exercising due diligence to find a record within the Department of Cultural Resources indicating the owner of the artifact and his latest address, that information is not available. If no claim is made within 90 days from the date that notice is mailed, the Department of Cultural Resources shall publish a notice in three papers of general circulation once a week for four consecutive weeks. If, at the end of 30 days, no claim of ownership is submitted to the Department of Cultural Resources, the Department may determine that legal title to the artifact is vested in the ~~Division~~ Office of Archives and ~~History or the North Carolina Museum of History Division.~~History.

(d) Any person claiming legal title to an artifact to which the North Carolina ~~Division~~ Office of Archives and History ~~or the North Carolina Museum of History Division~~ also claims title as provided by subsection (c) may file a claim with the Department of Cultural Resources on a form prescribed by the Department. If the claimant is not the owner from whom the Department originally obtained the artifact, the claimant shall state in addition to any other information required by the Department, the facts surrounding the unavailability of the person who originally loaned or bestowed the property to the ~~Division~~ Office of Archives and History ~~or the North Carolina Museum of History Division~~ and the basis for the claim to title of the artifact. If the Department of Cultural Resources is satisfied that the claim is valid and that the claimant is the legal owner of the artifact, the Department shall return the artifact to the owner. If the Department determines that the claim is not valid and rejects the claim to the artifact, the claimant may appeal the determination as provided by Chapter 150B."

SECTION 35.(h) G.S. 121-8(b) reads as rewritten:

"(b) Surveys of Historic Properties. – The Department of Cultural Resources shall conduct a continuing statewide survey to identify, document, and record properties having historical, architectural, archaeological, or other cultural significance to the State, its communities, and the nation. Upon approval of the North Carolina Historical Commission, the ~~Director of the Division~~ Deputy Secretary of Archives and History or his designee as the State Historic Preservation Officer, may nominate appropriate properties for entry in the National Register of Historic Places as established by the

National Historic Preservation Act of 1966, Public Law 89-665, 16 U.S.C. section 470. The Department of Cultural Resources shall maintain a permanent file containing research reports, descriptions, photographs, and other appropriate documentation relating to properties deemed worthy of inclusion in the statewide survey."

SECTION 35.(i) G.S. 132-6.1(b) reads as rewritten:

"(b) Every public agency shall create an index of computer databases compiled or created by a public agency on the following schedule:

State agencies by July 1, 1996;

Municipalities with populations of 10,000 or more, counties with populations of 25,000 or more, as determined by the 1990 U.S. Census, and public hospitals in those counties, by July 1, 1997;

Municipalities with populations of less than 10,000, counties with populations of less than 25,000, as determined by the 1990 U.S. Census, and public hospitals in those counties, by July 1, 1998;

Political subdivisions and their agencies that are not otherwise covered by this schedule, after June 30, 1998.

The index shall be a public record and shall include, at a minimum, the following information with respect to each database listed therein: a list of the data fields; a description of the format or record layout; information as to the frequency with which the database is updated; a list of any data fields to which public access is restricted; a description of each form in which the database can be copied or reproduced using the agency's computer facilities; and a schedule of fees for the production of copies in each available form. Electronic databases compiled or created prior to the date by which the index must be created in accordance with this subsection may be indexed at the public agency's option. The form, content, language, and guidelines for the index and the databases to be indexed shall be developed by the ~~Division~~ Office of Archives and History in consultation with officials at other public agencies."

SECTION 35.(j) G.S. 143B-127 reads as rewritten:

"**§ 143B-127. Contracts with registered groups.**

The Department of Cultural Resources, ~~Division~~ Office of Archives and History shall sign contracts for the performance of military historical dramas on State-owned property only with historical military reenactment groups properly registered pursuant to this Part."

SECTION 35.(k) G.S. 143B-62 reads as rewritten:

"**§ 143B-62. North Carolina Historical Commission – creation, powers and duties.**

There is hereby created the North Carolina Historical Commission of the Department of Cultural Resources to give advice and assistance to the Secretary of Cultural Resources and to promulgate rules and regulations to be followed in the acquisition, disposition, preservation, and use of records, artifacts, real and personal property, and other materials and properties of historical, archaeological, architectural, or other cultural value, and in the extension of State aid to other agencies, counties, municipalities, organizations, and individuals in the interest of historic preservation.

(1) The Historical Commission shall have the following powers and duties:

a. To advise the Secretary of Cultural Resources on the scholarly editing, writing, and publication of historical materials to be issued under the name of the ~~Department;~~Department.

b. To evaluate and approve proposed nominations of historic, archaeological, architectural, or cultural properties for entry on the National Register of Historic ~~Places;~~Places.

c. To evaluate and approve the State plan for historic preservation as provided for in Chapter ~~121;~~121.

d. To evaluate and approve historic, archaeological, architectural, or cultural properties proposed to be acquired and administered by the ~~State;~~State.

e. To evaluate and prepare a report on its findings and recommendations concerning any property not owned by the State for which State aid or appropriations are requested from the Department of Cultural Resources, and to submit its findings and recommendations in accordance with Chapter ~~121;~~121.

f. To serve as an advisory and coordinative mechanism in and by which State undertakings of every kind that are potentially harmful to the cause of historic preservation within the State may be discussed, and where possible, resolved, particularly by evaluating and making recommendations concerning any State undertaking which may affect a property that has been entered on the National Register of Historic Places as provided for in Chapter 121 of the General Statutes of North ~~Carolina;~~Carolina.

g. To exercise any other powers granted to the Commission by provisions of Chapter 121 of the General Statutes of North ~~Carolina;~~Carolina.

h. To give its professional advice and assistance to the Secretary of Cultural Resources on any matter which the Secretary may refer to it in the performance of the Department's duties and responsibilities provided for in Chapter 121 of the General Statutes of North ~~Carolina;~~Carolina.

i. To serve as a search committee to seek out, interview, and recommend to the Secretary of Cultural Resources one or more experienced and professionally trained historian(s) for either the position of ~~Director of the Division~~ Deputy Secretary of Archives and History ~~or the position of the Director of the North Carolina Museum of History Division~~ when a vacancy occurs, and to assist and cooperate with the Secretary in periodic reviews of the performance of the ~~Directors and the Divisions; and~~ Deputy Secretary.

j. To assist and advise the Secretary of Cultural Resources and the ~~Director of the Division~~ Deputy Secretary of Archives and

~~History, and the Director of the North Carolina Museum of History Division~~ History in the development and implementation of plans and priorities for the State's historical programs.

(2) The Historical Commission shall have the power and duty to establish standards and provide rules and regulations as follows:

a. For the acquisition and use of historical materials suitable for acceptance in the North Carolina ~~Division~~ Office of Archives and ~~History or the North Carolina Museum of History Division;~~History.

b. For the disposition of public records under provisions of Chapter 121 of the General Statutes of North ~~Carolina; and~~Carolina.

c. For the certification of records in the North Carolina State Archives as provided in Chapter 121 of the General Statutes of North ~~Carolina;~~Carolina.

d. For the use by the public of historic, architectural, archaeological, or cultural properties as provided in Chapter 121 of the General Statutes of North ~~Carolina;~~Carolina.

e. For the acquisition of historic, archaeological, architectural, or cultural properties by the ~~State;~~State.

f. For the extension of State aid or appropriations through the Department of Cultural Resources to counties, municipalities, organizations, or individuals for the purpose of historic preservation or ~~restoration; and~~restoration.

f1. For the extension of State aid or appropriations through the Department of Cultural Resources to nonstate-owned nonprofit history ~~museums;~~museums.

g. For qualification for grants-in-aid or other assistance from the federal government for historic preservation or restoration as provided in Chapter 121 of the General Statutes of North Carolina. This section shall be construed liberally in order that the State and its citizens may benefit from such grants-in-aid.

(3) The Commission shall adopt rules and regulations consistent with the provisions of this section. All current rules and regulations heretofore adopted by the Executive Board of the State Department of Archives and History, the Historic Sites Advisory Committee, the North Carolina Advisory Council on Historical Preservation, the Executive Mansion Fine Arts Commission, and the Memorials Commission shall remain in full force and effect unless and until repealed or superseded by action of the Historical Commission. All rules and regulations adopted by the Commission shall be enforced by the Department of Cultural Resources."

SECTION 35.(l) G.S. 143B-132 reads as rewritten:

"**§ 143B-132. Andrew Jackson Historic Memorial Committee.**

(a) The State of North Carolina and its citizens have long noted and recognized the origins and early life of Andrew Jackson, the nation's seventh president, in the Waxhaw region along the North Carolina-South Carolina border. It is important that this State recognize the origins and early life of this outstanding national leader in Western North Carolina. It is necessary to plan an appropriate memorial in Union County, North Carolina, to commemorate and display for all Americans the origins and early life of Andrew Jackson.

(b) There is created an Andrew Jackson Historic Memorial Committee to consist of 12 members, six appointed by the Speaker of the House of Representatives and six appointed by the President Pro Tempore of the Senate. Members shall serve four-year terms. Vacancies shall be filled by the appointing officer for the unexpired term.

(c) The primary duties and responsibilities of the Committee are:

(1) To assist the ~~Division~~ Office of Archives and History, Department of Cultural Resources in determining the need for a permanent memorial to honor Andrew Jackson and to commemorate and display the origins and early life of Jackson in the Waxhaw ~~region;~~region.

(2) To assist the ~~Division~~ Office of Archives and History, Department of Cultural Resources in determining the location, design, content, and form of a memorial, if the Committee determines that one is needed, at one of the sites associated with the early life of Andrew ~~Jackson;~~Jackson.

(3) To assist the ~~Division~~ Office of Archives and History, Department of Cultural Resources in determining the most appropriate methods for proceeding with the establishment and operation of the memorial, including methods for obtaining the necessary financial resources for property acquisition, capital expenditures, and operational ~~expenses; and~~ expenses.

(4) To select appropriate qualified researchers and research institutions to assist the Committee in undertaking any required studies to complete the Committee's duties and responsibilities.

(d) Members of this Committee may not receive per diem, travel reimbursement, or subsistence allowances.

(e) Administrative and staff services for the Committee shall be provided by the ~~Division~~ Office of Archives and History, Department of Cultural Resources, which shall also provide the Committee with information in its possession relating to past research concerning the origins and early life of Andrew Jackson. In addition, the ~~Division~~ Office of Archives and History, Department of Cultural Resources shall assist the Committee in preparing a report for submission to the General Assembly.

(f) Funds for the operation of the Committee shall be provided by the Department of Cultural Resources."

SECTION 35.(m) G.S. 160A-400.6 reads as rewritten:

"**§ 160A-400.6. Required landmark designation procedures.**

As a guide for the identification and evaluation of landmarks, the commission shall undertake, at the earliest possible time and consistent with the resources available to it, an inventory of properties of historical, architectural, prehistorical, and cultural significance within its jurisdiction. Such inventories and any additions or revisions thereof shall be submitted as expeditiously as possible to the ~~Division~~ Office of Archives and History. No ordinance designating a historic building, structure, site, area or object as a landmark nor any amendment thereto may be adopted, nor may any property be accepted or acquired by a preservation commission or the governing board of a municipality, until all of the following procedural steps have been taken:

(1) The preservation commission shall (i) prepare and adopt rules of procedure, and (ii) prepare and adopt principles and guidelines, not inconsistent with this Part, for altering, restoring, moving, or demolishing properties designated as landmarks.

(2) The preservation commission shall make or cause to be made an investigation and report on the historic, architectural, prehistorical, educational or cultural significance of each building, structure, site, area or object proposed for designation or acquisition. Such investigation or report shall be forwarded to the ~~Division~~ Office of Archives and History, North Carolina Department of Cultural Resources.

(3) The Department of Cultural Resources, acting through the State Historic Preservation Officer shall either upon request of the department or at the initiative of the preservation commission be given an opportunity to review and comment upon the substance and effect of the designation of any landmark pursuant to this Part. Any comments shall be provided in writing. If the Department does not submit its comments or recommendation in connection with any designation within 30 days following receipt by the Department of the investigation and report of the commission, the commission and any city or county governing board shall be relieved of any responsibility to consider such comments.

(4) The preservation commission and the governing board shall hold a joint public hearing or separate public hearings on the proposed ordinance. Reasonable notice of the time and place thereof shall be given. All meetings of the commission shall be open to the public, in accordance with the North Carolina Open Meetings Law, Chapter 143, Article 33C.

(5) Following the joint public hearing or separate public hearings, the governing board may adopt the ordinance as proposed, adopt the ordinance with any amendments it deems necessary, or reject the proposed ordinance.

(6) Upon adoption of the ordinance, the owners and occupants of each designated landmark shall be given written notification of such designation insofar as reasonable diligence permits. One copy of the

ordinance and all amendments thereto shall be filed by the preservation commission in the office of the register of deeds of the county in which the landmark or landmarks are located. Each designated landmark shall be indexed according to the name of the owner of the property in the grantee and grantor indexes in the register of deeds office, and the preservation commission shall pay a reasonable fee for filing and indexing. In the case of any landmark property lying within the zoning jurisdiction of a city, a second copy of the ordinance and all amendments thereto shall be kept on file in the office of the city or town clerk and be made available for public inspection at any reasonable time. A third copy of the ordinance and all amendments thereto shall be given to the city or county building inspector. The fact that a building, structure, site, area or object has been designated a landmark shall be clearly indicated on all tax maps maintained by the county or city for such period as the designation remains in effect.

(7) Upon the adoption of the landmarks ordinance or any amendment thereto, it shall be the duty of the preservation commission to give notice thereof to the tax supervisor of the county in which the property is located. The designation and any recorded restrictions upon the property limiting its use for preservation purposes shall be considered by the tax supervisor in appraising it for tax purposes."

SECTION 35.(n) G.S. 163-278.22 reads as rewritten:

"**§ 163-278.22. Duties of State Board.**

It shall be the duty and power of the State Board:

(1) To prescribe forms of statements and other information required to be filed by this Article, to furnish such forms to the county boards of elections and individuals, media or others required to file such statements and information, and to prepare, publish and distribute or cause to be distributed to all candidates at the time they file notices of candidacy a manual setting forth the provisions of this Article and a prescribed uniform system for accounts required to file statements by this ~~Article;~~Article.

(2) To accept and file any information voluntarily supplied that exceeds the requirements of this ~~Article;~~Article.

(3) To develop a filing, coding, and cross-indexing system consonant with the purposes of this ~~Article;~~Article.

(4) To make statements and other information filed with it available to the public at a charge not to exceed actual cost of ~~copying;~~copying.

(5) To preserve reports and statements filed under this Article. Such reports and statements, after a period of two years following the election year, may be transferred to the Department of Cultural Resources, ~~Division~~ Office of Archives and History, and shall be preserved for a period of 10 years.

(6) To prepare and publish such reports as it may deem ~~appropriate;~~appropriate.

(7) To make investigations to the extent the Board deems necessary with respect to statements filed under the provisions of this Article and with respect to alleged failures to file any statement required under the provisions of this Article, and, upon complaint under oath by any registered voter, with respect to alleged violations of any part of this ~~Article; and~~ Article.

(8) After investigation, to report apparent violations by candidates, political committees, referendum committees, individuals or persons to the proper district attorney as provided in G.S. 163-278.27.

(9) To prescribe and furnish forms of statements and other material to the county boards of elections for distribution to candidates and committees required to be filed with the county boards.

(10) To instruct the chairman and director of elections of each county board as to their respective duties and responsibilities relative to the administration of this Article.

(11) To require appropriate certification of delinquent or late filings from the county boards of elections and to execute the same responsibilities relative to such reports as provided in G.S. 163-278.27.

(12) To assist county boards of elections in resolving questions arising from the administration of this Article.

(13) To require county boards of elections to hold such hearings, make such investigations, and make reports to the State Board as the State Board deems necessary in the administration of this Article.

(14) To calculate, assess, and collect civil penalties pursuant to this Article."

SECTION 36.(a) G.S. 87-21 is amended by adding a new subsection to read:

"(i) The provisions of this Article shall not apply to a retailer, as defined in G.S. 105-164.3(35), who, in the ordinary course of business, enters into a transaction with a buyer in which the retailer of a good and the services necessary for the installation of the good, contracts with a licensee under this Article to provide the installation services if the contract, containing the licensee's license number, is signed by the buyer, the retailer and the licensee. All services rendered pursuant to this section by the licensee must be performed in compliance with all local permit and inspection requirements."

SECTION 36.(b) This section becomes effective March 1, 2003.

SECTION 37. G.S. 90-85.3(b1) and (r) read as rewritten:

"**§ 90-85.3. Definitions.**

...

(b1) "Clinical pharmacist practitioner" means a licensed pharmacist who meets the guidelines and criteria for such title established by the joint subcommittee of the North Carolina Medical Board and the North Carolina Board of Pharmacy and is authorized to

enter into drug therapy management agreements with physicians in accordance with the provisions of ~~G.S. 90-18.3.~~G.S. 90-18.4.

...

(r) "Practice of pharmacy" means the responsibility for: interpreting and evaluating drug orders, including prescription orders; compounding, dispensing and labeling prescription drugs and devices; properly and safely storing drugs and devices; maintaining proper records; and controlling pharmacy goods and services. A pharmacist may advise and educate patients and health care providers concerning therapeutic values, content, uses and significant problems of drugs and devices; assess, record and report adverse drug and device reactions; take and record patient histories relating to drug and device therapy; monitor, record and report drug therapy and device usage; perform drug utilization reviews; and participate in drug and drug source selection and device and device source selection as provided in G.S. 90-85.27 through G.S. 90-85.31. A pharmacist who has received special training may be authorized and permitted to administer drugs pursuant to a specific prescription order in accordance with rules adopted by each of the Boards of Pharmacy, the Board of Nursing, and the North Carolina Medical Board. The rules shall be designed to ensure the safety and health of the patients for whom such drugs are administered. An approved clinical pharmacist practitioner may collaborate with physicians in determining the appropriate health care for a patient, subject to the provisions of ~~G.S. 90-18.3.~~G.S. 90-18.4.

...."

SECTION 37.2. Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new section to read:

"**§ 108A-55.1. Discrimination among providers prohibited.**

For purposes of this Part, optometry, chiropractic, and podiatry are deemed mandated, rather than optional, forms of health care. In authorizing payments for such medical and other remedial care as may be essential to the health and welfare of an eligible person, the Department shall not exclude the care rendered by an optometrist, a chiropractor, or a podiatrist."

SECTION 37.5.(a) G.S. 115C-302.1(j) reads as rewritten:

"(j) Parental Leave. – A teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. A teacher may also use up to 30 days of sick leave to care for a child placed with the teacher for adoption. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

SECTION 37.5.(b) Article 23 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-336.1. Parental leave.**

A school employee may use annual leave or leave without pay to care for a newborn child or for a child placed with the employee for adoption or foster care. A school employee may also use up to 30 days of sick leave to care for a child placed with the employee for adoption. The leave may be for consecutive workdays during the first

12 months after the date of birth or placement of the child, unless the school employee and the local board of education agree otherwise."".

SECTION 38. G.S. 116-22(2), as amended by Section 9.11(a) of S.L. 2002-126, reads as rewritten:

"(2) "Student" shall mean a person enrolled in and attending an ~~institution's main permanent campus~~ institution located in the State who qualifies as a resident of North Carolina in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of the University of North Carolina and published in the residency manual of said Board; and a person who has not received a bachelor's degree, or qualified therefor, and who is otherwise classified as an undergraduate under such regulations as the Board of Governors of the University of North Carolina may promulgate. The enrollment figures required by G.S. 116-19 through 116-22 shall be the number of full-time equivalent students as computed under regulations prescribed by the Board of Governors of the University of North Carolina. Qualification for in-State tuition under G.S. 116-143.3 makes a person a "student" as defined in this subdivision."

SECTION 39. G.S. 120-3(a) reads as rewritten:

"(a) The Speaker of the House shall be paid an annual salary of thirty-eight thousand one hundred fifty-one dollars ($38,151) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars ($1,413) per month. The President Pro Tempore of the Senate shall be paid an annual salary of thirty-eight thousand one hundred fifty-one dollars ($38,151) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars ~~(1,413)~~ ($1,413) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of twenty-one thousand seven hundred thirty-nine dollars ($21,739) payable monthly, and an expense allowance of eight hundred thirty-six dollars ~~(836.00)~~ ($836.00) per month. The Deputy President Pro Tempore of the Senate shall be paid an annual salary of twenty-one thousand seven hundred thirty-nine dollars ($21,739) payable monthly, and an expense allowance of eight hundred thirty-six dollars ($836.00) per month. The majority and minority leaders in the House and the majority and minority leaders in the Senate shall be paid an annual salary of seventeen thousand forty-eight dollars ($17,048) payable monthly, and an expense allowance of six hundred sixty-six dollars ($666.00) per month."

SECTION 40.(a) G.S. 122C-118.1(a) reads as rewritten:

"(a) An area board shall have no fewer than 11 and no more than 25 members. In a single-county area authority, the members shall be appointed by the board of county commissioners. Except as otherwise provided, in areas consisting of more than one county, each board of county commissioners within the area shall appoint one commissioner as a member of the area board. These members shall appoint the other members. The boards of county commissioners within the multicounty area shall have the option to appoint the members of the area board in a manner other than as required under this section by adopting a resolution to that effect. The boards of county

commissioners in a multicounty area authority shall indicate in the business plan each board's method of appointment of the area board members in accordance with ~~G.S. 122C-155.2(b).~~G.S. 122C-115.2(b). These appointments shall take into account sufficient citizen participation, equitable representation of the disability groups, and equitable representation of participating counties. Individuals appointed to the board shall include an individual with financial expertise or a county finance officer, an individual with expertise in management or business, and an individual representing the interests of children. A member of the board may be removed with or without cause by the initial appointing authority. Vacancies on the board shall be filled by the initial appointing authority before the end of the term of the vacated seat or within 90 days of the vacancy, whichever occurs first, and the appointments shall be for the remainder of the unexpired term."

SECTION 40.(b) G.S. 122C-143.2(c) reads as rewritten:

"(c) The Memorandum of Agreement shall include the area authority activities that will be supported by grants allocated in accordance with ~~G.S. 147.1(e)(2).~~G.S. 122C-147.1(d)(2)."

SECTION 41. G.S. 131E-184(d) reads as rewritten:

"(d) ~~The~~ In accordance with, and subject to the limitations of G.S. 148-19.1, the Department shall exempt from certificate of need review ~~persons contracting to provide~~ the construction and operation of a new chemical dependency or substance abuse facility for the purpose of providing inpatient chemical dependency or substance abuse services solely to inmates of the Department of ~~Correction, as described in G.S. 148-19.1.~~Correction. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, only the portion of the facility that serves inmates shall be exempt from certificate of need review."

SECTION 42. G.S. 143-128(b) and (f1) read as rewritten:

"**§ 143-128. Requirements for certain building contracts.**

...

(b) Separate-prime contracts. – When the State, county, municipality, or other public body uses the separate-prime contract system, it shall accept bids for each subdivision of work for which specifications are required to be prepared under subsection (a) of this section and shall award the respective work specified separately to responsible and reliable persons, firms or corporations regularly engaged in their respective lines of work. When the estimated cost of work to be performed in any single subdivision or branch for which separate bids are required by this subsection is less than twenty-five thousand dollars ($25,000), the same may be included in the contract for one of the other subdivisions or branches of the work, irrespective of total project cost. The contracts shall be awarded to the lowest responsible, responsive bidders, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. Bids may also be accepted from and awards made to separate contractors for other categories of work.

Each separate contractor shall be directly liable to the State of North Carolina, or to the county, municipality, or other public body and to the other separate contractors for

the full performance of all duties and obligations due respectively under the terms of the separate contracts and in accordance with the plans and specifications, which shall specifically set forth the duties and obligations of each separate contractor. For the purpose of this section, "separate contractor" means any person, firm or corporation who shall enter into a contract with the State, or with any county, municipality, or other public entity to erect, construct, alter or repair any building or buildings, or parts of any building or buildings.

...

(f1) Dispute resolution. – A public entity shall use the dispute resolution process adopted by the State Building Commission pursuant to ~~G.S. 143-135.26(12),~~G.S. 143-135.26(11), or shall adopt another dispute resolution process, which shall include mediation, to be used as an alterative to the dispute resolution process adopted by the State Building Commission. This dispute resolution process will be available to all the parties involved in the public entity's construction project including the public entity, the architect, the construction manager, the contractors, and the first-tier and lower-tier subcontractors and shall be available for any issues arising out of the contract or construction process. The public entity may set a reasonable threshold, not to exceed fifteen thousand dollars ($15,000), concerning the amount in controversy that must be at issue before a party may require other parties to participate in the dispute resolution process. The public entity may require that the costs of the process be divided between the parties to the dispute with at least one-third of the cost to be paid by the public entity, if the public entity is a party to the dispute. The public entity may require in its contracts that a party participate in mediation concerning a dispute as a precondition to initiating litigation concerning the dispute.

...."

SECTION 43. G.S. 143-299.4 reads as rewritten:

"**§ 143-299.4. Payment of State excess liability.**

For each claim payable during any fiscal year in excess of one hundred fifty thousand dollars ($150,000) per claim arising under this Article, or Article 31A or 31B of this Chapter, on account of injury or damage to any one person, each State agency shall transfer to the Office of State Budget and Management its proportionate share of that agency's estimated lapsed salaries, as determined by the Director of the Budget, and the Director of the Budget shall use these transferred funds to pay the balance of that claim in excess of one hundred fifty thousand dollars ($150,000). However, if the Director of the Budget determines that the agency liable for the claim has the resources to pay the full claim even though it exceeds one hundred fifty thousand dollars ($150,000), then the Director of the Budget may, in the Director's discretion, require the agency to pay the full claim. Additionally, the Director of the Budget may, in the Director's discretion, limit the number of agencies required to transfer funds to the agency liable for the claim to pay the balance of the claim."

SECTION 44. G.S. 143-640(c) reads as rewritten:

"(c) Membership. – The Commission shall consist of ~~28~~ 29 members, as follows:

..."

SECTION 45. G.S. 143-730 is amended by adding a new subsection to read:

"(e) All health information in the possession of the Managed Care Patient Assistance Program is confidential and is not a public record pursuant to G.S. 132-1 or any other applicable statute.

For purposes of this section, "health information" means any of the following:

(1) Information relating to the past, present, or future physical or mental health or condition of an individual.

(2) Information relating to the provision of health care to an individual.

(3) Information relating to the past, present, or future payment for the provision of health care to an individual.

(4) Information, in any form, that identifies or may be used to identify an individual, that is created by, provided by, or received from any of the following:

a. An individual or an individual's spouse, parent, legal guardian, or designated representative.

b. A health care provider, health plan, employer, health care clearinghouse, or an entity doing business with these entities."

SECTION 46. G.S. 143B-289.44(c) reads as rewritten:

"(c) Disposition of Fees. – All entrance fee receipts shall be credited to the North Carolina Aquariums Fund. ~~The Secretary of Environment and Natural Resources may expend monies from the North Carolina Aquariums Fund only upon the authorization of the General Assembly.~~These receipts shall only be used for expansion and operation of the North Carolina Aquariums as authorized by the General Assembly."

SECTION 47. G.S. 143B-480.2(a), as amended by Section 18.6(a) of S.L. 2002-126, reads as rewritten:

"(a) Eligibility for Assistance. – Sexual assault victims or victims of attempted sexual assault are eligible for assistance under this Program if the sexual assault or the attempted sexual assault is reported to a law enforcement officer within five days of the occurrence of the assault or the attempted sexual assault ~~or~~ and if a forensic medical examination is performed within five days of the sexual assault or the attempted sexual assault. The Secretary may waive either five-day requirement for good cause. The term "sexual assault" as used in this section refers to the following crimes: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A."

SECTION 48. G.S. 147-64.6(c)(18), as amended by Section 27.2(b) of S.L. 2002-126, reads as rewritten:

"(18) The Auditor shall, after consultation and in coordination with the State Chief Information Officer, assess, confirm, and report on the security practices of information technology systems. If an agency has adopted standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in accordance with those standards. The Auditor's assessment of information security practices shall include an assessment of network vulnerability. The Auditor may conduct network penetration or any similar procedure as the Auditor may deem necessary. The Auditor

may enter into a contract with a State agency under G.S. 147-33.82(d)(3) for an assessment of network vulnerability, including network penetration or any similar procedure. Any contract with the Auditor for the assessment and testing shall be on a cost-reimbursement basis. The Auditor may investigate reported information technology security breaches, cyber attacks, and cyber fraud in State government. The Auditor shall issue public reports on the general results of the reviews undertaken pursuant to this subdivision but may provide agencies with detailed reports of the security issues identified pursuant to this subdivision which shall not be disclosed as provided in G.S. 132-6.1(c). The Auditor shall provide the State Chief Information Officer with detailed reports of the security issues identified pursuant to this subdivision. For the purposes of this subdivision only, the Auditor is exempt from the provisions of Article 3 of Chapter 143 of the General Statutes in retaining contractors."

SECTION 49. G.S. 150B-1(d)(7) reads as rewritten:

"(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:

...

(7) The North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan in administering the provisions of Parts ~~2 and 3~~ 2, 3, 4, and 5 of Article 3 of Chapter 135 of the General Statutes.

...."

SECTION 50.(a) G.S. 153A-149(c)(10b) reads as rewritten:

"(c) Each county may levy property taxes for one or more of the purposes listed in this subsection up to a combined rate of one dollar and fifty cents ($1.50) on the one hundred dollars ($100.00) appraised value of property subject to taxation. Authorized purposes subject to the rate limitation are:

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12.

...."

SECTION 50.(b) G.S. 160A-209(c)(10b) reads as rewritten:

"(c) Each city may levy property taxes for one or more of the following purposes subject to the rate limitation set out in subsection (d):

...

(10b) Economic Development. – To provide for economic development as authorized by G.S. 158-7.1 and G.S. 158-12.

...."

SECTION 51. Effective January 1, 2002, G.S. 153A-250 reads as rewritten:

"**§ 153A-250. Ambulance services.**

(a) A county may by ordinance franchise ambulance services provided in the county to the public at large, whether the service is based inside or outside the county. The ordinance may:

(1) Grant franchises to ambulance operators on terms set by the board of commissioners;

(2) Make it unlawful to provide ambulance services or to operate an ambulance in the county without such a franchise;

(3) Limit the number of ambulances that may be operated within the county;

(4) Limit the number of ambulances that may be operated by each franchised operator;

(5) Determine the areas of the county that may be served by each franchised operator;

(6) Establish and from time to time revise a schedule of rates, fees, and charges that may be charged by franchised operators;

(7) Set minimum limits of liability insurance for each franchised operator;

(8) Establish other necessary regulations consistent with and supplementary to any statute or any Department of Health and Human Services regulation relating to ambulance services.

Before it may adopt an ordinance pursuant to this subsection, the board of commissioners must first hold a public hearing on the need for ambulance services. The board shall cause notice of the hearing to be published once a week for two successive weeks before the hearing. After the hearing the board may adopt an ordinance if it finds that to do so is necessary to assure the provision of adequate and continuing ambulance service and to preserve, protect, and promote the public health, safety, and welfare.

If a person, firm, or corporation is providing ambulance services in a county or any portion thereof on the effective date of an ordinance adopted pursuant to this subsection, the person, firm, or corporation is entitled to a franchise to continue to serve that part of the county in which the service is being provided. The board of commissioners shall determine whether the person, firm, or corporation so entitled to a franchise is in compliance with ~~Chapter 130, Article 26;~~Chapter 131E, Article 7; and if that is the case, the board shall grant the franchise.

(b) In lieu of or in addition to adopting an ordinance pursuant to subsection (a) of this section, a county may operate or contract for ambulance services in all or a portion of the county. A county may appropriate for ambulance services any revenues not otherwise limited as to use by law, and may establish and from time to time revise schedules of rates, fees, charges, and penalties for the ambulance services. A county may operate its ambulance services as a line department or may create an ambulance commission and vest in it authority to operate the ambulance services.

(c) A city may adopt an ordinance pursuant to and under the procedures of subsection (a) of this section and may operate or contract for ambulance services pursuant to subsection (b) of this section if (i) the county in which the city is located has adopted a resolution authorizing the city to do so or (ii) the county has not, within 180 days after being requested by the city to do so, provided for ambulance services within

the city pursuant to this section. Any action taken by a city pursuant to this subsection shall apply only within the corporate limits of the city.

If a city is exercising a power granted by this subsection, the county in which the city is located may thereafter take action to provide for ambulance service within the city, either under subsection (a) or subsection (b) of this section, only after having given to the city 180 days' notice of the county's intention to take action. At the end of the 180 days, the city's authority under this subsection is preempted by the county.

(d) A county or a city may contract with a franchised ambulance operator or with another county or city for ambulance service to be provided upon the call of a department or agency of the county or city. A county may contract with a franchised ambulance operator for transportation of indigents or persons certified by the county department of social services to be public assistance recipients.

(e) Each county or city operating ambulance services is subject to the provisions of ~~Chapter 130, Article 26 ("Regulation of Ambulance Services").~~Chapter 131E, Article 7 ("Regulation of Emergency Medical Services")."

SECTION 52. G.S. 160A-23.1(d) reads as rewritten:

"(d) If the council adopts the resolution provided for in subsection (a) of this section and does not adopt the changes, or does adopt the changes, but approval under the Voting Rights Act of 1965, as amended, is required, and notice of such approval is not received, by the end of the third day before the opening of the filing period, the municipal election shall be rescheduled as provided in this subsection and current officeholders shall hold over until their successors are elected and qualified. For cities using the:

(1) Partisan primary and election method under G.S. 163-291, the primary shall be held on the primary election date for county officers in 2002, the second primary, if necessary, shall be held on the second primary election date for county officers in 2002, and the general election shall be held on the general election date for county officers in 2002;

(2) Nonpartisan primary and election method under G.S. 163-294, the primary shall be held on the primary election date for county officers in 2002 and the election shall be held on the date for the second primary for county officers in 2002;

(3) Nonpartisan plurality election method under G.S. 163-292, the election shall be held on the primary election date for county officers in 2002;

(4) Election and runoff method under G.S. 163-293, the election shall be held on the primary election date for county officers in 2002 and the runoffs, if necessary, shall be held on the date for the second primary for county officers in 2002.

The organizational meeting of the new council may be held at any time after the results of the election have been officially determined and published, but not later than the time and date of the first regular meeting of the council in ~~July~~ November 2002, except in the case of partisan municipal elections, when the organizational meeting shall be held not later than the time and date of the first regular meeting of the council in December of 2002."

SECTION 53. Effective July 1, 2002, G.S. 161-14(b) reads as rewritten:

"(b) All ~~instruments~~ instruments, except instruments conforming to the provisions of G.S. 25-9-521, presented for registration on paper shall meet all of the following requirements:

(1) Be eight and one-half inches by eleven inches or eight and one-half inches by fourteen inches.

(2) Have a blank margin of three inches at the top of the first page and blank margins of one-half inches on the remaining sides of the first page and on all sides of subsequent pages.

(3) Be typed or printed in black on white paper in a legible font. A font size no smaller than 10 points shall be considered legible. Blanks in an instrument may be completed in pen and corrections to an instrument may be made in pen.

(4) Have text typed or printed on one side of a page only.

(5) State the type of instrument at the top of the first page.

If an instrument does not meet these requirements, the register of deeds shall register the instrument after collecting the fee for nonstandard documents as required by G.S. 161-10(a)(19) in addition to all other applicable recording fees. However, if an instrument fails to meet the requirements because it contains print in a font size smaller than 10 points, the register of deeds may register the instrument without collecting the fee for nonstandard documents if, in the discretion of the register of deeds, the instrument is legible."

SECTION 54. G.S. 162-58 reads as rewritten:

"**§ 162-58. Counties may work prisoners.**

The board of commissioners of the several counties may enact by resolution all necessary rules and regulations for work on projects to benefit units of State or local government by persons convicted of ~~crimes~~ misdemeanors or felonies and imprisoned in the local confinement facilities or satellite jail/work release units of their respective counties. The sheriff shall approve rules and regulations enacted by the board. Prisoners working under this section shall be supervised by county employees or by the sheriff. The rules enacted by the board of county commissioners and approved by the sheriff shall specify a procedure for ensuring that county employees supervising prisoners pursuant to this section be provided with notice that the persons placed under their supervision are inmates from a local confinement facility or a satellite jail/work release unit."

SECTION 55.(a) G.S. 163-106(a) reads as rewritten:

"(a) Notice and Pledge. – No one shall be voted for in a primary election ~~unless he shall have~~ without having filed a notice of candidacy with the appropriate board of elections, State or county, as required by this section. To this end every candidate for selection as the nominee of a political party shall file with and place in the possession of the board of elections specified in subsection (c) of this section, a notice and pledge in the following form:

"Date _____

I hereby file notice as a candidate for nomination as _____ in the _____ party primary election to be held on _____, ____. I affiliate with the _____ party, (and I certify that I am now registered on the registration records of the precinct in which I reside as an affiliate of the _____ party.)

I pledge that if I am defeated in the primary, I will not run for any office as a write-in candidate in the next general election.

Signed _____

Name of candidate

Witness:

_____

_____

(Title of witness)"

Each candidate shall sign ~~his~~ the notice of candidacy in the presence of the chairman or secretary of the board of elections, State or county, with which ~~he~~ the candidate files. In the alternative, a candidate may have ~~his~~ the candidate's signature on the notice of candidacy acknowledged and certified to by an officer authorized to take acknowledgments and administer oaths, in which case the candidate may mail ~~his~~ or deliver by commercial courier service the candidate's notice of candidacy to the appropriate board of elections.

In signing ~~his~~ the notice of candidacy the candidate shall use only ~~his~~ that candidate's legal name ~~and, in his discretion,~~ and may use any nickname by which he is commonly known. A candidate may also, in lieu of ~~his~~ that candidate's legal first name and legal middle initial or middle name (if any) sign ~~his~~ a nickname, provided that ~~he~~ the candidate appends to the notice of candidacy an affidavit that ~~he~~ the candidate has been commonly known by that nickname for at least five years prior to the date of making the affidavit. The candidate shall also include with the affidavit the way ~~his~~ that candidate's name (as permitted by law) should be listed on the ballot if another candidate with the same last name files a notice of candidacy for that office.

A notice of candidacy signed by an agent or any person other than the candidate ~~himself~~ shall be invalid.

Prior to the date on which candidates may commence filing, the State Board of Elections shall print and furnish, at State expense, to each county board of elections a sufficient number of the notice of candidacy forms prescribed by this subsection for use by candidates required to file with county boards of elections."

SECTION 55.(b) G.S. 163-98 reads as rewritten:

"**§ 163-98. General election participation by new political party.**

In the first general election following the date on which a new political party qualifies under the provisions of G.S. 163-96, it shall be entitled to have the names of its candidates for national, State, congressional, ~~and national~~ and local offices printed on

the official ~~ballots, but it shall not be entitled to have the names of candidates for other offices printed on State, district, or county ballots at that election.~~ballots.

For the first general election following the date on which it qualifies under G.S. 163-96, a new political party shall select its candidates by party convention. Following adjournment of the nominating convention, but not later than the first day of July prior to the general election, the president of the convention shall certify to the State Board of Elections the names of persons chosen in the convention as the new party's candidates for State, congressional, and national offices in the ensuing general election. The State Board of Elections shall print names thus certified on the appropriate ballots as the nominees of the new party. The State Board of Elections shall send to each county board of elections the list of any new party candidates so that the county board can add those names to the appropriate ballot."

SECTION 55.(c) G.S. 120-93 reads as rewritten:

"**§ 120-93. County boards of elections to notify candidates of economic-interest-statement requirements.**

Each county board of elections shall provide for notification of the economic-interest-statement requirements of G.S. 120-89, 120-96, and 120-98 to be given to any candidate filing for nomination or election to the General Assembly at the time of his or her filing in the particular county. Each county board of elections shall also provide notification of those requirements to each candidate nominated by a new party under G.S. 163-98 for the General Assembly, if the candidate will be on the ballot in that county. The county board shall notify the new-party candidate immediately upon that county board's being notified by the State Board of Elections that the party has certified that candidate's nomination."

SECTION 55.(d) G.S. 120-98(a) reads as rewritten:

"(a) If a candidate does not file the statement of economic interest within the time required by this Article, the county board of elections shall immediately notify the candidate by registered mail, restricted delivery to addressee only, that, if the statement is not received within 15 days, the candidate shall not be certified as the ~~nominee of his party.~~ party nominee, or in the case of a candidate nominated by a new party under G.S. 163-98 that the candidate shall be decertified by the State Board of Elections. If the statement is not received within 15 days of notification, the board of elections authorized to certify a candidate as nominee to the office shall not certify the candidate as nominee under any circumstances, regardless of the number of candidates for the nomination and regardless of the number of votes the candidate receives in the primary. If the delinquent candidate was nominated by a new party under G.S. 163-98, the State Board of Elections shall decertify the candidate and no county board of elections shall place the candidate's name on the general election ballot as nominee of the party. A vacancy thus created on a party's ticket shall be considered a vacancy for the purposes of G.S. 163-114, and shall be filled according to the procedures set out in G.S. 163-114."

SECTION 55.(e) G.S. 163-213.5 reads as rewritten:

"**§ 163-213.5. Nomination by petition.**

Any person seeking the endorsement by the national political party for the office of President of the United States, or any group organized in this State on behalf of, and with the consent of, such person, may file with the State Board of Elections petitions signed by 10,000 persons who, at the time they signed are registered and qualified voters in this State and are affiliated, by such registration, with the same political party as the candidate for whom the petitions are filed. Such petitions shall be presented to the county board of elections 10 days before the filing deadline and shall be certified promptly by the chairman of the board of elections of the county in which the signatures were obtained and shall be filed by the petitioners with the State Board of Elections no later than 5:00 P.M. on the date the State Board of Elections is required to meet as directed by G.S. 163-213.4.

The petitions must state the name of the candidate for nomination, along with a letter of approval signed by such candidate. Said petitions must also state the name and address of the chairman of any such group organized to circulate petitions authorized under this section. The requirement for signers of such petitions shall be the same as now required under provisions of G.S. 163-96(b)(1) and (2). The requirement of the respective chairmen of county boards of elections shall be the same as now required under the provisions of G.S. 163-96(b)(1) and (2) as they relate to the chairman of the county board of elections.

~~The group of petitioners shall pay to the chairman of the county board of elections a fee of ten cents (10¢) for each signature he is required to examine under the provisions of this section.~~

The State Board of Elections shall forthwith determine the sufficiency of petitions filed with it and shall immediately communicate its determination to the chairman of such group organized to circulate petitions. The form and style of petition shall be as prescribed by the State Board of Elections."

SECTION 55.(f) G.S. 130A-48 reads as rewritten:

"**§ 130A-48. Procedure for incorporating district.**

A sanitary district shall be incorporated as follows. Either fifty-one percent (51%) or more of the resident freeholders within a proposed sanitary district or fifty-one percent (51%) or more of the freeholders within a proposed sanitary district, whether or not the freeholders are residents of the proposed sanitary district, may petition the county board of commissioners of the county in which all or the largest portion of the land of the proposed district is located. This petition shall set forth the boundaries of the proposed sanitary district and the objectives of the proposed district. For the purposes of this Part, the term "freeholder" shall mean a person holding a deed to a tract of land within the district or proposed district, and also shall mean a person who has entered into a contract to purchase a tract of land within the district or proposed district, is making payments pursuant to a contract and will receive a deed upon completion of the contractual payments. The contracting purchaser, rather than the contracting seller, shall be deemed to be the freeholder. <u>The county tax office shall be responsible for checking the freeholder status of those persons signing the petition. That office shall also be responsible for confirming the location of the property owned by those persons.</u> Upon receipt of the petition, the county board of commissioners, through its chairperson, shall

notify the Department and the chairperson of the county board of commissioners of any other county or counties in which any portion of the proposed district lies of the receipt of the petition. The chairperson shall request that the Department hold a joint public hearing with the county commissioners of all the counties in which a portion of the district lies concerning the creation of the proposed sanitary district. The Secretary and the chairperson of the county board of commissioners shall name a time and place within the proposed district to hold the public hearing. The chairperson of the county board of commissioners shall give prior notice of the hearing by posting a notice at the courthouse door of the county and also by publication at least once a week for four successive weeks in a newspaper published in the county. In the event the hearing is to be before a joint meeting of the county boards of commissioners of more than one county, or in the event the land to be affected lies in more than one county, publication and notice shall be made in each of the affected counties. In the event that all matters pertaining to the creation of this sanitary district cannot be concluded at the hearing, the hearing may be continued at a time and place within the proposed district named by the Department."

SECTION 55.(g) G.S. 69-25.1 reads as rewritten:

"**§ 69-25.1. Election to be held upon petition of voters.**

Upon the petition of thirty-five percent (35%) of the resident freeholders living in an area lying outside the corporate limits of any city or town, which area is described in the petition and designated as "_____

(Here insert name)

Fire District," the board of county commissioners of the county shall call an election in said district for the purpose of submitting to the qualified voters therein the question of levying and collecting a special tax on all taxable property in said district, of not exceeding fifteen cents (15¢) on the one hundred dollars ($100.00) valuation of property, for the purpose of providing fire protection in said district. The county tax office shall be responsible for checking the freeholder status of those individuals signing the petition and confirming the location of the property owned by those individuals. Unless specifically excluded by other law, the provisions of Chapter 163 of the General Statutes concerning petitions for referenda and elections shall apply. If the voters reject the special tax under the first paragraph of this section, then no new election may be held under the first paragraph of this section within two years on the question of levying and collecting a special tax under the first paragraph of this section in that district, or in any proposed district which includes a majority of the land within the district in which the tax was rejected.

Upon the petition of thirty-five percent (35%) of the resident freeholders living in an area which has previously been established as a fire protection district and in which there has been authorized by a vote of the people a special tax not exceeding ten cents (10¢) on the one hundred dollars ($100.00) valuation of property within the area, the board of county commissioners shall call an election in said area for the purpose of submitting to the qualified voters therein the question of increasing the allowable special tax for fire protection within said district from ten cents (10¢) on the one hundred dollars ($100.00) valuation to fifteen cents (15¢) on the one hundred dollars

($100.00) valuation on all taxable property within such district. Elections on the question of increasing the allowable tax rate for fire protection shall not be held within the same district at intervals less than two years."

SECTION 55.(h) G.S. 139-6 reads as rewritten:

"**§ 139-6. District board of supervisors – elective members; certain duties.**

After the issuance of the certificate of organization of the soil and water conservation district by the Secretary of State, an election shall be held in each county of the district to elect the members of the soil and water conservation district board of supervisors as herein provided.

The district board of supervisors shall consist of three elective members to be elected in each county of the district, and that number of appointive members as provided in G.S. 139-7. Upon the creation of a district, the first election of the members shall be held at the next succeeding election for county officers.

All elections for members of the district board of supervisors shall be held at the same time as the regular election for county officers beginning in November 1974. The election shall be nonpartisan and no primary election shall be held. The election shall be held and conducted by the county board of elections.

Candidates shall file their notice of candidacy on forms prescribed by the county board of elections. The notice of candidacy must be filed no earlier than noon on the second Monday in June and no later than ~~12:00~~ noon on the first Friday in July preceding the election. The candidate shall pay a filing fee of five dollars ($5.00) at the time ~~he files~~ of filing the notice of candidacy.

Beginning with the election to be held in November 1974, the two candidates receiving the highest number of votes shall be elected for a term of four years, and the candidate receiving the next highest number of votes shall be elected for a term of two years; thereafter, as their terms expire, their successors shall be elected for terms of four years. If the position of district supervisor is not filled by failure to elect, then the office shall be deemed vacant upon the expiration of the term of the incumbent, and the office shall be filled as provided in G.S. 139-7.

The persons elected in 1974 and thereafter shall take office on the first Monday in December following their election.

The terms of the present members of the soil and water conservation districts, both elective and appointive members, are hereby extended to or terminated on the first Monday in December 1974.

All qualified voters of the district shall be eligible to vote in the election. Except as provided in this Chapter, the election shall be held in accordance with the applicable provisions of Articles 23 and 24 of Chapter 163 of the General Statutes.

The district board of supervisors, after the appointment of the appointive members has been made, shall select from its members a chairman, a vice-chairman and a secretary. It shall be the duty of the district board of supervisors to perform those powers, duties, and authority conferred upon supervisors under this Chapter; to develop annual county and district goals and plans for soil conservation work therein; to request agencies, whose duties are such as to render assistance in soil and water conservation, to set forth in writing what assistance they may have available in the county and district."

SECTION 55.(i) G.S. 163-227.3 reads as rewritten:

"**§ 163-227.3. Date by which absentee ballots must be available for voting.**

(a) ~~The State Board of Elections~~ A board of elections shall provide absentee ballots of the kinds ~~to be furnished by the State Board, to the county boards of elections~~ needed 50 days prior to the date on which the election shall be conducted unless 45 days is authorized by the State Board of Elections under G.S. 163-22(k) or there shall exist an appeal before the State Board or the courts not concluded, in which case the ~~State Board~~ board shall provide the ballots as quickly as possible upon the conclusion of such an appeal. However, in the case of municipal elections, absentee ballots shall be made available no later than 30 days before an election. In every instance the ~~State Board~~ board of elections shall exert every effort to provide absentee ballots, of the kinds ~~to be furnished by the State Board, to each county~~ needed by the date on which absentee voting is authorized to commence. ~~In any case where absentee ballots are printed by the county board of elections, that county board shall follow the direction of the State Board in delaying absentee ballots while an appeal is pending and in providing them as soon as possible thereafter.~~

(b) Second Primary. – The ~~State Board of Elections~~ board of elections shall provide absentee ballots, of the kinds ~~to be furnished by the State Board,~~ needed, as quickly as possible after the ballot information for a second primary has been determined."

SECTION 55.(j) G.S. 163-109 is repealed.

SECTION 55.(k) G.S. 163-278.14(b) reads as rewritten:

"(b) No individual or person shall give, and no candidate, committee or treasurer shall accept, any monetary contribution in excess of one hundred dollars ($100.00) unless such contribution be in the form of a check, draft, ~~or~~ money ~~order.~~order, credit card charge, debit, or other noncash method that can be subject to written verification. The State Board of Elections may prescribe guidelines as to the reporting and verification of any method of contribution payment allowed under this Article. For a contribution made by credit card, the credit card account number of a contributor is not a public record."

SECTION 55.(l) G.S. 163-278.30 reads as rewritten:

"**§ 163-278.30. Candidates for federal offices to file information reports.**

Candidates for nomination in a party primary or for election in a general or special election to the offices of United States Senator, member of the United States House of Representatives, President or Vice-President of the United States shall file with the Board all reports they or political committee treasurers or other agents acting for them are required to file under the Federal Election Campaign Act of 1971, P.L. 92-225, as amended (T. 2, U.S.C. section 439). Those reports shall be filed with the Board at the times required by that act. The Board shall, with respect to those reports, have the following duties only:

(1) To receive and maintain in an orderly manner all reports and statements required to be filed with it;

(2) To preserve reports and statements filed under the Federal Election Campaign Act. Such reports and statements, after a period of two years

following the election year, may be transferred to the Department of Cultural Resources, Division of Archives and History, and shall be preserved for a period of 10 years or for such period as may be required by federal law.

(3) To make the reports and statements filed with it available for public inspection and copying during regular office hours, commencing as soon as practicable but not later than the end of the day during which they were received, and to permit copying of any such report or statement by hand or by duplicating machine, requested by any individual, at the expense of such individual; and

(4) To compile and maintain a current list of all statements or parts of statements pertaining to each candidate.

Any duty of a candidate to file and the State Board to receive and make available under this section may be met by an agreement between the State Board and the Federal Election Commission, the effect of which is for the Federal Election Commission to provide promptly to the State Board the information required by this section."

SECTION 55.(m) G.S. 163-230.1(a) reads as rewritten:

"(a) A qualified voter who is eligible to vote by absentee ballot under G.S. 163-226(a) or that voter's near relative or verifiable legal guardian, shall request in writing an application for absentee ballots, so that the county board of elections receives the request not later than 5:00 P.M. on the Tuesday before the election. That written request shall be signed by the voter, the voter's near relative, or the voter's verifiable legal guardian. The county board of elections shall enter in the register of absentee requests, applications, and ballots issued the information required in G.S. 163-228 as soon as each item of that information becomes available. Upon receiving the application, the county board of elections shall cause to be mailed to that voter in a single package:

(1) The official ballots the voter is entitled to vote;

(2) A container-return envelope for the ballots, printed in accordance with G.S. 163-229; and

(3) Repealed by Session Laws 1999-455, s. 10.

(4) An instruction sheet.

The ballots, envelope, and instructions shall be mailed to the voter by the county board's chairman, member, officer, or employee as determined by the board and entered in the register as provided by this Article."

SECTION 55.(n) G.S. 163-278.6(1) reads as rewritten:

"(1) The term "board" means the State Board of Elections with respect to all candidates for ~~State and multi-county district~~ State, legislative, and judicial offices and the county or municipal board of elections with respect to all candidates for ~~single-county district,~~ county and municipal offices. The term means the State Board of Elections with respect to all statewide referenda and the county or municipal board of elections conducting all local referenda."

SECTION 55.(o) G.S. 163-165.1 is amended by adding a new subsection to read:

"(e) Voted ballots shall be treated as confidential and no person other than elections officials performing their duties may have access to voted ballots except by court order or order of the appropriate board of elections as part of the resolution of an election protest or investigation of an alleged election irregularity or violation. Voted ballots shall not be disclosed to members of the public in such a way as to disclose how a particular voter voted, unless a court orders otherwise."

SECTION 55.(p) Subsections 55(a) through 55(n) of this section become effective January 1, 2003, and apply to all primaries and elections held on and after that date. Subsection 55(o) is effective when this act becomes law.

SECTION 56. G.S. 163-132.3 is amended by adding a new subsection to read:

"(e) During the period beginning October 1, 2002, and ending December 31, 2003, no county board of elections may change any precinct boundary. However, a county that has a precinct line that does not follow a 2000 Census Block Boundary may change that precinct line to conform to the way that precinct is shown on the General Assembly's redistricting database, provided the total population of the area moved from one precinct to another is not greater than ten percent (10%) of the total population of either precinct. A county board of elections proposing a change to a precinct during this period shall submit that change to the Legislative Services Office, which shall examine the proposed change and give its opinion of its compliance with this subsection to the Executive Director of the State Board of Elections. If the proposed change is in compliance with this subsection, the Executive Director shall approve it."

SECTION 57.(a) Article 20 of Chapter 163 of the General Statutes is amended by adding a new section to read:

"**§ 163-230.2. Method of requesting absentee ballots.**

(a) Valid Types of Written Requests. – A written request for an absentee ballot as required by G.S. 163-230.1 is valid only if it is written entirely by the requester personally, or is on a form generated by the county board of elections and signed by the requester. The county board of elections shall issue a request form only to the voter seeking to vote by absentee ballot or to a person authorized by G.S. 163-230.1 to make a request for the voter. If a requester, due to disability or illiteracy, is unable to complete a written request, that requester may receive assistance in writing that request from an individual of that requester's choice.

(b) Invalid Types of Written Requests. – A request is not valid if it does not comply with subsection (a) of this section. If a county board of elections receives a request for an absentee ballot that does not comply with subsection (a) of this section, the board shall not issue an application and ballot under G.S. 163-230.1.

(c) Rules by State Board. – The State Board of Elections shall adopt rules for the enforcement of this section."

SECTION 57.(b) This section becomes effective January 1, 2003, and applies to all primaries and elections held on or after that date.

SECTION 57.1.(a) G.S. 163-278.7(b) reads as rewritten:

"(b) Each appointed treasurer shall file with the Board at the time required by G.S. 163-278.9(a)(1) a statement of organization that includes:

(1) The Name, Address and Purpose of the Candidate, Political Committee, or Referendum Committee. – When the political committee or referendum committee is created pursuant to G.S. 163-278.19(b), the name shall be or include the name of the corporation, insurance company, business entity, labor union or professional association whose officials, employees, or members established the committee. When the political committee or referendum committee is not created pursuant to G.S. 163-278.19(b), the name shall be or include the economic interest, if identifiable, principally represented by the committee's organizers or intended to be advanced by use of the committee's receipts.

(2) The names, addresses, and relationships of affiliated or connected candidates, political committees, referendum committees, political parties, or similar organizations;

(3) The territorial area, scope, or jurisdiction of the candidate, political committee, or referendum committee;

(4) The name, address, and position with the candidate or political committee of the custodian of books and accounts;

(5) The name and party affiliation of the candidate(s) whom the committee is supporting or opposing, and the office(s) involved;

(5a) The name of the referendum(s) which the referendum committee is supporting or opposing, and whether the committee is supporting or opposing the referendum;

(6) The name of the political committee or political party being supported or opposed if the committee is supporting the ticket of a particular political or political party;

(7) A listing of all banks, safety deposit boxes, or other depositories used, including the names and numbers of all accounts maintained and the numbers of all such safety deposit boxes ~~used;~~used, provided that the Board shall keep any account number included in any report required by this Article confidential except as necessary to conduct an audit or investigation, except as required by a court of competent jurisdiction, or unless confidentiality is waived by the treasurer. Disclosure of an account number in violation of this subdivision shall not give rise to a civil cause of action. This limitation of liability does not apply to the disclosure of account numbers in violation of this subdivision as a result of gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable.

(8) The name or names and address or addresses of any assistant treasurers appointed by the treasurer. Such assistant treasurers shall be authorized to act in the name of the treasurer, who shall be fully responsible for any act or acts committed by an assistant treasurer, and the treasurer

shall be fully liable for any violation of this Article committed by any assistant treasurer; and

(9) Any other information which might be requested by the Board that deals with the campaign organization of the candidate or referendum committee."

SECTION 57.1.(b) This section becomes effective January 1, 2003, and applies to any report filed on or after that date. The State Board of Elections may redact, and may authorize county boards of elections to redact, account numbers from public copies of reports filed prior to January 1, 2003.

SECTION 57.3.(a) G.S. 163-278.19(a) reads as rewritten:

"(a) Except as provided in subsections (b), (d), (e), ~~and (f)~~ (f), and (g) of this section it shall be unlawful for any corporation, business entity, labor union, professional association or insurance company directly or indirectly:

(1) To make any contribution to a candidate or political committee (except a loan of money by a national or State bank or federal or State savings and loan association made in accordance with the applicable banking or savings and loan association laws and regulations and in the ordinary course of business) or to make any expenditure to support or oppose the nomination or election of a clearly identified candidate;

(2) To pay or use or offer, consent or agree to pay or use any of its money or property for any contribution to a candidate or political committee or for any expenditure to support or oppose the nomination or election of a clearly identified candidate; or

(3) To compensate, reimburse, or indemnify any person or individual for money or property so used or for any contribution or expenditure so made;

and it shall be unlawful for any officer, director, stockholder, attorney, agent or member of any corporation, business entity, labor union, professional association or insurance company to aid, abet, advise or consent to any such contribution or expenditure, or for any person or individual to solicit or knowingly receive any such contribution or expenditure. Supporting or opposing the election of clearly identified candidates includes supporting or opposing the candidates of a clearly identified political party. Any officer, director, stockholder, attorney, agent or member of any corporation, business entity, labor union, professional association or insurance company aiding or abetting in any contribution or expenditure made in violation of this section shall be guilty of a Class 2 misdemeanor, and shall in addition be liable to such corporation, business entity, labor union, professional association or insurance company for the amount of such contribution or expenditure, and the same may be recovered of him upon suit by any stockholder or member thereof."

SECTION 57.3.(b) G.S. 163-278.19 is amended by adding a new subsection to read:

"(g) If a political committee has as its only purpose accepting contributions and making expenditures to influence elections, and that political committee incorporates as a nonprofit corporation to shield its participants from liability created outside this

Chapter, that political committee is not considered to be a corporation for purposes of this section. Incorporation of a political committee does not relieve any individual, person, or other entity of any liability, duty, or obligation created pursuant to any provision of this Chapter. To obtain the benefits of this subsection, an incorporating political committee must state exactly the following language as the only purpose for which the corporation can be organized: "to accept contributions and make expenditures to influence elections as a political committee pursuant to G.S. 163-278.6(14) only." No political committee shall do business as a political committee after incorporation unless it has been certified by the State Board of Elections as being in compliance with this subsection."

SECTION 57.3.(c) This section becomes effective January 1, 2003.

SECTION 57.5. G.S. 166A-6.01(b)(2), as amended by Section 1 of S.L. 2002-24, reads as rewritten:

"(2) Public assistance. – State disaster assistance in the form of public assistance grants may be made available to eligible entities located within the disaster area on the following terms and conditions:

a. Eligible entities shall meet the following qualifications:

1. The eligible entity suffers a minimum of ten thousand dollars ($10,000) in uninsurable losses;
2. The eligible entity suffers uninsurable losses in an amount equal to or exceeding one-half percent (0.5%) of the annual operating budget;
3. For a state of disaster proclaimed pursuant to G.S. 166A-6(a) after ~~November 1, 2003,~~the deadline established by the Federal Emergency Management Agency pursuant to the Disaster Mitigation Act of 2002, P.L. 106-390, the eligible entity shall have a hazard mitigation plan approved pursuant to the Stafford Act; and
4. For a state of disaster proclaimed pursuant to G.S. 166A-6(a) after August 1, 2002, the eligible entity shall be participating in the National Flood Insurance Program in order to receive public assistance for flooding damage.

b. Eligible entities shall be required to provide non-State matching funds equal to twenty-five percent (25%) of the eligible costs of the public assistance grant.

c. An eligible entity that receives a public assistance grant pursuant to this subsection may use the grant for the following purposes only:

1. Debris clearance.
2. Emergency protective measures.
3. Roads and bridges.
4. Crisis counseling.
5. Assistance with public transportation needs."

SECTION 58. Section 2(b) of S.L. 2001-403 is repealed.

SECTION 58.5. Section 6.19 of S.L. 2001-424 reads as rewritten:

"**SECTION 6.19.(a)** By January 1, 2002, and quarterly thereafter, each State department, agency, and institution shall make a detailed written report to the Office of State Budget and Management and the Office of State Personnel on its utilization of personal services ~~contracts.~~contracts that have an annual value of five thousand dollars ($5,000) or more. The report by each State department, agency, and institution shall include the following:

(1) The total number of personal services contractors in service during the reporting period.
(2) The type, duration, status, and cost of each contract.
(3) The number of contractors utilized per contract.
(4) A description of the functions and projects requiring contractual services.
(5) The number of contractors for each function or project.
(6) Identification of the State employee responsible for oversight of the performance of each contract and the number of contractors reporting to each contract manager or supervisor."

SECTION 59. Section 21.19(y) of S.L. 2001-424, as amended by Section 10.11(a) of S.L. 2002-126, reads as rewritten:

"**SECTION 21.19.(y)** The Department of Health and Human Services may apply federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the Social Security Act, including the attachment of liens, to real property excluded as "income producing", tenancy-in-common, or as nonhomesite property made "income producing" under Title XIX, Section 1902(r)(2) of the Social Security Act. The transfer of assets policy shall apply ~~only~~ to an institutionalized individual or the individual's spouse as defined in Title XIX, Section 1917(c) of the Social Security Act. The transfer of assets policy shall also apply to any noninstitutionalized individuals or spouse of such individuals as defined in Title XIX, Section 1917(c) and as described in an approved Title XIX State Plan. This subsection becomes effective no earlier than October 1, 2001. Federal transfer of asset policies and attachment of liens to properties excluded as tenancy-in-common or as nonhomesite property made "income producing" in accordance with this subsection shall become effective not earlier than November 1, 2002."

SECTION 60. Section 3 of S.L. 2001-505 reads as rewritten:

"**SECTION 3.** The Public Officers and Employees Liability Insurance Commission in the Department of Insurance shall effect and place professional liability insurance coverage under G.S. 58-32-15 for local health department sanitarians defended by the State under ~~G.S. 143-300.8 under G.S. 58-32-15.~~G.S. 143-300.8. For insurance purposes only under G.S. 58-32-15, local health department sanitarians are considered to be employees of the Department of Environment and Natural Resources."

SECTION 61. The introductory language of Section 12 of S.L. 2002-16 reads as rewritten:

"**SECTION 12.** G.S. ~~105-467(b)(6)~~ 105-467(a)(6) reads as rewritten:".

SECTION 61.5. Section 4 of S.L. 2002-96 reads as rewritten:

"**SECTION 4.** This act is effective when it becomes ~~law.~~law in Craven, Nash, and Pamlico counties. This act becomes effective July 1, 2003 in all other counties of the State."

SECTION 62. Section 4 of S.L. 2002-94 is repealed.

SECTION 63. The introductory language of Section 1 of S.L. 2002-103 reads as rewritten:

"**SECTION 1.** ~~G.S. 115C-47~~ G.S. 115C-12 is amended by adding a new subdivision to read:".

SECTION 64.(a) Section 6 of S.L. 2002-107 reads as rewritten:

"**SECTION 6.** This act is effective when it becomes ~~law.~~law, and Sections 1 and 4 apply to bidding opportunities advertised on or after that date."

SECTION 64.(b) Effective September 6, 2002, Section 5 of S.L. 2002-107 is repealed.

SECTION 64.(c) G.S. 133-3 reads as rewritten:

"**§ 133-3. Specifications to carry competitive items; substitution of materials.**

All architects, engineers, designers, or draftsmen, when providing design services, or writing specifications, directly or indirectly, for materials to be used in any city, county or State work, shall specify in their plans the required performance and design characteristics of such materials. However, when it is impossible or impractical to specify the required performance and design characteristics for such materials, then the architect, engineer, designer or draftsman may use a brand name specification so long as they cite three or more examples of items of equal design or equivalent design, which would establish an acceptable range for items of equal or equivalent design. The specifications shall state clearly that the cited examples are used only to denote the quality standard of product desired and that they do not restrict bidders to a specific brand, make, manufacturer or specific name; that they are used only to set forth and convey to bidders the general style, type, character and quality of product desired; and that equivalent products will be acceptable. Where it is impossible to specify performance and design characteristics for such materials and impossible to cite three or more items due to the fact that there are not that many items of similar or equivalent design in competition, then as many items as are available shall be cited. On all city, county or State works, the maximum interchangeability and compatibility of cited items shall be required. The brand of product used on a city, county or State work shall not limit competitive bidding on future works. If an architect, engineer, designer, draftsman or owner prefers a particular brand of material, then ~~such~~ the brand shall be bid as an alternate to the base bid and in ~~such~~ that case the base bid shall cite three or more examples of items of equal or equivalent design, which would establish an acceptable range for items of equal or equivalent design. Alternates must be selected from a list of performance standards that have been pre-approved for use by the city, county or State. The city or county governing body for city or county works, and the Office of State Construction for State works, may approve proprietary building products for use as performance standards for their facilities. Performance standards that include proprietary products must meet either of the following criteria with written justification: (i) it provides cost savings for the agency; or (ii) it maintains or improves the function

of any process or system for the facility or agency. Substitution of materials, items, or equipment of equal or equivalent design shall be submitted to the architect or engineer for approval or disapproval; such approval or disapproval shall be made by the architect or engineer prior to the opening of bids. The purpose of this statute is to mandate and encourage free and open competition on public contracts."

SECTION 64.(d) Section 64.(c) becomes effective January 1, 2003, and applies to bidding opportunities advertised on or after that date.

SECTION 65. It is the intent of the General Assembly that Sections 1 through 7 of S.L. 2002-120 shall be effective prospectively only and shall not apply to pending litigation or claims that accrued before the effective date of S.L. 2002-120. Nothing in Section 1 through 7 of S.L. 2002-120 shall be construed as a waiver of the sovereign immunity of the State or any other defenses as to any claim for damages, other recovery of funds, including attorneys' fees, or injunctive relief from the State by any unit of local government or political subdivision of the State.

SECTION 66. S.L. 2002-126 is amended by adding a new section to read:

"**TRANSFER OF COMMUNITY SERVICE CONSULTANT POSITION**

SECTION 19.8. Effective August 1, 2002, personnel position # 4101-0000-0000-067, Community Service Consultant, is transferred from the Department of Administration to the Office of State Personnel."

SECTION 66.5. If House Bill 1105 becomes law, G.S. 58-6-25(d)(6) and G.S. 58-6-25(d)(7), as enacted by that act, are recodified as G.S. 58-6-25(d)(7) and G.S. 58-6-25(d)(8), respectively."

SECTION 67. If House Bill 1245, 2001 Session, becomes law, Section 2 of that act reads as rewritten:

"**SECTION 2.** The Division of Motor Vehicles shall implement the requirements of Section 1 of this act at the earliest practical date, but no later than April 1, 2003."

SECTION 68. If House Bill 1745, 2001 Session, becomes law, the introductory language of Section 4 of that act reads as rewritten:

"**SECTION 4.** G.S. 20-79.4(b) is amended by adding ~~two~~ three new subdivisions to read:".

SECTION 69. Section 2.2(h) of S.L. 2002-126 reads as rewritten:

"**SECTION 2.2.(h)** The General Assembly finds that over the last two fiscal years, the cost of the Medicaid program has increased over one billion dollars ($1,000,000,000). The downturn in the economy has caused an unforeseeable increase in the number of persons eligible for the program. Even with the significant expansion funds appropriated for the increased costs, transfers of funds to meet obligations for the 2001-2002 fiscal year, and significant cost-savings measures imposed by the General Assembly and the Department of Health and Human Services, Medicaid will still need additional State funds next year to cover increased costs.

The General Assembly further finds that due to the downturn in the economy and the loss of jobs in various sectors of the economy, the State must undertake various economic initiatives.

Funds transferred pursuant to this section shall be used only for Medicaid and for economic initiatives.

Notwithstanding G.S. 143-16.4(a2), of the funds ~~credited~~ added to the Tobacco Trust Account from the Master Settlement Agreement settlement payments pursuant to Section 6(2) of S.L. 1999-2 during the 2002-2003 fiscal year, the sum of thirty-eight million dollars ($38,000,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal year.

Notwithstanding G.S. 143-16.4(a1), of the funds ~~credited~~ added to the Health Trust Account from the Master Settlement Agreement settlement payments pursuant to Section 6(2) of S.L. 1999-2 during the 2002-2003 fiscal year, the sum of forty million dollars ($40,000,000) shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund) to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal year.

Notwithstanding G.S. 147-86.30(c), the Health and Wellness Trust Fund Commission may transfer up to eighteen million dollars ($18,000,000) from the Fund Reserve created in G.S. 147-86.30 to the Health and Wellness Trust Fund nonreserved funds to be expended in accordance with G.S. 147-86.30(d) during the 2002-2003 fiscal year."

SECTION 69.5. Section 5.2(a) of S.L. 2002-126 reads as rewritten:

"**SECTION 5.2.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000

TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT - ~~2002~~ 2003 Program Year $45,000,000"

SECTION 69.6.(a) Section 5.2(d) of S.L. 2002-126 reads as rewritten:

"**SECTION 5.2.(d)** Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: ~~up to~~ not less than one million dollars ($1,000,000) may be used for State administration; up to one million dollars ($1,000,000) may be used for Urgent Needs and Contingency; up to thirteen million one hundred thousand dollars ($13,100,000) may be used for

Scattered Site Housing; up to eight million seven hundred ten thousand dollars ($8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars ($13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars ($450,000) may be used for State Technical Assistance; up to two million one hundred thousand dollars ($2,100,000) may be used for Housing Development; up to five million one hundred forty thousand dollars ($5,140,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable."

SECTION 69.6.(b) Section 5.2 of S.L. 2002-126 is amended by adding a new subsection to read:

"**SECTION 5.2.(f)** Notwithstanding Section 5.2 of S.L. 2001-424, up to four million dollars ($4,000,000) of funds appropriated in Section 5.2 of S.L. 2001-424 to the Department of Commerce for Economic Development may be used for Urgent Needs and Contingency for drought recovery."

SECTION 70. The introductory language of Section 7.30 of S.L. 2002-126 reads as rewritten:

"**SECTION 7.30.** Effective January 1, 2003, G.S. 115C-174.12 reads as rewritten:".

SECTION 70.5. Section 7.44 of S.L. 2002-126 reads as rewritten:

"**SECTION 7.44.** Notwithstanding G.S. 115C-174.11(a), the Department of Public Instruction may administer a standardized reading test measure for a ~~one-time, one-year only,~~ pilot study of the comparative predictive validity of the reading assessment used in kindergarten through second grade. This standardized measure may be administered to ~~a sample of~~ students in ~~a maximum of five percent (5%) of the~~ eligible public schools, including ~~eligible~~ charter schools, and is limited to the extent necessary to receive funds as part of the federal Reading First Grant. The results of this standardized measure shall not be used to evaluate, promote, or retain any student."

SECTION 71. S.L. 2002-126 is amended by adding a new section to read:

"**TRANSFER OF COMMUNITY COLLEGE POSITION**

SECTION 8.9. Personnel position # 6800-1500-0075-052, High School Apprenticeship Consultant, is transferred from the North Carolina Community College System to the Department of Public Instruction."

SECTION 72. Section 9.7 of S.L. 2002-126 reads as rewritten:

"**SECTION 9.7.** The Chancellor of each constituent institution shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes in order to meet the reduction reserve amounts for that institution. The President of The University of North Carolina shall report to the Board of Governors of The University of North Carolina on the reductions made to the General Fund budget codes controlled by the Board in order to meet the reduction reserve amounts for those entities. The Board of Governors shall make a summary report to the Fiscal Research Division by ~~October 31,~~November 30, 2002, on all reductions made by these entities and constituent institutions in order to reduce the budgets by the targeted amounts."

SECTION 73. Section 10.3(b) of S.L. 2002-126 reads as rewritten:

"**SECTION 10.3.(b)** The Department shall report the results of its review to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than ~~December 1, 2002.~~February 15, 2003. The report shall include staffing requirements for adult day care and adult day health programs as compared to adult care homes, assisted living facilities, and nursing homes in the State. The report shall also compare staffing ratios in North Carolina to those of other states, including those states that border North Carolina. The report shall be conducted by the Department, Office of Long-Term Care, or by an independent contractor and shall contain all of the following specific information:

(1) Number of staff required per resident.

(2) Education/work experience required and preferred as a basis for hire.

(3) Specific job duties outlined in job descriptions.

(4) Rationale and justification for establishing the existing staff ratios in the Division of Aging's policy for adult day care and adult day health care.

(5) An analysis of the variance in staffing requirements among adult day care and adult day health programs, adult care homes, assisted living facilities, and nursing homes.

(6) Identification of the entities responsible for licensing and monitoring quality for all providers of long-term care in the State.

(7) Recommendations for changes to existing policies based on findings of the Department's review."

SECTION 74. Section 10.11(c) of S.L. 2002-126 reads as rewritten:

"**SECTION 10.11.(c)** When implementing the Supplemental Security Income (SSI) method for considering equity value of income producing property, the Department shall, to the maximum extent possible, employ procedures to mitigate the hardship to Medicaid enrollees occurring from application of the Supplemental Security Income (SSI) method. The Department shall continue to exclude the equity value of life estate and tenancy-in-common property when determining resource eligibility for Medicaid, even if the property is also income producing."

SECTION 75. Section 10.19(b) of S.L. 2002-126 reads as rewritten:

"**SECTION 10.19.(b)** The Secretary of Health and Human Services shall not request or require supplemental rebates from pharmaceutical manufacturers."

SECTION 75.5. Section 13.3(c) of S.L. 2002-126 reads as rewritten:

"**SECTION 13.3.(c)** North Carolina REAL Enterprises and the other agencies listed in subsections (a) and (b) of this section shall do the following for the programs for which funds are appropriated in this section:

By January 15, 2003, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

(1) State fiscal year ~~2002-2003~~ 2001-2002 program activities, objectives, and accomplishments;

(2) State fiscal year ~~2002-2003~~ 2001-2002 itemized expenditures and fund sources;

(3) State fiscal year ~~2003-2004~~ 2002-2003 planned activities, objectives, and accomplishments including actual results through December 31, 2002; and

(4) State fiscal year ~~2003-2004~~ 2002-2003estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2002."

SECTION 76.(a) Section 13.7 of S.L. 2002-126 is repealed.

SECTION 76.(b) Section 13.9 of S.L. 2002-126 reads as rewritten:

"**SECTION 13.9.** The Kenan-Flagler Business School ("Business School") of the University of North Carolina at Chapel Hill shall study the effectiveness of the economic development activities of the North Carolina Department of Commerce ("Commerce") and the Regional Economic Development Commissions ("Commissions"). In conducting its study the Business School shall work with Commerce and the Commissions to do the following:

(1) Identify how Commerce and the Commissions can improve communication, implement a more coordinated and efficient recruitment and retention effort throughout the State, and avoid duplication of ~~effort,~~effort.

(2) Establish specific performance measures and outcomes relevant to the mission, goals, and objectives of Commerce and the ~~Commissions,~~Commissions.

~~(3) Develop a "scorecard" that can be used to measure the extent to which Commerce and the Commissions have achieved their goals, objectives, and outcomes, and~~

(43) Recommend a performance-based funding mechanism that will inform the General Assembly's decisions regarding appropriations to Commerce and the Commissions.

The Business School also may include in its study and recommendations any other information it deems relevant to the study and its intent.

The Business School shall report its findings and recommendations to the Senate Appropriations Subcommittee on Natural and Economic Resources, the House and Senate Full Appropriations Chairs, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by March 15, 2003."

SECTION 77. S.L. 2002-126 is amended by adding a new section to read:

"Requested by: Representatives Baddour, Culpepper

CLARIFY EARNED TIME FOR MEDICALLY AND PHYSICALLY UNFIT INMATES

SECTION 17.19. Subsection (b) of Section 25.1 of S.L. 2001-424 reads as rewritten:

"**SECTION 25.1.(b)** This section is effective when it becomes law and applies to inmates serving sentences on or after that date. Inmates sentenced under the Fair Sentencing Act or prior law who meet the criteria established pursuant to this section may be awarded gain time.""

SECTION 78. Section 18.6(c) of S.L. 2002-126 reads as rewritten:

"**SECTION 18.6.(c)** This section becomes effective ~~December 1,~~October 15, 2002."

SECTION 79. The "Requested by" text for Section 18.7 of S.L. 2002-126 reads as rewritten:

"Requested by: Senators Thomas, Wellons, Ballance, Rand, Garrou, Plyler, Odom, Lee; Representatives Baddour, ~~Decker,~~ Culpepper, Haire, Luebke, Easterling, Oldham, Redwine"

SECTION 80. Section 19.4 of S.L. 2002-126 reads as rewritten:

"**SECTION 19.4.** The Department of Administration, State Property Office, in consultation with all State agencies, shall identify regional offices established throughout the State in all State agencies and shall develop a plan that provides for the consolidation of the individual regional offices into a central facility in each region, giving consideration to sharing space and utilizing vacant space, and to availability of space in all agencies, including university and community college campuses. The Department shall report its findings and recommendations to the Chairs of the Appropriations Committees of the Senate and House of Representatives and to the Fiscal Research Division by ~~November 1, 2002.~~February 1, 2003."

SECTION 81. Section 21.2 of S.L. 2002-126 reads as rewritten:

"**SECTION 21.2.** The Office of State Budget and Management shall study the feasibility of charging an admission fee to the State's museums and other similar facilities open to the public. The Office of State Budget and Management shall conduct the study in consultation with the Fiscal Research Division of the Legislative Services Office. The Office of State Budget and Management shall complete this study and report to the Chairs of the Senate and House of Representatives Appropriations Committees by ~~November 1, 2002.~~February 1, 2003."

SECTION 82. Section 28.3A of S.L. 2002-126 reads as rewritten:

"**SECTION 28.3A.** Any person who is a full-time permanent employee on September 30, 2002, of (i) a local board of education, ~~except for an employee who receives a salary increment pursuant to Section 7.1, 7.2, or 7.45 of this act,~~ or (ii) the State, who is eligible for annual leave shall have a one-time additional 10 days of annual leave credited on that date. Local board of education employees paid on salary schedules in Section 7.1 or 7.2 of this act are not eligible to receive this additional annual leave unless they are at the top of their respective salary schedules and do not receive a salary increment for the 2002-03 fiscal year. Employees paid under Section 7.45 of this act shall not be eligible for this additional annual leave unless they are at the top of their respective salary schedules and do not receive a salary increment for the 2002-2003 fiscal year. That leave shall be accounted for separately, and shall remain available until used, notwithstanding any other limitation on the total number of days of annual leave that may be carried forward. Part-time permanent employees and 9- or 10-month employees shall receive a pro rata amount of the 10 days.

The General Assembly encourages the State Board of Community Colleges to adopt rules authorizing the colleges to provide special annual leave bonuses, compensation bonuses, or other employee benefits to their employees. Included within this may be salary increases within available funds to employees not receiving special annual leave bonuses."

SECTION 83. If Senate Bill 1238, 2001 Session, becomes law, Sections 4.1 and 5 of that act read as rewritten:

"**SECTION 4.1.** The ~~appropriation to the~~ Department of State ~~Treasurer, Retirement Systems Division, is increased~~ Treasurer is authorized to increase the requirements and receipts for the operating budget of the Retirement Systems Division in the amount of two hundred forty-seven thousand seven hundred thirteen dollars ($247,713) for the fiscal year 2002-2003 and the fiscal year 2003-2004 to fund eight two-year time-limited positions to implement the provisions of this act.

SECTION 5. ~~This~~ Sections 4.1 and 5 of this act become effective November 1, 2002, and the remainder of this act becomes effective January 1, 2003."

SECTION 84. The following budget reductions in the Department of Health and Human Services, as provided in the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated September 18, 2002, are modified as follows:

(1) The reduction in funding in the Division of Facility Services under the heading "17 Legal Services" is for the elimination of the contract with the Department of Justice for one paralegal position. This reduction does not require the elimination of a personnel position in the division.

(2) The reduction in funding for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under the heading "40 Mental Retardation Centers" is modified by deleting "1.0 Outreach Specialist II" and substituting "2.0 Outreach Specialist II"; and by deleting "1.0 Patient Review Coordinator".

(3) The reduction in funding for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services under the heading "State Psychiatric Hospitals" is modified by deleting "1.0 Patient Relations Representative III" and substituting "1.0 Patient Relations Representative IV".

(4) The reduction in funding in the Division of Vocation Rehabilitation under the heading "111 Position Eliminations" is modified by deleting "Eliminates 24.0 vacant and 2.0 filled positions:" and substituting "Eliminates 23.0 vacant and 2.0 filled positions:"; by deleting "8.0 Office Assistant III's" and substituting "7.5 Office Assistant III's"; and by deleting "1.0 Processing Assistant III" and substituting ".5 Processing Assistant III". Twenty-five personnel positions are eliminated by this reduction.

(5) The reduction in funding for Office of Education Services under the heading "122 Central Preschool Program" is modified by deleting "Eliminates 7.0 vacant and 2.0 filled preschool staff positions" and substituting "Eliminates 6.75 vacant and 2.0 filled preschool staff positions"; and by deleting "1.0 EDA II" and substituting ".75 EDA II". Eight and three-fourths personnel positions are eliminated by this reduction.

(6) The reduction in funding for Office of Education Services under the heading "131 Positions at WNCSD" is modified by deleting "Abolishes 14.75 vacant and 1.0 filled positions" and substituting

"Abolishes 11.75 vacant and 1.0 filled positions"; by deleting "1.0 Computer Support Tech II"; and by deleting "5.0 Teachers" and substituting "3.0 Teachers". Twelve and three-fourths positions are eliminated by this reduction.

SECTION 85. The following positions in the Office of State Personnel, as provided in the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated September 18, 2002, are modified as follows:

(1) Delete "HR Partner- #4000-0500-0004-320 – ($35,535)" and substitute "HR Partner-#4000-0300-0004-320 – ($35,535)"; and

(2) Delete "HR Partner - #4000-0500-0004-946 – ($36,396)" and substitute "HR Partner - #4000-0300-0004-946 – ($36,396)".

SECTION 86. Notwithstanding any other provision of law, the Department of Health and Human Services shall expend from funds available in the 2002-2003 fiscal year the sum of two million dollars ($2,000,000) for the purpose of planning and preliminary design through the schematic phase of replacement hospitals for Cherry and Broughton psychiatric hospitals. The Department shall ensure that the identification and use of the funds for these purposes do not impact adversely direct services for mental health, developmental disabilities, or substance abuse and do not impact adversely area or county mental health, developmental disabilities, and substance abuse services programs. The replacement hospitals for Cherry Hospital and Broughton Hospital shall be located in the Counties of Wayne and Burke to serve the Eastern and Western regions of the State."

SECTION 87. Any employee subject to a reduction in force action pursuant to Executive Order Number 22 whose position was ultimately funded in S.L. 2002-126 shall maintain their career State employee status as provided in G.S. 126-1.1. Employees may also purchase vacation leave up to the amount that they had accrued, not to exceed 240 hours, prior to the date of their separation. Employees who had accrued in excess of 240 hours of annual leave shall have that balance reinstated. These employees shall also receive the "Special Annual Leave Bonus" as specified in Section 28.3A of S.L. 2002-126."

SECTION 88. Notwithstanding G.S. 12-3.1(a)(2), the North Carolina Locksmith Licensing Board may adopt its initial fees as authorized by G.S. 74F-9 without prior consultation with the Joint Legislative Commission on Governmental Operations. The North Carolina Licensing Board shall report on the amount and purpose of its initial fees to the Joint Legislative Commission on Governmental Operations prior to the next meeting of the Joint Legislative Commission on Governmental Operations following the adoption of the initial fees.

SECTION 89. Notwithstanding any other provision of law to the contrary, the General Assembly may authorize the use of monies from its reserve to pay the dues for the Southern Legislative Conference and other associated organizations for the 2002-2003 fiscal year.

SECTION 90. The Asheboro Municipal Airport is designated as the official location of the North Carolina Aviation Hall of Fame and the North Carolina Aviation

Museum. The Airborne Operation Museum of Fayetteville is designated as the official location of the Airborne Military Museum of North Carolina.

SECTION 91. The Secretary of Health and Human Services shall maintain all existing educational and research programs in psychiatry and psychology conducted by the University of North Carolina School of Medicine and the Psychology Department within the School of Arts and Sciences at the University of North Carolina at Chapel Hill at Dorothea Dix Hospital and John Umstead Hospital, unless the programs are otherwise modified by the University of North Carolina School of Medicine or the School of Arts and Sciences. The University of North Carolina School of Medicine shall retain authority over all educational and research programs in psychiatry, and the University of North Carolina School of Arts and Sciences shall retain authority over all educational and research programs in psychology conducted at these hospitals and any new State psychiatric hospital. The Secretary shall consult with the University of North Carolina School of Medicine in programmatic, operational, and facility planning of the new psychiatric hospital to ensure appropriate patient treatment and continuation of educational and research programs conducted by the University of North Carolina School of Medicine. Likewise, the Secretary shall consult with the University of North Carolina School of Arts and Sciences to ensure appropriate continuation of educational and research programs conducted by the University of North Carolina School of Arts and Sciences.

SECTION 92. Unless otherwise provided, this act is effective when it becomes law.

VISITOR REGISTRATION SHEET

APPROPRIATIONS
Name of Committee

October 3, 2002
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Eddie Caldwell	H+C, P.A.
Diana Williams	Hand & Assoc
Elizabeth Dalton	Bone & Associates
John Goodman	Mercer Assoc
Stephanie M. Simpson	NCAR
John McMillan	MF+S
Lisa Winn	NC Interwata
Kate Ahr	NC State Watch
Cam Cover	BPOU NC
John Motley	COURTICE
Hal Miller	NCAECT
Kevin Leonard	NCDOL
Carl Gardner	OSP
Michelle Frazier	NC Bar Assoc.
[illegible]	CCPS
[illegible]	[illegible]
Betty [illegible]	[illegible]
Stacy Flannery	NCACFA

VISITOR REGISTRATION SHEET

APPROPRIATIONS — October 3, 2002

Name of Committee — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
R. Paul Wilms	NCHBA
Andy Romanet	NCLM
[illegible]	NCRA
[illegible]	[illegible]
[illegible]	State Bd of Ed
Leon M Killian	Moore Van Allen
Henry Jones	Attorney - Raleigh
Fran Preston	NCRMA
[illegible]	NCRMA
VL McBride	NCTA
Gene Causby	NCSFSA
[illegible]	AIA North Carolina
Mark Fleming	University System
Tim McDonald	Independent Colleges
Susan Markham	PENC
Susan Harrison	NCPSS
Lucius PULLEN	ATTORNEY
[illegible] Pratt	CMAT

VISITOR REGISTRATION SHEET

APPROPRIATIONS — **Name of Committee**

October 3, 2002 — **Date**

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
Bill Scoggin	KCCH
Ann Lore	DUHS
Angi Harris	MTE
Bill Rustin	ACP
Charles Williams	Asst. Sgt At Arms Executive
Suzanne Williams	NCCS
Becky Mercer	Mercer & Assoc.
Terry Kaplan	NCAHP
Ruth Sappie	NCDOT
Steve Vill	CCNC
Larry Dick	AJJDP

2001

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

MINUTES

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL

2001 SESSION, BOOK 1 OF 1

Rep. Thomas E. Wright
Chair

Vanda Wilson-Wormack
Committee Assistant

HOUSE APPROPRIATIONS SUBCOMMITTEE ON CAPITAL
2001-2002 SESSION

MEMBER	ASSISTANT	PHONE	OFFICE	SEAT
Wright, Thomas **Chairman**	Vanda Wilson-Wormack Committee Assistant	733-5754	523 LOB	5
Allred, Cary	Jean Allred	733-5607	609 LOB	26
Arnold, Gene	Mary Hayes	733-5806	1420 LB	102
Boyd-McIntyre, Flossie	Mia Bailey	733-5905	507 LOB	18
Brubaker, Harold	Cindy Coley	715-4946	1229 LB	39
Crawford, James	Linda Winstead	733-5824	1301 LB	24
Daughtry, Leo	Bernice Bullard	733-5868	510 LOB	42
Earle, Beverly	Ann Raeford	733-5747	535 LOB	95
Ellis, Sam	Alice Falcone	733-5755	607 LOB	116
Fox, Stanley	Mary Capps	733-5757	1217 LB	46
Gillespie, Mitch	Cindy Hobbs	733-5987	1201 LB	111
Grady, Robert	Peggy Murray	715-9644	616 LOB	62
Haire, Phillip	Sara Jane Lennard	715-3005	419 B	47
Holmes, George	Glenda Jacobs	733-5771	2119 LB	41
Howard, Julia	Gail Stewart	733-5904	1023 LB	104
Jeffus, Margaret	Mary Lee Robinson	733-5191	1013 LB	4
Justus, Larry	Carolyn Justus	733-5956	640 LOB	13
Kiser, Joe	Marilyn Holder	733-5782	1317 LB	100
Miner, David	Susan Phillips	733-5861	1006 LB	76
Nesbitt, Jr. Martin	Jan Lee	733-5872	2204 LB	20
Sherrill, Wilma	Rosa Kelley	715-4466	602 LB	37
Shubert, Fern	Carol Wilson	733-5602	1426 LB	417 A
Tolson, Joe	Gayle Christian	715-3024	402 LOB	59
Lynn Muchmore, Fiscal Research		733-4910		
Karen Hammonds-Blanks Fiscal Research		733-4910		

ATTENDANCE

House Appropriations Subcommittee on Capital

(2001 Session)

(Name of Committee)

DATES	6-25-01														
Wright, Thomas, Chairman	X														
Allred, Cary	X														
Arnold, Gene	X														
Boyd-McIntyre, Flossie	X														
Brubaker, Harold															
Crawford, James	X														
Daughtry, Leo	X														
Earle, Beverly	X														
Ellis, Sam															
Fox, Stanley	X														
Gillespie, Mitch	X														
Grady, Robert															
Haire, Phillip	X														
Holmes, George	X														
Howard, Julia															
Jeffus, Margaret	X														
Justus, Larry	X														
Kiser, Joe	X														
Miner, David	X														
Nesbitt Jr., Martin	X														
Sherrill, Wilma	X														
Shubert, Fern	X														
Tolson, Joe	X														

10-25-9

Ex Officio Members															
Hackney, Joe	X														
Baddour, Phillip	X														
Dedmon, Andrew	X														
Earle, Beverly															
Cunningham, Pete	X														

STATE OF NORTH CAROLINA
NORTH CAROLINA GENERAL ASSEMBLY
STATE LEGISLATIVE BUILDING
RALEIGH, NORTH CAROLINA 27601

June 25, 2001

Appropriations Subcommittee on Capital
Meeting After Session

1. Department of Environment and Natural Resources
   a. Water Resources Development Projects

2. Statewide Capital Reserves
   a. Repairs and Renovations Reserve Account

MINUTES

House Appropriations Subcommittee on Capital
Monday, June 25, 2001
7:50PM ROOM 643 LOB

The House Appropriations Subcommittee on Capital met on Monday, June 25, 2001 at 7:50pm in Room 643 LOB. A silent roll was taken, (roll list denotes members present).

Chairman Wright called the meeting to order.

Charles Perusse, Fiscal Staff, explained the Capital Report document. Rep. Daughtry asked about the terminology "Other Projects" on page 268, line 9. Chairman Wright responded. Rep. Daughtry followed up with a question about how the money was spent in the past, the number of applications and the carry over amount each year. John Morris, Director of the Division of Water Resources responded and was available for questions and answers regarding the grant money. Rep. Daughtry asked what agency took the money for Hurricane relief. John Morris responded that the budget office took $5 million from the Division of Water Resources Capital fund to meet the Hurricane relief emergency. Rep. Daughtry followed up with a question about the $1.2 million. John Morris responded that the $1.2 million was used to operate the program and make grants to the local governments that apply. Rep. Daughtry asked about the amount of money the Division needs for the water resources grant program. John Morris responded that the amount varies depending on weather conditions, but typically for the program the range is from $ 1 million to $ 2 million dollars. Rep. Justus asked about the funds from the Clean Water Revolving funds. Chairman Wright responded that the money was direct appropriations that require a federal match. Rep. Justus asked if the money could be spent from the Clean Water Revolving funds for any other projects. Rick Dridus, from the Department of Environment and Natural Resources, responded. Rep. Justus asked about what the funds would be used for. Jennifer Hoffman, fiscal staff, also responded. Rep. Justus asked if clean water funds could be used for the purchase of parks and recreational areas. Jennifer Hoffman responded. Jennifer Willis, fiscal staff, further explained the explanation. Rep. Shubert asked about the Board of Governor's Provision on page 270. Charles Perusse, fiscal staff, responded. Rep. Shubert asked about the provision on Equity Funding on Highway projects. Charles Perusse responded. Rep. Shubert asked about the authority of the Department to transfer funds. Jennifer Willis responded. Chairman Wright responded that the provision has to be authorized by the NC General Assembly. Rep. Shubert asked about page 269, unencumbered direct appropriation remaining in the project budget. Charles Perusse responded. Rep. Shubert asked the definition of "Emergency" for the money to be used. Charles Perusse responded. Rep. Shubert asked to receive a list of the federal funding matches. John Morris responded that he would provide a list of the matches for each member. Rep. Arnold asked about Item 7-13, on page 267, which refers to a local option tourism tax for Renourishment. Rep. David Redwine responded. Rep. Arnold asked about Shell Island. Chairman Wright responded. Rep. Nesbitt asked about the federal matches and if the money "lay" until a

match is presented by the state. John Morris responded. Rep. Nesbitt asked about projects for the Western portions of the state. John Morris responded. Rep. Nesbitt asked if the Western portions of North Carolina submitted applications for water projects. John Morris responded. Rep. Nesbitt requested a list of the water projects, west of the Yadkin River. John Morris responded. Rep. Tolson asked if the other project money could be used for snagging rivers, Pongo Rivers and others. John Morris responded.

Rep. Daughtry sent forth an amendment to amend the bill on page 268, line 9 and moved for adoption.

Rep. Thompson asked about the portion of the money that would be cut from the agency. Rep. Daughtry responded that money could go in a 'rainy day fund'. Rep. Haire responded that the money should remain in the water resources development projects.

Rep. Daughtry sent forth a perfecting amendment that would send the funds to a 'rainy day fund'. The perfecting amendment was adopted.

Rep. Daughtry moved for adoption of the original amendment.

Rep. Redwine commented on the amendment. Rep. Thompson asked about the application process for the projects in the Western part of North Carolina. John Morris responded. Rep. Daughtry reiterated on the funds being place in the rainy day fund. Rep. Allred commented on the amendment. Rep. Cunningham commented on having the placed in the rainy day fund. Rep. Easterling asked about line 9 of the bill. John Morris responded. Rep. Easterling followed up with a question. John Morris responded. Rep. Nesbitt commented on leaving the money in the department. Rep. Haire commented on defeating the amendment. Rep. Gillespie commented on the amendment. Rep. Redwine commented.

Chairman Wright called the question. Division was called. A vote was taken by a show of hands at the request of Chairman Wright. The amendment failed 17-11.

Rep. Miner moved to amend the bill on page 271, line 37.

Rep. Miner explained the amendment and moved for adoption.

Rep. Hackney asked Rep. Miner about the language of the amendment. Chairman Wright further commented on the amendment. Rep. Daughtry commented on the amendment.

Chairman Wright called the question. The amendment passed.

Rep. Tolson moved to give the Capital Committee Report a favorable report. So moved.

The meeting adjourned at 8:30pm

Rep. Thomas E. Wright, Chairman

Vanda Wilson-Wormack, Committee Assistant

Capital

	GENERAL FUND	
	FY 2001-02	FY 2002-03
Department of Environment and Natural Resources		
1 Water Resources Development Projects		
Provide state funds to match federal and local funds for water resources development projects as outlined in the state's Water Resources Development Plan.	$32,936,000 NR	
Statewide Capital Reserves		
2 Repairs and Renovations Reserve Account		
Provide funds for repairs and renovations of the UNC System and State facilities throughout North Carolina.	$100,000,000 NR	
Total Capital Appropriation		
	$132,936,000 NR	

~~expense of handling which shall be determined by the Board of Trustees and receive credit for the creditable service forfeited at the time of withdrawal.~~ interest compounded annually at the rate of six and one-half percent (6.5%) for each calendar year from the year of withdrawal to the year of repayment plus a fee to cover expense of handling which shall be determined by the Board of Trustees, and receive credit for the service forfeited at time of withdrawal. The retirement benefit shall be increased the month following the receipt of payment. The retirement benefit shall not include any benefit as a result of retirement adjustments or cost-of-living increases granted since the date of retirement. The retirement benefit will be calculated based in the accrual rate at the time of purchase."

SECTION 32.32.(b) G.S. 135-4(m) reads as rewritten:

"(m) Notwithstanding any language to the contrary of any provision of this section, or of any repealed provision of this section that was repealed with the inchoate and accrued rights preserved, all repayments and purchases of service credits, allowed under the provisions of this section or of any repealed provision of this section that was repealed with inchoate and accrued rights preserved, must be made within three years after the member first becomes eligible to make such repayments and purchases. Any member who does not repay or purchase service credits within said three years after first eligibility to make such repayments and purchases may, under the same conditions as are otherwise required, repay or purchase service credits provided that the repayment or purchase equals the full cost of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities and shall take into account the additional retirement allowance arising on account of such additional service credit commencing at the earliest age at which such member could retire on an unreduced retirement allowance as determined by the Board of Trustees upon the advice of the consulting actuary. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual post-retirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance. Notwithstanding the foregoing, on and after July 1, 2001, the provisions of this subsection shall not apply to the repayment of contributions withdrawn pursuant to subsection (k) of this section."

SECTION 32.32.(c) G.S. 135-4(x) is repealed.

SECTION 32.32.(d) This section becomes effective July 1, 2001.

PART XXXIII. CAPITAL APPROPRIATIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 33.1. The appropriations made by the 2001 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 33.2.(a) Appropriations are made from the General Fund of the State for the 2001-2002 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund	**2001-2002**

Department of Environment and Natural Resources	$32,936,000
Repairs and Renovations Reserve Account	100,000,000
TOTAL	$132,936,000.

SECTION 33.2.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2000-2001 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2001.

This subsection becomes effective June 30, 2001.

TOTAL CAPITAL APPROPRIATION – GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

SECTION 33.3.(a) The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

	Name of Project		**2001-2002**
(1)	Wilmington Harbor Deepening		$22,000,000
(2)	Morehead City Harbor Maintenance		500,000
(3)	Wilmington Harbor Maintenance		200,000
(4)	Manteo (Shallowbag) Bay Channel Maintenance		2,500,000
(5)	B. Everett Jordan Lake Water Supply		100,000
(6)	John H. Kerr Reservoir Operations Evaluation		400,000
(7)	Brunswick County Beaches Nourishment Supplement		927,000
(8)	Wrightsville Beach Nourishment		518,000
(9)	Dare County Beaches design		338,000
(10)	Indian Beach – Salter Path Nourishment		900,000
(11)	Bogue Banks Beach Protection Study		350,000
(12)	Surf City/North Topsail Beach Protection Study		150,000
(13)	West Onslow Beach Protection Re-analysis (Topsail Beach)		116,000
(14)	Currituck Sound Water Management Study		200,000
(15)	Deep Creek Yadkin County		500,000
(16)	State Local Projects		2,000,000
	a. Town of Washington Park Maple Branch Water Management, Beaufort County	3,000	
	b. Pungo River Snagging, Hyde County	22,000	
	c. Muddy Creek Stream Restoration, McDowell County	50,000	
	d. Town of Chadbourn Water Management, Columbus County	38,000	
	e. Perquimans River and Mill Creek Drainage, Perquimans County	38,000	
	f. Mitchell River Restoration, Surry County	111,875	
	g. Town of Candor Park Drainage, Montgomery County	18,000	

	h.	Chowan River Restoration and Pembroke and Rocky Hock Creeks Drainage, Chowan County	67,000	
	i.	Town of Pine Knoll Shores Westport Marina Maintenance Dredging, Carteret County	25,000	
	j.	Town of Kenly Flood Control, Wilson and Johnston Counties	268,100	
	k.	Southern Pines Drainage Improvements, Moore County	118,575	
	l.	Other Projects	1,240,450	
(17)		Aquatic Weed Control Lake Gaston and Statewide		200,000
(18)		Adkin Branch Flood Control		120,000
(19)		Neuse River Basin Flood Control Feasibility Study		100,000
(20)		Little Sugar Creek Restoration Projects		360,000
(21)		Emergency Flood Control Projects		187,000
(22)		Projected Feasibility Studies		120,000
(23)		Planning Assistance to Communities		150,000
Total				$32,936,000

SECTION 33.3.(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2001-2002 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

(1) Corps of Engineers project feasibility studies.

(2) Corps of Engineers projects whose schedules have advanced and require State-matching funds in fiscal year 2001-2002.

(3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2002-2003 fiscal year.

SECTION 33.3.(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

(1) All projects listed in this section.

(2) The estimated cost of each project.

(3) The date that work on each project began or is expected to begin.

(4) The date that work on each project was completed or is expected to be completed.

(5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 33.3.(d) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 2001-2002 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROCEDURES FOR DISBURSEMENT OF CAPITAL FUNDS

SECTION 33.4. The appropriations made by the 2001 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 2001 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 2001 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUNDS

SECTION 33.5. When each capital improvement project appropriated by the 2001 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXPENDITURES OF FUNDS FROM THE RESERVE FOR REPAIRS AND RENOVATIONS

SECTION 33.6. Of the funds in the Reserve for Repairs and Renovations for the 2001-2002 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as

approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

SECTION 33.7. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Highway Fund capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

(1) That the project was designed and bid within the scope as authorized by the General Assembly;

(2) That the funds to supplement the project are from the same source as authorized for the original project;

(3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and

(4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

PROJECT COST INCREASE

SECTION 33.8. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

NEW PROJECT AUTHORIZATION

SECTION 33.9. Upon the request of the administration of any State agency, department, or institution, the Director of the Budget may authorize the construction of

a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Prior to authorizing the construction of a capital improvement project pursuant to this section, the Director shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

SECTION 33.10. Funds that become available by gifts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly, or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

SECTION 33.11. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 2001 General Assembly may be expended only for specific projects set out by the 2001 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 2001 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

PART XXXIV. NOT APPLICABLE

PART XXXV. NOT APPLICABLE

PART XXXVI. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EXECUTIVE BUDGET ACT APPLIES

SECTION 36.1. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

COMMITTEE REPORT

SECTION 36.2.(a) The House Appropriations Committee Report on the Continuation, Expansion and Capital Budgets, dated June 25, 2001, which was

distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

SECTION 36.2.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2001-2003 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The Director of the Budget submitted the itemized budget requests to the General Assembly on March 12, 2001, in the document, "The North Carolina State Budget, Summary of Recommendations for 2001-2003". The beginning appropriation for the 2001-2002 fiscal year and the 2002-2003 fiscal year for the various departments, institutions, and other spending agencies of the State is referenced in this document as the recurring baseline budget. The recurring baseline budget was derived from the December 31, 2000, authorized budget by applying adjustments for nonrecurring items, building reserves, enrollment and entitlement changes, and transfers between budget codes.

The General Assembly revised the recurring baseline budget for the 2001-2002 fiscal year and the 2002-2003 fiscal year submitted by the Director of the Budget, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

(1) The recurring baseline budget was revised in accordance with reductions and additions that were set out in the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

(2) Transfers of funds supporting programs were made in accordance with the House Appropriations Committee Report on the Continuation, Expansion and Capital Budget, dated June 25, 2001, together with any accompanying correction sheets.

SECTION 36.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

MOST TEXT APPLIES ONLY TO THE 2001-2003 FISCAL BIENNIUM

SECTION 36.3. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2001-2003 fiscal biennium.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECT OF HEADINGS

SECTION 36.4. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

SEVERABILITY CLAUSE

SECTION 36.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

EFFECTIVE DATE

SECTION 36.6. Except as otherwise provided, this act becomes effective July 1, 2001.

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT Failed by Division

(Please type or use ballpoint pen)

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Daughtry
(Sen.)

moves to amend the bill on page 268, line 9

( ) WHICH CHANGES THE TITLE

by reducing the amount in the column 2001-2002 by $620,225 ~~00~~.

amend the Committee report by making the same change on page N-1, Item 11;

and by adjusting the appropriate totals accordingly.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

perfecting amdt

NORTH CAROLINA GENERAL ASSEMBLY AMENDMENT

(Please type or use ballpoint pen)

adopted by voice vote

EDITION No. _____

H. B. No. _____ DATE _____

S. B. No. _____ Amendment No. _____
(to be filled in by Principal Clerk)

COMMITTEE SUBSTITUTE _____

(Rep.) Sen.) Daughtry

moves to amend the bill on page 7, line 9

( ) WHICH CHANGES THE TITLE

by increasing the amount on that line by $620,225; and

on page 5, 135,

by increasing the ~~amount or reduction~~ transfer amount by $620,225; +

by amending the money report ~~or~~ on the budget reference statement page by increasing the figure for Transfer to the Savings Reserve Account by $620,225 for the 2001-02 fiscal year.

SIGNED _____

ADOPTED _____ FAILED _____ TABLED _____

GA-33-A

PRINCIPAL CLERK'S OFFICE (FOR ENGROSSMENT)

adopted
voice vote

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

Date _____,2001

Comm. Sub. [YES]
Amends Title [NO]
S1005-CSLH-20

Representative Miner

moves to amend the bill on page 271, line 37 by adding the following:
"Requested by: Representative Miner

SECTION 33.12. The Department of Juvenile Justice and Delinquency Prevention shall harvest and sell a portion of the timber on the real property at Samarkand Youth Academy. Notwithstanding Chapter 146 of the General Statutes, G.S. 66-58, and any other provision of law, the net proceeds derived from the sale of the timber in an amount not to exceed two hundred fifty thousand dollars ($250,000) shall be deposited with the State Treasurer in a capital improvement and repair and renovation account to the credit of the Department of Juvenile Justice and Delinquency Prevention. The Department shall use the funds for major repair to the streets and parking lots at the Samarkand Youth Academy and for additional street lighting and repairs of buildings at the Academy.

The remainder of the net proceeds from the sale of the timber at Samarkand Youth Academy, if any, shall revert to the General Fund."

NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 1005

AMENDMENT NO._____
(to be filled in by
Principal Clerk)

S1005-ALB-70 [v.1]

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____

Handout from John Morris DENR Water Resources Div.

Table 1: Water Resources Development Projects Approved by Congress

STATE FISCAL YEAR
(Amounts in thousands)

Name of Project	Type	2001 - 2002		2002 - 2003		2003 - 2004		2004 - 2005		2005 - 2006		2006 - 2007	
		State	Federal	State	Federal	State	Federal	State	Federal	State	Federal	State	Federal
ADKIN BRANCH FLOOD CONTROL (Kinston)	CONST	120	743		1,037								
AQUATIC PLANT CONTROL (State, L. Gaston & Roanoke Rapids L.)	CONST.	200		200		200		200		200		200	
AVON HARBOR DREDGING	O&M			150	1,500								
BEAUFORT HARBOR MAINTENANCE DREDGING	O&M (Const. Dikes)			80			250	80			250	80	250
B. EVERETT JORDAN LAKE WATER SUPPLY	CONST. & O&M	100		90		80		80		80		80	
BOGUE BANKS BEACH PROTECTION	PLANNING & CONST	350	700	150	300	50	300	75	450	923	3,200	1,840	3,200
BURLAW CREEK	PLANNING		20										
CAPE FEAR RIVER ABOVE WILMINGTON NAVIGATION	O&M			100	360								
CAROLINA BEACH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					661	2,400					661	2,400
CAROLINA BEACH/SOUTH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					1,110	2,720					1,110	2,720
CURRITUCK SOUND WATER QUALITY & FISHERY	PLANNING	200	200	600	600	300	300						
DARE COUNTY BEACHES	CONST.	338	1,350	100	400	37	150	1,988	8,000	6,076	16,000	1,912	6,300
EMERGENCY FLOOD CONTROL PROJECTS (Sec. 14)	CONST.	187	620	187	620	187	620	187	620	187	620	187	620
FAR CREEK MAINTENANCE DREDGING	O&M					200	1,000						
HOMINY SWAMP FLOOD CONTROL (Wilson)	CONST.		30		30	130		130	878		612		
IRWIN CREEK FLOOD CONTROL (Mecklenburg County)	CONST.		60		60	330	1,160						
JOHN H. KERR DAM AND RESERVOIR	PLANNING	800	800	600	600	100	100						
LITTLE SUGAR CREEK ECOSYSTEM RESTORATION (Mecklenburg County)	CONST.	180	635	70	275		10		10	100	390		
LITTLE SUGAR CREEK HABITAT RESTORATION (Mecklenburg County)	CONST.	180	1,100	130	830		10		10	118	703		
LOCKWOODS FOLLY RIVER	PLANNING		83										
MANTEO (SHALLOWBAG) BAY MAINTENANCE DREDGING	O&M	2,500	4,863	400	4,700	50	3,000	400	4,700	50	3,000	400	4,700
MOREHEAD CITY HARBOR DREDGING	O&M	50	6,000		6,000	50	3,000		6,000	50	3,000		6,000
MOREHEAD CITY WEST TURNING BASIN	CONST.	450											
NEUSE RIVER BASIN	PLANNING	100	100	500	500	400	400						
NEWPORT RIVER DREDGING	CONST.		60	60	35		800						
OCEAN ISLE BEACH RENOURISHMENT (Brunswick County)	CONST.					866	2,150					866	2,150
OREGON INLET JETTIES	CONST.		300	3,100	18,500	2,590	23,310	3,050	27,950	2,123	20,064		
PLANNING ASSISTANCE TO NORTH CAROLINA	PLANNING	150	300	150	300	150	300	150	300	150	300	150	300
PROSPECTIVE FEASIBILITY STUDIES (Sec. 107 and 205)	PLANNING	120	660	120	660	120	660	120	660	120	660	120	660
ROLLINSON CHANNEL	O&M			80	100		500	80	100		500	80	100
SILVER LAKE HARBOR (Ocracoke)	O&M					160	750			160	750		
SNOW'S CUT (Sec. 216)	PLANNING				100	150	300	200	400	150	300		
STUMPY POINT BAY (Dare County)	O&M		2,000										
SURF CITY BEACH PROTECTION (Pender County)	PLANNING	150	300	200	400	150	300						
WALTER SLOUGH MAINTENANCE DREDGING	CONST.			58	496								
WANCHESE MARSH CREATION AND PROTECTION (Dare County)	CONST.	300	610	5	10	60	160	44	20	23	123		
WEST ONSLOW BEACH (Topsail Beach, Pender County)	CONST.	116	700	18	105	25	150	33	245	3,019	12,702		
WHITE OAK RIVER BASIN	PLANNING				100	300	300	400	400	300	300		
WILMING. HARBOR 38-FT. PROJECT	O&M	200	5,105	200	4,700	200	4,700	200	4,700	200	4,700	200	4,700
WILMING. HARBOR DEEPENING & LONG TERM DISPOSAL (Includes Sec. 933)	CONST.	22,927	76,000	15,000	47,200	9,000	27,600	5,243	15,627	470	1,405	1,380	4,140
WILSON BAY RESTORATION (Jacksonville)	PLANNING & CONST.		120	340	455	339	701						
WRIGHTSVILLE BEACH	CONST. (Renourish.)	518	1,270							573	1,418		
	TOTAL	$30,236	$106,849	$22,608	$89,773	$17,898	$77,991	$12,660	$67,970	$15,068	$69,797	$9,166	$37,140

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Table 1: Water Resources Development Projects Approved by Congress

STATE FISCAL YEAR
(Amounts in thousands)

Name of Project	Type	2001 - 2002		2002 - 2003		2003 - 2004		2004 - 2005		2005 - 2006		2006 - 2007	
		State	Federal	State	Federal	State	Federal	State	Federal	State	Federal	State	Federal
ADKIN BRANCH FLOOD CONTROL (Kinston)	CONST.	120	743		1,037								
AQUATIC PLANT CONTROL (State, L. Gaston & Roanoke Rapids L.)	CONST.	200		200		200		200		200		200	
AVON HARBOR DREDGING	O&M			150	1,500								
BEAUFORT HARBOR MAINTENANCE DREDGING	O&M (Const. Dikes)			80			250	80			250	80	250
B. EVERETT JORDAN LAKE WATER SUPPLY	CONST. & O&M	100		90		80		80		80		80	
BOGUE BANKS BEACH PROTECTION	PLANNING & CONST.	350	700	150	300	50	300	75	450	923	3,200	1,840	3,200
BURGAW CREEK	PLANNING		20										
CAPE FEAR RIVER ABOVE WILMINGTON NAVIGATION	O&M			100	360								
CAROLINA BEACH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					561	2,400					561	2,400
CAROLINA BEACH-SOUTH RENOURISHMENT (New Hanover County)	CONST. (Renourish.)					1,110	2,720					1,110	2,720
CURRITUCK SOUND WATER QUALITY & FISHERY	PLANNING	200	200	500	500	300	300						
DARE COUNTY BEACHES	CONST.	338	1,350	100	400	37	150	1,988	8,000	6,075	15,000	1,912	6,300
EMERGENCY FLOOD CONTROL PROJECTS (Sec. 14)	CONST.	187	520	187	520	187	520	187	520	187	520	187	520
FAR CREEK MAINTENANCE DREDGING	O&M					200	1,000						
HOMINY SWAMP FLOOD CONTROL (Wilson)	CONST.		30		30	130		130	878		512		
IRWIN CREEK FLOOD CONTROL (Mecklenburg County)	CONST.		80		60	333	1,150						
JOHN H. KERR DAM AND RESERVOIR	PLANNING	800	800	600	600	100	100						
LITTLE SUGAR CREEK ECOSYSTEM RESTORATION (Mecklenburg County)	CONST.	180	535	70	275		10		10	100	390		
LITTLE SUGAR CREEK HABITAT RESTORATION (Mecklenburg County)	CONST.	180	1,100	130	830		10		10	116	703		
LOCKWOODS FOLLY RIVER	PLANNING		83										
MANTEO (SHALLOWBAG) BAY MAINTENANCE DREDGING	O&M	2,500	4,863	400	4,700	50	3,000	400	4,700	50	3,000	400	4,700
MOREHEAD CITY HARBOR DREDGING	O&M	50	8,000		5,000	50	3,000		5,000	50	3,000		5,000
MOREHEAD CITY WEST TURNING BASIN	CONST.	450											
NEUSE RIVER BASIN	PLANNING	100	100	500	500	400	400						
NEWPORT RIVER DREDGING	CONST		60	60	35		800						
OCEAN ISLE BEACH RENOURISHMENT (Brunswick County)	CONST.					866	2,150					866	2,150
OREGON INLET JETTIES	CONST.		300	3,100	18,500	2,590	23,310	3,050	27,950	2,123	20,064		
PLANNING ASSISTANCE TO NORTH CAROLINA	PLANNING	150	100	150	300	150	300	150	300	150	300	150	300
PROSPECTIVE FEASIBILITY STUDIES (Sec. 107 and 205)	PLANNING	120	660	120	660	120	660	120	660	120	660	120	660
ROLLINSON CHANNEL	O&M			60	100		500	80	100		500	80	100
SILVER LAKE HARBOR (Ocracoke)	O&M					160	750			160	750		
SNOWS CUT (Sec. 216)	PLANNING				100	150	100	200	400	150	300		
STUMPY POINT BAY (Dare County)	O&M		2,000										
SURF CITY BEACH PROTECTION (Pender County)	PLANNING	150	300	200	400	150	300						
WALTER SLOUGH MAINTENANCE DREDGING	CONST.			58	496								
WANCHESE MARSH CREATION AND PROTECTION (Dare County)	CONST.	300	610	5	10	60	160	44	20	23	123		
WEST ONSLOW BEACH (Topsail Beach, Pender County)	CONST.	116	700	18	105	25	150	33	345	3,019	12,702		
WHITE OAK RIVER BASIN	PLANNING				100	300	300	400	400	300	300		
WILMING. HARBOR 38-FT. PROJECT	O&M	200	5,105	200	4,700	200	4,700	200	4,700	200	4,700	200	4,700
WILMING. HARBOR DEEPENING & LONG TERM DISPOSAL (Includes Sec. 933)	CONST.	22,927	76,000	15,000	47,200	9,000	27,600	5,243	15,627	470	1,405	1,380	4,140
WILSON BAY RESTORATION (Jacksonville)	PLANNING & CONST.		120	340	455	339	701						
WRIGHTSVILLE BEACH	CONST. (Renourish.)	518	1,270							573	1,418		
	TOTAL	$30,336	$106,649	$22,608	$89,773	$17,696	$77,991	$12,660	$87,970	$15,068	$89,797	$9,168	$37,140